

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

**FORM S-11
FOR REGISTRATION**
*UNDER
THE SECURITIES ACT OF 1933
OF SECURITIES OF CERTAIN REAL ESTATE COMPANIES*

Invitation Homes Inc.

(Exact name of registrant as specified in governing instruments)

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Dallas, TX 75201
Telephone: (972) 421-3600

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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Approximate date of commencement of proposed sale to the public : As soon as is practicable after this registration statement becomes effective.

If any of the Securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of securities to be registered	Proposed maximum aggregate offering price ⁽¹⁾⁽²⁾	Amount of registration fee
Common Stock, par value \$0.01 per share	\$100,000,000	\$11,590

(1) Estimated solely for the purpose of determining the amount of the registration fee in accordance with Rule 457(o) under the Securities Act of 1933.

(2) Includes shares of common stock subject to the underwriters' option to purchase additional shares of common stock.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale thereof is not permitted.

Subject to Completion
Preliminary Prospectus dated January 6, 2017

PROSPECTUS



invitation homesSM
Shares
Invitation Homes Inc.
Common Stock

This is an initial public offering of shares of common stock of Invitation Homes Inc. We are offering all of the _____ shares of common stock to be sold in this offering. It is currently estimated that the initial public offering price per share will be between \$ _____ and \$ _____ per share. Prior to this offering there has been no public market for the common stock. We intend to apply for listing of our common stock on the New York Stock Exchange, or NYSE, under the symbol “INVH.”

Upon the completion of this offering, we will be a Maryland corporation. We have elected to qualify as a real estate investment trust, or REIT, for U.S. federal income tax purposes. Shares of our common stock are subject to limitations on ownership and transfer that are primarily intended to assist us in maintaining our qualification as a REIT. Our charter will contain certain restrictions relating to the ownership and transfer of our common stock, including, subject to certain exceptions, a 9.8% limit, in value or by number of shares, whichever is more restrictive, on the ownership of outstanding shares of our common stock and a 9.8% limit, in value, on the ownership of shares of our outstanding stock. See “Description of Stock—Restrictions on Ownership and Transfer.”

After the completion of this offering, affiliates of The Blackstone Group L.P. will continue to own a majority of the voting power of shares eligible to vote in the election of our directors. As a result, we will be a “controlled company” within the meaning of the corporate governance standards of the NYSE. See “Management—Controlled Company Exception” and “Principal Stockholders.”

We are an “emerging growth company” as defined under the federal securities laws and, as such, may elect to comply with certain reduced public company reporting requirements for future filings. See “Summary—Implications of Being an Emerging Growth Company.”

See “[Risk Factors](#)” beginning on page 21 to read about certain factors you should consider before buying shares of common stock.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	\$ _____	\$ _____
Underwriting discount	\$ _____	\$ _____
Proceeds, before expenses, to Invitation Homes Inc.	\$ _____	\$ _____

Please see the section entitled “Underwriting” for a complete description of the compensation payable to the underwriters.

To the extent that the underwriters sell more than _____ shares of our common stock, the underwriters have the option to purchase up to an additional _____ shares from us at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on _____, 2017.

Deutsche Bank Securities

J.P. Morgan

BofA Merrill Lynch

Goldman, Sachs & Co.

Wells Fargo Securities

Credit Suisse

Morgan Stanley

RBC Capital Markets

Blackstone Capital Markets
FBR

BTIG
JMP Securities

Evercore ISI
Keefe, Bruyette & Woods
A Stifel Company

Raymond James

Siebert Cisneros Shank & Co., L.L.C.

Zelman Partners LLC

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Neither we nor the underwriters have authorized anyone to provide you with information different from that contained or incorporated by reference in this prospectus, any amendment or supplement to this prospectus or in any free writing prospectus prepared by us or on our behalf. Neither we nor the underwriters take any responsibility for, or can provide any assurance as to the reliability of, any information other than the information contained in this prospectus, any amendment or supplement to this prospectus or in any free writing prospectus prepared by us or on our behalf. We and the underwriters are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where offers and sales are permitted. You should assume that the information appearing in this prospectus or in any free writing prospectus prepared by us is accurate only as of their respective dates or on the date or dates which are specified in such documents. Our business, financial condition, liquidity, results of operations and prospects may have changed since those dates.

Through and including _____, 2017 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

This prospectus includes market and industry data and forecasts that we have derived from independent consultant reports, publicly available information, various industry publications, other published industry sources and our internal data and estimates. Independent consultant reports, industry publications and other published industry sources generally indicate that the information contained therein was obtained from sources believed to be reliable. In addition, we have obtained a significant amount of such information, including the information under "Summary—Industry Overview" and "Industry Overview," from a market study prepared for us in connection with this offering by John Burns Real Estate Consulting, or JBREC. Such information is included in this prospectus in reliance on JBREC's authority as an expert on such matters. The estimates, forecasts and projections prepared by JBREC are based on data (including third-party data), significant assumptions, proprietary methodologies and the experience and judgment of JBREC. The assumptions and judgments made,

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and the methodologies used, by JBREC may not be accurate. Further, there will usually be differences between projected and actual outcomes, because events and circumstances frequently do not occur as expected, and the differences may be material. Accordingly, the forecasts and projections included in this prospectus might not occur or might occur to a different extent or at a different time. For the foregoing reasons, neither we nor JBREC can provide any assurance that the estimates, forecasts and projections contained in this prospectus are accurate, actual outcomes may vary significantly from those contained or implied by the forecasts and projections, and you should not place undue reliance on these estimates, forecasts and projections. Except as required by law, we are not obligated to, and do not intend to, update the statements in this prospectus to conform to actual outcomes or changes in our or JBREC's expectations. See "Experts."

Our internal data and estimates are based upon information obtained from trade and business organizations and other contacts in the markets in which we operate and our management's understanding of industry conditions.

Our business is currently owned by six holding entities: Invitation Homes L.P., Preeminent Holdings Inc., Invitation Homes 3 L.P., Invitation Homes 4 L.P., Invitation Homes 5 L.P. and Invitation Homes 6 L.P. We refer to these six holding entities collectively as the "IH Holding Entities." Unless the context suggests otherwise, references to "IH1," "IH2," "IH3," "IH4," "IH5" and "IH6" refer to Invitation Homes L.P., Preeminent Holdings Inc., Invitation Homes 3 L.P., Invitation Homes 4 L.P., Invitation Homes 5 L.P. and Invitation Homes 6 L.P., respectively, in each case including any wholly owned subsidiaries, if applicable. The IH Holding Entities are under the common control of Blackstone Real Estate Partners VII L.P., an investment fund sponsored by The Blackstone Group L.P., and its general partner and certain affiliated funds and investment vehicles. Investment funds and vehicles associated with or designated by The Blackstone Group L.P. are referred to herein as "Blackstone" or "our Sponsor." We refer to Blackstone, together with our management and other equity holders, collectively as our "pre-IPO owners." Unless the context suggests otherwise, references in this prospectus to "Invitation Homes," the "Company," "we," "our" and "us" refer (1) prior to the consummation of the reorganization transactions described in "Organizational Structure—Pre-IPO Transactions" (the "Pre-IPO Transactions"), to the combined IH Holding Entities and their consolidated subsidiaries and (2) after the consummation of the Pre-IPO Transactions, to Invitation Homes Inc. and its consolidated subsidiaries, including Invitation Homes Operating Partnership LP (our "Operating Partnership").

In this prospectus:

- "Adjusted EBITDA" is a supplemental, non-GAAP measure often utilized to evaluate the performance of real estate companies. We define Adjusted EBITDA as EBITDA before the following items: noncash incentive compensation expense; impairment and other; acquisition costs; gain (loss) on sale of property; and interest income and other miscellaneous income and expenses. Adjusted EBITDA is used as a supplemental financial performance measure by management and by external users of our financial statements, such as investors and commercial banks. The GAAP measure most directly comparable to Adjusted EBITDA is net income or loss. Adjusted EBITDA is not used as a measure of our liquidity and should not be considered an alternative to net income or loss or any other measure of financial performance presented in accordance with GAAP. Our Adjusted EBITDA may not be comparable to the Adjusted EBITDA of other companies due to the fact that not all companies use the same definition of Adjusted EBITDA. Accordingly, there can be no assurance that our basis for computing this non-GAAP measure is comparable with that of other companies. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Measures" for additional information regarding our use of Adjusted EBITDA;
- "Adjusted FFO" is a supplemental, non-GAAP measure often utilized to evaluate the performance of real estate companies. We define Adjusted FFO as Core FFO less recurring capital expenditures that are necessary to help preserve the value of and maintain functionality of our homes. The GAAP measure most directly comparable to Adjusted FFO is net income or loss. Adjusted FFO is not used as

a measure of our liquidity and should not be considered an alternative to net income or loss or any other measure of financial performance presented in accordance with GAAP. Our Adjusted FFO may not be comparable to the Adjusted FFO of other companies due to the fact that not all companies use the same definition of Adjusted FFO. Accordingly, there can be no assurance that our basis for computing this non-GAAP measure is comparable with that of other companies. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Measures” for additional information regarding our use of Adjusted FFO;

- “average capital expenditures per home” for an identified population of homes represents (i) costs and expenditures that must be capitalized in accordance with GAAP related to general repairs and maintenance, pool service and maintenance costs (excluding any costs incurred during the upfront renovation of homes), and making a home ready to be re-leased after a resident moves out divided by (ii) the number of homes in such population;
- “average cost to maintain a home (gross)” represents the summation of average maintenance and turnover expense per home and average capital expenditures per home, in each case before giving effect to any offsetting income received directly from residents or withheld out of resident security deposits;
- “average maintenance and turnover expense per home” for an identified population of homes represents (i) costs and expenditures that must be expensed (rather than capitalized) in accordance with GAAP related to general repairs and maintenance, pool service and maintenance costs (excluding any costs incurred during the upfront renovation of homes), and making a home ready to be re-leased after a resident moves out divided by (ii) the number of homes in such population;
- “average monthly rent” represents the average of the contracted monthly rent for occupied properties in an identified population of homes for the relevant period and reflects rent concessions amortized over the life of the related lease;
- “average occupancy” for an identified population of homes represents (i) the number of days that the homes available for lease in such population were occupied, divided by (ii) the total number of available days in the measurement period for the homes in that population;
- “Case Shiller Index” refers to the S&P CoreLogic Case-Shiller U.S. National Home Price Index, a repeat sales, value and interval weighted, econometric home price index model that measures changes in U.S. single-family housing market prices;
- “Core FFO” is a supplemental, non-GAAP measure often utilized to evaluate the performance of real estate companies. We define Core FFO as FFO adjusted for amortization of deferred financing costs and discounts related to our financing arrangements, expenses related to this offering, noncash incentive compensation expense, severance expenses and acquisition costs, as applicable. The GAAP measure most directly comparable to Core FFO is net income or loss. Core FFO is not used as a measure of our liquidity and should not be considered an alternative to net income or loss or any other measure of financial performance presented in accordance with GAAP. Our Core FFO may not be comparable to the Core FFO of other companies due to the fact that not all companies use the same definition of Core FFO. Accordingly, there can be no assurance that our basis for computing this non-GAAP measure is comparable with that of other companies. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Measures” for additional information regarding our use of Core FFO;
- “Core NOI margin” for an identified population of homes is calculated by dividing NOI by total revenues, net of resident concessions and recoveries attributable to such population;
- “days to re-resident” for an individual home represents the number of days a home is unoccupied between residents, calculated as the number of days between (i) the date the prior resident moves out of a home, and (ii) the date the next resident is granted access to the same home, which is deemed to be the earlier of (x) the next resident’s contractual lease start date and (y) the next resident’s move-in date;

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- “EBITDA” is a supplemental, non-GAAP measure often utilized to evaluate the performance of real estate companies. We define EBITDA as net income or loss (computed in accordance with GAAP) before the following items: interest expense; income tax expense; and depreciation and amortization. EBITDA is used as a supplemental financial performance measure by management and by external users of our financial statements, such as investors and commercial banks. The GAAP measure most directly comparable to EBITDA is net income or loss. EBITDA is not used as a measure of our liquidity and should not be considered an alternative to net income or loss or any other measure of financial performance presented in accordance with GAAP. Our EBITDA may not be comparable to the EBITDA of other companies due to the fact that not all companies use the same definition of EBITDA. Accordingly, there can be no assurance that our basis for computing this non-GAAP measure is comparable with that of other companies. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Measures” for additional information regarding our use of EBITDA;
 - “FFO” is a supplemental, non-GAAP measure often utilized to evaluate the performance of real estate companies. FFO is defined by NAREIT as net income or loss (computed in accordance with GAAP) excluding gains or losses from sales of previously depreciated real estate assets, plus depreciation, amortization and impairment of real estate assets, and adjustments for unconsolidated partnerships and joint ventures. The GAAP measure most directly comparable to FFO is net income or loss. FFO is not used as a measure of our liquidity and should not be considered an alternative to net income or loss or any other measure of financial performance presented in accordance with GAAP. Our FFO may not be comparable to the FFO of other companies due to the fact that not all companies use the same definition of FFO. Accordingly, there can be no assurance that our basis for computing this non-GAAP measure is comparable with that of other companies. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Measures” for additional information regarding our use of FFO;
 - “GAAP” refers to generally accepted accounting principles in the United States;
 - “in-fill” refers to markets, MSAs, submarkets, neighborhoods or other geographic areas that are typified by significant population densities and low availability of land suitable for being developed into competitive properties, resulting in limited opportunities for new construction;
 - “Metropolitan Statistical Area” or “MSA” is defined by the U.S. Office of Management and Budget as a region associated with at least one urbanized area that has a population of at least 50,000 and comprises the central county or counties containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting;
 - “Multifamily REIT Comparison Set” means the following publicly traded U.S. apartment REITs, each of which (i) had a market capitalization in excess of \$1.0 billion based on the last reported sale price of their listed common stock on November 17, 2016, and (ii) reported both same store occupancy and turnover rate for the nine months ended September 30, 2016: AvalonBay Communities, Inc.; Equity Residential; Essex Property Trust, Inc.; UDR, Inc.; Camden Property Trust; Mid-America Apartment Communities, Inc.; and Post Properties, Inc. Average occupancy and annualized same store turnover is calculated for the Multifamily REIT Comparison Set based on publicly reported results;
- We present Multifamily REIT performance data because we believe many investors consider and compare single-family rental REITs and multifamily REITs when considering exposure to the U.S. housing and rental market. In addition, we believe there are many similarities between these two sectors with respect to key industry drivers, operating techniques and metrics used to measure operating performance. For example, both sectors are impacted by many of the same macroeconomic and demographic drivers, offer leases that are similar in duration and are priced using similar tools and methodologies and have cost structures that require similar categories of operating and capital expenditure;
- “NAREIT” is the National Association of Real Estate Investment Trusts;

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- “net effective rental rate growth” for any home represents the difference between the monthly rent from an expiring lease and the monthly rent from the next lease, in each case, net of any amortized concessions. Leases are either renewal leases, where our current resident chooses to stay for a subsequent lease term, or a new lease, where our previous resident moves out and a new resident signs a lease to occupy the same home;
- “net operating income” or “NOI” is a non-GAAP measure often used to evaluate the performance of real estate companies. We define NOI for an identified population of homes as rental revenues and other property income less property operating and maintenance expense (which consists primarily of property taxes, insurance, homeowners’ association fees (when applicable), market-level personnel expenses, repairs and maintenance, leasing costs and marketing). NOI excludes: interest expense; depreciation and amortization; general and administrative expense; property management expense; impairment and other; acquisition costs; (gain) loss on sale of property; and interest income and other miscellaneous income and expenses. NOI is not used as a measure of our liquidity and should not be considered as an alternative to net income or loss or any other measure of financial performance presented in accordance with GAAP. Our NOI may not be comparable to the NOI of other companies due to the fact that not all companies use the same definition of NOI. Accordingly, there can be no assurance that our basis for computing this non-GAAP measure is comparable with that of other companies. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Measures” for additional information regarding our use of NOI;
- “New Home Replacement Cost” includes, at an MSA level, JBREC’s estimate of the total cost to acquire a finished lot with all impact and building fees paid, direct and indirect construction costs and soft costs including financing, warranty, overhead, builder’s fee and other costs. All costs assume a production builder’s economies of scale. JBREC notes that the cost to build a single house may be higher if constructed individually and without the benefit from a production builder’s economies of scale;
- “Northern California” includes Modesto, CA, Napa, CA, Oakland-Fremont-Hayward, CA, Sacramento-Arden-Arcade-Roseville, CA, San Jose-Sunnyvale-Santa Clara, CA, Stockton-Lodi, CA, Vallejo-Fairfield, CA and Yuba City, CA;
- “PSF” means per square foot;
- “Same Store” or “Same Store portfolio” includes, for a given reporting period, homes that have been stabilized (defined as homes that have (i) completed an upfront renovation and (ii) entered into at least one post-renovation Invitation Homes lease) for at least 90 days prior to the first day of the prior-year measurement period and excludes homes that have been sold and homes that have been designated for sale but have not yet entered into a written sale agreement during such reporting period. Same Store portfolios are established as of January 1st of each calendar year. Therefore, any home included in the Same Store portfolio will have satisfied the conditions described in clauses (i) and (ii) above prior to October 3rd of the year prior to the first year of the comparison period. We believe presenting information about the portion of our portfolio that has been fully operational for the entirety of a given reporting period and its prior year comparison period provides investors with meaningful information about the performance of our comparable homes across periods and about trends in our organic business;
- “South Florida” includes Fort Lauderdale-Pompano Beach-Deerfield Beach, FL, Key West, FL, Miami-Miami Beach-Kendall, FL and West Palm Beach-Boca Raton-Delray Beach, FL;
- “Southern California” includes Anaheim-Santa Ana-Irvine, CA, Los Angeles-Long Beach-Glendale, CA, Oxnard-Thousand Oaks-Ventura, CA, Riverside-San Bernardino-Ontario, CA and San Diego-Carlsbad-San Marcos, CA;
- “total homes” or “total portfolio” refers to the total number of homes we own, whether or not stabilized, and excludes any properties previously acquired in purchases that have been subsequently rescinded or vacated. Unless the context otherwise requires, all measures in this prospectus are presented on a total portfolio basis;

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- “turnover rate” represents the number of instances that homes in an identified population become unoccupied in a given period, divided by the number of homes in such population. To the extent the measurement period shown is less than 12 months, the turnover rate will be reflected on an annualized basis; and
- “Western United States” includes our Southern California, Northern California, Seattle, Phoenix and Las Vegas markets.

Except where the context requires otherwise, the information in this prospectus assumes no exercise by the underwriters of their option to purchase up to an additional shares from us and that the shares to be sold in this offering are sold at \$ per share, which is the mid-point of the price range indicated on the front cover of this prospectus.

SUMMARY

This summary does not contain all of the information that you should consider before investing in shares of our common stock. You should read the entire prospectus and any free writing prospectus prepared by us or on our behalf carefully before making an investment decision, especially the risks discussed under “Risk Factors,” “Unaudited Pro Forma Financial Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our combined and consolidated financial statements and the related notes included elsewhere in this prospectus.

Invitation Homes

We are a leading owner and operator of single-family homes for lease in the United States. Our portfolio of nearly 50,000 high quality homes is wholly owned and is concentrated in attractive in-fill submarkets of major MSAs. We have selected locations with strong demand drivers, high barriers to entry and high rent-growth potential. We are highly concentrated in the Western United States and Florida, with 72% of our revenues generated in those regions and 54% of revenues coming from California and Florida alone during the three months ended September 30, 2016. Through disciplined market and asset selection, we designed our portfolio to capture the operating benefits of local density as well as economies of scale that we believe cannot be readily replicated. Since our founding in 2012, we have built a proven, vertically integrated operating platform that allows us to effectively and efficiently acquire, renovate, lease, maintain and manage our homes. We believe that the investments we make, and the high standard to which we renovate our homes, improve our local communities both by offering residents choice and access to a superior quality of living and by driving local employment. Our world-class portfolio and differentiated, vertically integrated platform have enabled us to achieve strong operating results and we believe create significant opportunities for future growth.

We invest in markets that we expect will exhibit lower new supply, stronger job and household formation growth and superior NOI growth relative to the broader U.S. housing and rental market. Within our 13 markets, we target attractive neighborhoods in in-fill locations with multiple demand generators, such as proximity to major employment centers, desirable schools and transportation corridors. More than 95% of our revenue for the three months ended September 30, 2016 was earned in markets where we have at least 2,000 homes, driving significant operational efficiency. Our homes average approximately 1,850 square feet with three bedrooms and two bathrooms and an average monthly rent of \$1,623 for the three months ended September 30, 2016, appealing to a resident base that we believe is less transitory than the typical multifamily resident. We have made approximately \$1.2 billion of upfront renovation investment in the homes in our portfolio, representing approximately \$25,000 per home, in order to address capital needs, reduce ongoing maintenance costs and drive resident demand. As a result, our portfolio benefits from high occupancy and low turnover rates, and we are well positioned to drive strong rent growth, attractive margins and predictable cash flows.

Through our disciplined operating and investment expertise, we:

- generated \$905 million in total revenues for the twelve months ended September 30, 2016;
- increased net effective rental rates on leases signed in the quarter ended September 30, 2016 by 6.1% over the prior lease rates;
- achieved average occupancy of 96.1% for our 36,569 home Same Store portfolio (consisting of homes which had commenced their initial post-renovation lease prior to October 3, 2014) for the nine months ended September 30, 2016;
- grew total revenues for our Same Store portfolio by 5.0% for the nine months ended September 30, 2016 as compared to the nine months ended September 30, 2015;
- grew NOI for our Same Store portfolio by 7.4% for the nine months ended September 30, 2016 as compared to the nine months ended September 30, 2015; and

- experienced home price appreciation of 6.3% in our markets for the twelve months ended August 31, 2016 (weighted by revenue contribution) based on the August 2016 Case Shiller Index, outpacing growth in the broader U.S. market by 18%.

We believe we are well positioned to achieve organic growth through a combination of rent increases driven by strong market fundamentals (including demographic shifts), new ancillary revenue opportunities and increasing operational efficiencies. We continue to identify and implement new opportunities to drive revenue in the near and longer term by applying proven approaches of multifamily rental providers. We also see opportunities to expand margins by centralizing additional support and administrative functions and continuing to optimize our platform. In addition, we intend to capitalize on a highly fragmented market by utilizing our proven acquisition capability and flexible balance sheet to make attractive investments.

Our Portfolio

The following table provides summary information regarding our total and Same Store portfolios (consisting of homes which had commenced their initial post-renovation lease prior to October 3, 2014) as of and for the periods indicated.

Market	Number of Homes (1)	Average Occupancy (2)	Average In-Place Monthly Rent (3)	Average Monthly Rent PSF (3)	% of Revenue (4)
Western United States					
Southern California	4,633	94.8%	\$ 2,148	\$ 1.27	12.4%
Northern California	2,892	96.4%	1,680	1.07	6.7%
Seattle	3,177	94.2%	1,847	0.97	7.9%
Phoenix	5,636	95.0%	1,112	0.71	8.2%
Las Vegas	940	95.2%	1,417	0.74	1.8%
Western United States Subtotal	17,278	95.1%	1,638	0.97	37.0%
Florida					
South Florida	5,588	94.9%	2,118	1.10	14.7%
Tampa	4,997	94.9%	1,540	0.79	9.8%
Orlando	3,734	95.1%	1,465	0.76	7.0%
Jacksonville	2,018	94.8%	1,536	0.77	3.9%
Florida Subtotal	16,337	94.9%	1,719	0.89	35.4%
Southeast United States					
Atlanta	7,537	94.0%	1,336	0.65	12.5%
Charlotte	3,123	94.4%	1,348	0.68	5.3%
Southeast United States Subtotal	10,660	94.2%	1,339	0.66	17.8%
Midwest United States					
Chicago	2,973	92.3%	1,997	1.18	7.2%
Minneapolis	1,183	94.0%	1,734	0.87	2.6%
Midwest United States Subtotal	4,156	92.8%	1,922	1.08	9.8%
Total / Average	48,431	94.6%	\$ 1,623	\$ 0.88	100.0%
Same Store Portfolio Total / Average	36,569	96.1%	\$ 1,623	\$ 0.87	76.5%

(1) As of September 30, 2016.

(2) Represents average occupancy for the nine months ended September 30, 2016.

(3) Represents average rent for the three months ended September 30, 2016.

(4) Represents the percentage of revenue generated in each market for the three months ended September 30, 2016.

Our Platform

Our vertically integrated, scalable platform allows greater influence over the experience of our residents while enabling us to better control operating costs and continuously share best practices across functional areas of the business. Our differentiated platform is built upon:

- *Resident-centric focus.* Our high-touch business model enables us to continuously solicit and integrate resident feedback into our operations and tailor our approach to address their preferences, providing a superior living experience and fostering customer loyalty. We believe this, in turn, drives rent growth, occupancy and low turnover rates and will enable us to develop significant brand equity in the longer term.
- *Local presence and expertise.* We employ a differentiated “Community Model” whereby in-market managers oversee the operations of local leasing management, property management and maintenance teams, enabling us to provide outstanding resident service, leverage local expertise in managing rental, occupancy rates and turnover rates, and improve cost and oversight over renovations and ongoing maintenance. As a result of our concentrated footprint within our markets, our regional managers and in-market teams are able to realize local-operator advantages, while still benefiting from significant economies of scale.
- *Scalable, centralized infrastructure.* We support local market operations with national strategy, infrastructure and standards to drive efficiency, consistency and cost savings. We utilize our extensive scale to ensure the consistent quality of our resident experience and maximize cost efficiencies and purchasing power. On a national level we are also able to standardize resident leases, employ a consistent approach to resident screening and leasing operations, and utilize dynamic, rules-based pricing tools informed by local market conditions.

Our approach to asset management similarly combines local presence and expertise with national oversight. Our investment and asset management teams are located in-market and apply their local market knowledge within the framework of a proprietary and consistent underwriting methodology. Through the integration of investment management and property management functions, our platform enables our asset management teams to incorporate real time information regarding leasing activity, property operations, maintenance and capital spending into asset selection. We believe the advantages of our integrated acquisition platform and local market expertise have driven the quality of our existing portfolio of 48,431 homes as of September 30, 2016, over 94% of which were acquired in single-asset transactions. We believe that employing experienced, in-house acquisitions teams at the local level gives us a competitive advantage in selectively acquiring homes that will maximize risk-adjusted total return.

Our Competitive Strengths

We believe our position as a leading single-family residential owner and operator is founded on the following competitive strengths:

Large vertically integrated owner and operator with unmatched scale in attractive markets

We own and operate the largest portfolio of single-family homes for lease in the United States based on revenue. Our extensive scale enhances diversification, predictability of cash flows and cost savings. Over 95% of our portfolio, on a revenue basis for the three months ended September 30, 2016, is located in markets where we have at least 2,000 homes. This local density and scale allows us to achieve greater operational efficiency, reduce operating costs and gain superior local market knowledge. In addition, this scale increases our ability to optimize our portfolio through the selective disposition of non-core assets without impacting our ability to operate

efficiently. Across markets, we leverage preferred national and local vendors to ensure consistent quality and maximize purchasing power, employ standardized resident screening practices and leases, control our leasing approach through the use of exclusive broker arrangements, and adhere to dynamic, rules-based pricing tools informed by our community presence. Our integrated, scalable platform offers in-house capability at every phase of our business, including acquisition underwriting and execution, upfront capital investment and renovation, ongoing leasing and maintenance operations, and dispositions. We believe this allows us greater ability to control and improve our residents' experience and manage operating costs, while providing detailed market intelligence that we utilize to drive occupancy, low turnover rates and rent growth.

Quality homes located in high growth markets with low new supply

We have selected markets that we believe will experience strong population, household formation and employment growth and exhibit constrained levels of new home construction. As a result, we believe our markets have and will continue to outperform the broader U.S. housing and rental market in rent growth and home price appreciation. As measured by the August 2016 Case Shiller Index, home price appreciation in our markets was 6.3% for the twelve months ended August 31, 2016, outpacing growth in the broader U.S. market over the same period by 18%. We believe home price appreciation is a leading indicator of future rental growth. Within our markets, we have focused on highly desirable in-fill locations with multiple demand drivers, such as proximity to major employment centers, attractive schools and transportation corridors. We have largely avoided bulk portfolio acquisitions, choosing instead to construct our portfolio mainly through individual acquisitions by our local teams, who seek to identify the assets in our markets with the strongest demand and return profiles according to our rigorous underwriting criteria.

When we acquire a home, we make disciplined capital investments designed to enhance its desirability and minimize the need for ongoing maintenance. Since our inception in 2012, we have made upfront renovation investments in our portfolio totaling more than \$1.2 billion, or an average of \$25,000 per home. Through our disciplined market focus and differentiated approach to acquisitions and renovations, we believe we have assembled a portfolio of single-family homes for lease that cannot be readily replicated by new entrants, commands premium rents per square foot and which positions us well for future internal growth.

Proven asset management and portfolio optimization capabilities

Our portfolio was strategically assembled by in-house property acquisition teams operating locally in each of our markets with national oversight. Our acquisition teams have acquired 94% of our 48,431 homes as of September 30, 2016 in single-asset acquisitions. Today, we have a 25-member asset management team, 22 of whom operate in our local markets and source and underwrite acquisition opportunities by applying local expertise within the parameters of a disciplined and proprietary underwriting methodology. In evaluating acquisitions, we analyze 64 factors, including neighborhood desirability, proximity to employment centers, schools, transportation corridors, community amenities, construction type and the extent of ongoing capital needs, among others. We have developed an extensive network of local market relationships, which coupled with our ability to provide speed and certainty of closing to sellers, affords us enhanced access to acquisition opportunities across multiple channels, including local and national brokers, banks, contractors, homebuilders and other single-family home rental operators. The depth and breadth of our local broker networks, our deep understanding of local markets and our ability to effectively leverage technology to gather and analyze market data have enabled us to underwrite more than one million individual homes since our inception, from which we have assembled our high quality portfolio of nearly 50,000 homes.

We also maintain a sophisticated process to identify and efficiently dispose of homes that no longer fit our investment objectives. We believe we have a proven ability to maximize sales prices while reducing time to sale and selling costs by utilizing multiple distribution channels, including bulk portfolio sales, our new "Resident

First Look” program, which facilitates home sales to our current residents, direct-to-market sales and multiple listings services (“MLS”). As of September 30, 2016, we have sold 2,491 properties in 589 individual transactions across these channels.

Superior property management and resident-centric approach drive strong performance

We believe our Community Model, supported by national infrastructure and standards, offers residents a differentiated value proposition and provides us enhanced control and efficiency in operating our portfolio. Our Community Model is a localized approach to property management that seeks an optimal balance between operating scale and local control and expertise. In order to monitor their satisfaction and improve service, we maintain regular contact with our residents through our in-market maintenance teams, property management personnel and resident polling. We have achieved an “A+” rating with the Better Business Bureau. We believe our high resident satisfaction has driven strong occupancy and low turnover rates. For the nine months ended September 30, 2016, our Same Store portfolio (consisting of homes which had commenced their initial post-renovation lease prior to October 3, 2014) experienced 96.1% average occupancy and an annualized turnover rate of 37.2%, as compared to the average Multifamily REIT Comparison Set same store occupancy rate and same store annualized turnover rate of 96.1% and 55.2%, respectively, for the same period. In addition, by responding to maintenance requests primarily with in-house technicians, we believe we can more effectively control the cost and time of maintenance. In 2015, more than 50% of our maintenance calls were addressed with in-house technicians. To support and guide our community teams, we have developed robust national infrastructure and standards to drive consistency, efficiency and cost savings. We believe our operating platform enables us to drive NOI growth and margins in our portfolio. For the nine months ended September 30, 2016, we grew NOI of our 36,569 home Same Store portfolio by 7.4%, as compared to the nine months ended September 30, 2015.

Experienced management team leading an industry innovator

We are led by a seasoned management team with extensive residential and public company leadership experience whose interests are highly aligned with those of our stockholders. We have been a pioneer in the institutional single-family rental industry since its emergence and have taken a leadership role in its evolution. We helped develop the financing and securitization markets for the asset class by executing the first single-family rental securitized financing. In addition, we were a founding member of the National Rental Home Council, the single-family rental industry trade association, which is currently led by our President and Chief Executive Officer.

We have received a number of industry awards, including *International Financing Review's* 2013 Structured Finance Deal of the Year, IMN's 2016 Commercial Real Estate Award for “Innovation in Property Management,” and Satisfacts' 2015 “Superior Resident Satisfaction” company award.

Our Business and Growth Strategies

Our primary objective is to offer our residents a superior living experience by combining high-quality homes with outstanding resident service, creating a differentiated value proposition whose success inures to the benefit our stockholders. We believe we can achieve our goal to create value for our residents and investors through the following business and growth strategies:

Drive revenue growth and capitalize on attractive fundamentals in our markets

We believe our markets will continue to exhibit lower new supply, stronger job and household formation growth and superior NOI growth relative to the broader U.S. housing and rental markets. We intend to capitalize on these favorable market dynamics to drive growth by optimizing rents while maintaining occupancy and

growing complementary revenue streams. We believe we can outperform market rental growth by continuing to develop and implement sophisticated revenue management processes and systems to produce and analyze more insightful market intelligence. In addition, given our high-touch, resident-centric approach to property management, we believe we can offer tailored revenue-enhancing capital investment and other upgrades in exchange for rent premiums. We also continue to identify and implement complementary income opportunities, including preferred vendor and referral arrangements for the provision of various residential services, such as telephone, cable and internet service, landscaping and security systems.

Further expand margins by enhancing our operational efficiency

We believe we can continue to expand margins not only by capitalizing on our significant revenue growth opportunities, but also through continuing efforts to improve efficiency and reduce cost. Our extensive portfolio size and local market density create significant opportunities for us to capture additional economies of scale and operational efficiencies to drive profitability. We will seek to continue to reduce the time and cost of maintenance and resident turnover through proven initiatives, such as the optimization of pre-leasing programs, preventative maintenance and the use of more durable products like hard flooring instead of carpet. We will continue to standardize our leasing process by leveraging best practices developed from executing more than 136,500 leases since our inception. In addition, we believe we can achieve additional cost reductions while maintaining the quality and consistency of the resident experience by continuing to centralize select administrative functions, such as leasing and maintenance call centers and lease administration and procurement operations. Finally, we see opportunities for cost savings through improved property management technology, such as systems to more efficiently process maintenance requests.

Continue to grow and optimize our portfolio through disciplined acquisitions and selective dispositions

With the experience and expertise gained through over 45,000 single-asset acquisitions, we have developed and implemented an investment strategy designed to maximize risk-adjusted total return. Within markets where we see rent growth potential, we focus on in-fill locations with multiple demand drivers, such as proximity to major employment centers, attractive schools and transportation corridors. We select high quality homes with appeal for broad segments of rental demand, averaging approximately 1,850 square feet with three bedrooms and two bathrooms and an average monthly rent of \$1,623 for the three months ended September 30, 2016. Leveraging our market density, relationships, local knowledge and scale, we intend to continue to execute this strategy to grow our portfolio in our markets. The single-family rental market is highly fragmented with only one percent of the approximately 15.8 million single-family rental units in the United States owned by institutional owners, according to JBREC. We believe we are well positioned to be a consolidator given our position as the largest owner of single-family homes for lease, proven capital allocation strategies and financial flexibility. Since our inception, we have also disposed of approximately 2,500 homes that did not meet our long term investment criteria, demonstrating our ability to employ multiple disposition channels to optimize our portfolio and redeploy capital into more attractive investment opportunities without relinquishing the benefits of in-market scale.

Maintain a strong and flexible capital structure to support our growth

As a publicly traded company, we believe we will have enhanced access to multiple forms of cost-efficient capital, further enhancing our ability to effectively manage our balance sheet and financial profile. Since our inception, we have built strong relationships with numerous lenders, investors and other capital providers. We believe these relationships, coupled with our demonstrated financing track record, will provide us with significant financial flexibility and capacity to fund future growth. We intend to be disciplined with our financial management and continue to enhance our financial flexibility through the ongoing reduction of our debt over time.

Industry Overview

Residential housing is the largest real estate asset class in the United States, with 121 million total housing units and a total value of more than \$22.0 trillion, according to the Federal Reserve Flow of Funds report for the second quarter of 2016. The single-family rental market has grown in recent years as the homeownership rate has declined following the global financial crisis. The number of single-family rental units increased 35% from 11.7 million as of September 30, 2006 to 15.8 million as of September 30, 2016, as the homeownership rate fell from a high of 69.2% as of December 31, 2004 to 63.5% as of September 30, 2016.

New single and multifamily housing supply is significantly below long-term average levels. Since the start of the housing crisis in 2007, new housing permits as a share of households have averaged 43% below the 1980-2015 average and JBREC expects 2016 levels to be 27% below the 1980-2015 average. This decline in supply has been even more pronounced in Invitation Homes' markets: new housing permits as a share of households for 2007-2015 and 2016 were 60% below and 43% below the 1980-2015 averages, respectively. This persistent level of supply below historical averages has primarily been caused by rising costs of land, labor and materials, as well as limited debt and equity capital available for new construction. Single-family construction activity is expected to remain low over the near and intermediate term. In addition to overall levels of housing supply below long term averages, new entry-level single-family housing supply has declined significantly. Notably, the share of new homes 1,800 square feet or less (the typical size of entry-level homes) has fallen from an average of 34% of new single-family housing supply in 1999-2004 (prior to the housing downturn) to 21% in 2015, a nearly 40% decline.

JBREC believes that the typical single-family rental resident prefers single-family homes over apartments due to lifestyle differences (e.g., families with children, space requirements and quality of schools). The propensity to rent has increased for every age group due to factors including delaying of major life events, increasing student loan burdens, reduced availability of mortgage credit and lifestyle preference for renting. Consequently, the national rentership rate, which is the inverse of the homeownership rate, reached 37% in the third quarter of 2016, a level not seen since 1973, and is forecast by JBREC to continue to climb through 2025. Limited new supply, when combined with forecast demand growth, should drive increased occupancy and rental rates for single-family homes for lease.

Job growth has continuously improved since 2011 and household formation is accelerating. Thirteen million total new jobs have been added since 2011, or an average of 2.6 million jobs per year through 2015 (1.8% annual job growth). Due to job growth and demographics, JBREC forecasts that an estimated 4.8 million net new households will be formed from 2017 to 2020, or 1.2 million annually. The majority of these new households are expected to be renter households. In addition, demographic shifts are forecast to increase the 35-44 year old cohort (a primary driver of household formation) by 5.4 million people from 2015-2025. While the United States as a whole is expected to continue to experience job and household growth, trends in Invitation Homes' markets have been stronger than the U.S. average and this outperformance is expected to continue. Invitation Homes' markets are forecast to experience household growth of 1.8% per year over 2016-2018 and job growth of 1.6% per year over the same time period. These levels are 86% and 60% higher, respectively, than the projected U.S. average over the same time period. Superior growth fundamentals in Invitation Homes' markets have contributed to new lease net effective rental rate growth of 6.2% for the nine months ended September 30, 2016 based on data provided by Invitation Homes on its portfolio, compared to 4.1% for the United States on average over the same time period.

Rising interest rates may result in greater rental demand, as the increasing cost of homeownership may make rental housing relatively more attractive. While rising interest rates increase the cost of homeownership, rising rates have not historically been linked to falling home prices, especially during periods of economic growth and wage growth. The demand created by a growing economy (increased jobs, income growth, and increased consumer confidence) has historically offset the increased cost of housing caused by rising mortgage rates.

Meanwhile, we believe home prices still appear attractive compared to multifamily prices. Home prices in Invitation Homes' markets are still 11% below 2006 pricing levels as measured by the Case Shiller Index, while multifamily property prices are 36% above 2006 levels in these same markets based on the Green Street Advisors Apartment Commercial Property Price Index. Home price appreciation growth was 5.3% year-over-year for the United States on average as of August 2016, while home prices in Invitation Homes' markets grew at 6.3% on average for the same period. Due to continued favorable housing fundamentals, JBREC expects home price appreciation to continue over the near term.

We believe that the value of our portfolio represents a significant discount to the replacement cost of a comparable portfolio today. JBREC estimates that the total New Home Replacement Cost of Invitation Homes' portfolio of 48,431 homes is approximately \$15.4 billion, or \$318,500 per home, as of December 30, 2016. We believe we will continue to experience below-average levels of new housing supply in our markets which will support future rental rate growth and home price appreciation.

Implications of Being an Emerging Growth Company

As a company with less than \$1.0 billion in revenue during our most recently completed fiscal year as of the initial filing date of the registration statement of which this prospectus forms a part, we qualify as an "emerging growth company" as defined in Section 2(a) of the Securities Act of 1933, as amended (the "Securities Act"), as modified by the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). As an emerging growth company, we may take advantage of specified reduced disclosure and other requirements that are otherwise applicable generally to public companies that are not emerging growth companies. These provisions include, among other things:

- presentation of only two years of audited financial statements and only two years of related management's discussion and analysis of financial condition and results of operations;
- reduced disclosure about our executive compensation arrangements;
- no non-binding stockholder advisory votes on executive compensation or golden parachute arrangements; and
- exemption from the auditor attestation requirement in the assessment of our internal controls over financial reporting.

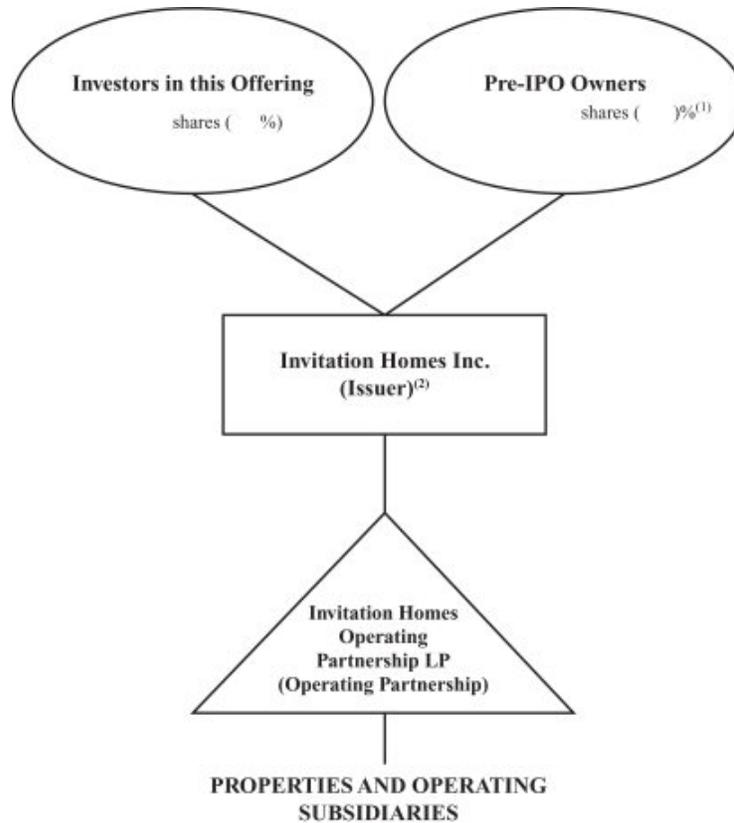
We may take advantage of these exemptions for up to five years or such earlier time that we are no longer an emerging growth company. We will cease to be an emerging growth company upon the earliest of: (1) the end of the fiscal year following the fifth anniversary of this offering; (2) the last day of the first fiscal year during which our annual gross revenue was \$1.0 billion or more; (3) the date on which we have, during the previous three-year period, issued more than \$1.0 billion in non-convertible debt securities; or (4) the date on which we are deemed to be a "large accelerated filer" under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). We have taken advantage of reduced disclosure regarding executive compensation arrangements and the presentation of certain historical financial information in this prospectus, and we may choose to take advantage of some but not all of these reduced disclosure obligations in future filings. If we do, the information that we provide stockholders may be different than you might get from other public companies in which you hold stock.

The JOBS Act permits an emerging growth company such as us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. We are choosing to "opt out" of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

Organizational Structure

In connection with this offering, we will effect the Pre-IPO Transactions as described in greater detail in “Organizational Structure—Pre-IPO Transactions.” Following the Pre-IPO Transactions, all of our assets will be held, and our operations conducted, by Invitation Homes Operating Partnership LP, our “Operating Partnership.” We will initially own 100% of our Operating Partnership. Following this offering, we may from time to time issue common units of partnership interest in our Operating Partnership (“OP Units”) to third parties, which, subject to the terms of the partnership agreement of our Operating Partnership, may be redeemed by holders for cash based upon the market value of an equivalent number of shares of our common stock or, at our election, exchanged for shares of our common stock on a one-for-one basis subject to customary conversion rate adjustments for splits, unit distributions and reclassifications.

The following simplified diagram depicts our organizational structure and equity ownership immediately following this offering. This chart is provided for illustrative purposes only and does not show all of our legal entities or ownership percentages of such entities.



(1) Does not reflect shares issuable pursuant to the Invitation Homes Inc. 2017 Omnibus Incentive Plan (the “Omnibus Incentive Plan”) to be received by management in connection with this offering, including shares issuable upon conversion of previously issued incentive awards and shares underlying grants of restricted stock units that we anticipate making to our employees. See “Management—Executive Compensation—Long-Term Incentive Compensation” and “—Actions Taken in Connection with the Offering.”

- (2) Invitation Homes Inc. will initially own 100% of the Operating Partnership directly and through its wholly owned subsidiary, Invitation Homes OP GP LLC, which will serve as the Operating Partnership's sole general partner.

Our Sponsor

Blackstone (NYSE: BX) is one of the world's leading investment firms. Blackstone's alternative asset management businesses include the management of corporate private equity funds, real estate funds, hedge funds solutions, credit-oriented funds and closed-end mutual funds. Through its different businesses, Blackstone had total assets under management of approximately \$361.0 billion as of September 30, 2016. Blackstone's global real estate group is the largest private equity real estate manager in the world with \$101.9 billion of investor capital under management as of September 30, 2016.

Summary Risk Factors

Investing in our common stock involves substantial risks, and our ability to successfully operate our business is subject to numerous risks, including those that are generally associated with operating in the real estate industry. Some of the more significant challenges and risks include the following:

- our operating results are subject to general economic conditions and risks associated with our real estate assets;
- we are employing a business model with a limited track record, which may make our business difficult to evaluate, and we have a limited operating history;
- we may not be able to effectively manage our growth, and any failure to do so may have an adverse effect on our business and operating results;
- a significant portion of our costs and expenses are fixed and we may not be able to adapt our cost structure to offset declines in our revenue;
- increasing property taxes, homeowners' association ("HOA") fees and insurance costs may negatively affect our financial results;
- our investments are and will continue to be concentrated in our markets and in the single-family properties sector of the real estate industry, which exposes us to seasonal fluctuations in rental demand and downturns in our markets or in the single-family properties sector;
- we face significant competition in the leasing market for quality residents, which may limit our ability to lease our single-family homes on favorable terms;
- we intend to continue to acquire properties from time to time consistent with our investment strategy even if the rental and housing markets are not as favorable as they have been in the recent past, which could adversely impact anticipated yields;
- our evaluation of properties involves a number of assumptions that may prove inaccurate, which could result in us paying too much for properties we acquire and/or overvaluing our properties or our properties failing to perform as we expect;
- our dependence upon third parties for key services may have an adverse effect on our operating results or reputation if the third parties fail to perform;
- we are subject to certain risks associated with bulk portfolio acquisitions and dispositions;
- a significant number of our residential properties are part of HOAs and we and our residents are subject to the rules and regulations of such HOAs, which are subject to change and which may be arbitrary or restrictive, and violations of such rules may subject us to additional fees and penalties and litigation with such HOAs, which would be costly;

- declining real estate valuations and impairment charges could adversely affect our financial condition and operating results;
- we may suffer losses that are not covered by insurance;
- we may have difficulty selling our real estate investments and our ability to distribute all or a portion of the net proceeds from any such sale to our stockholders may be limited;
- we utilize a significant amount of indebtedness in the operation of our business and our cash flows and operating results could be adversely affected by required payments of debt or related interest and other risks of our debt financing;
- we may be unable to obtain financing through the debt and equity markets, which would have a material adverse effect on our growth strategy and our financial condition and results of operations;
- we are controlled by our Sponsor and its interests may conflict with ours or yours in the future; and
- if we do not maintain our qualification as a REIT, we will be subject to tax as a regular corporation and could face a substantial tax liability and maintaining our REIT status may hinder our ability to operate solely on the basis of maximizing profits.

Before you participate in this offering, you should carefully consider all of the information in this prospectus, including matters set forth under the heading “Risk Factors.”

Distribution Policy

The Internal Revenue Code of 1986, as amended (the “Code”), generally requires that a REIT distribute annually at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding net capital gains, and imposes tax on any taxable income retained by a REIT, including capital gains. To satisfy the requirements for qualification as a REIT and generally not be subject to U.S. federal income and excise tax, we intend to make quarterly distributions of all or substantially all of our REIT taxable income to holders of our common stock out of assets legally available for such purposes. Our future distributions will be at the sole discretion of our board of directors.

To the extent we are prevented by provisions of our financing arrangements or otherwise from distributing 100% of our REIT taxable income or otherwise do not distribute 100% of our REIT taxable income, we will be subject to income tax, and potentially excise tax, on the retained amounts. If our operations do not generate sufficient cash flow to allow us to satisfy the REIT distribution requirements, we may be required to fund distributions from working capital, borrow funds, sell assets or reduce such distributions. Our board of directors reviews the alternative funding sources available to us from time to time.

REIT Qualification

We have elected to qualify as a REIT for U.S. federal income tax purposes. So long as we qualify as a REIT, we generally will not be subject to U.S. federal income tax on net taxable income that we distribute annually to our stockholders. In order to qualify as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, the real estate qualification of sources of our income, the composition and values of our assets, the amounts we distribute to our stockholders and the diversity of ownership of our stock. In order to comply with REIT requirements, we may need to forego otherwise attractive opportunities and limit our expansion opportunities and the manner in which we conduct our operations. See “Risk Factors—Risks Related to our REIT Status and Certain Other Tax Items.”

Restrictions on Ownership of our Stock

Subject to certain exceptions, our charter will provide that no person may own, or be deemed to own by virtue of the attribution provisions of the Code, more than 9.8% (in value or by number of shares, whichever is more restrictive) of our outstanding common stock or more than 9.8% in value of our outstanding stock, which we refer to as the “ownership limit,” and will impose certain other restrictions on ownership and transfer of our stock. We expect that, upon completion of this offering, our board of directors will grant an exemption from the ownership limit to our Sponsor and its affiliates.

Our charter will also prohibit any person from, among other things:

- owning shares of our stock that would (or, in the sole judgment of the board of directors, could) result in our being “closely held” under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of the taxable year) or otherwise cause us to fail to qualify as a REIT;
- transferring shares of our stock if the transfer would (or, in the sole judgment of the board of directors, could) result in shares of our stock being beneficially owned by fewer than 100 persons; and
- beneficially owning shares of our stock to the extent such ownership would (or, in the sole judgment of the board of directors, could) result in our failing to qualify as a “domestically controlled qualified investment entity” within the meaning of Section 897(h) of the Code.

Any attempted transfer of our stock which, if effective, would result in violation of the above limitations or the ownership limit (except for a transfer which results in shares being owned by fewer than 100 persons, in which case such transfer will be void and of no force and effect and the intended transferee shall acquire no rights in such shares) will cause the number of shares causing the violation, rounded up to the nearest whole share, to be automatically transferred to a trust for the exclusive benefit of one or more charitable beneficiaries designated by us, and the intended transferee will not acquire any rights in the shares.

These restrictions, including the ownership limit, are intended to assist with our REIT compliance under the Code and otherwise to promote our orderly governance, among other purposes. See “Description of Stock—Restrictions on Ownership and Transfer.”

Invitation Homes Inc. was incorporated in Delaware on October 4, 2016. Prior to the completion of this offering, we intend to change the jurisdiction of incorporation of Invitation Homes Inc. to Maryland. Through certain of the IH Holding Entities, we commenced operations in 2012. Invitation Homes Inc. has not commenced operations and has no significant assets or liabilities. Our principal executive offices are located at 1717 Main Street, Suite 2000, Dallas, Texas 75201 and our telephone number is (972) 421-3600.

The Offering

Common stock offered	shares (plus up to an additional shares at the option of the underwriters).
Common stock outstanding after this offering	shares (or shares if the underwriters exercise in full their option to purchase additional shares).
Use of proceeds	We intend to use the net proceeds from this offering to repay certain of our existing indebtedness, as will be determined prior to this offering, and for general corporate purposes.
Listing	We expect to apply to list our common stock on the NYSE under the symbol “INVH.”
Ownership and transfer restrictions	Subject to certain exceptions, our charter will provide that no person may own, or be deemed to own by virtue of the attribution provisions of the Code, more than 9.8% (in value or by number of shares, whichever is more restrictive) of our outstanding common stock or more than 9.8% in value of our outstanding stock, which we refer to as the “ownership limit,” and will impose certain other restrictions on ownership and transfer of our stock. We expect that, upon completion of this offering, our board of directors will grant an exemption from the ownership limit to our Sponsor and its affiliates. See “Description of Stock—Restrictions on Ownership and Transfer.”
Distribution policy	We have elected to qualify as a REIT for U.S. federal income tax purposes. The Code generally requires that a REIT annually distribute at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gain, and imposes tax on any REIT taxable income retained by a REIT, including capital gains. To satisfy the requirements to qualify as a REIT and to avoid paying tax on our income, we intend to make quarterly distributions of all, or substantially all, of our REIT taxable income (excluding net capital gains) to our stockholders. See “Distribution Policy.”
Risk Factors	Investing in shares of our common stock involves a high degree of risk. You should carefully read the information set forth under “Risk Factors” and all other information in this prospectus before investing in shares of our common stock.

In this prospectus, unless otherwise indicated, the number of shares of common stock outstanding and the other information based thereon does not reflect:

- shares issuable upon exercise of the underwriters’ option to purchase additional shares of our common stock from us; or

- shares of our common stock issuable pursuant to the Omnibus Incentive Plan, including:
 - shares that will be received by management at the time of this offering in conjunction with the conversion of previously issued incentive awards (based on an assumed initial public offering price of \$, which is the midpoint of the range set forth on the cover page of this prospectus) as described under “Management—Executive Compensation—Long-Term Incentive Compensation”; and
 - shares underlying up to restricted stock units that we anticipate granting to our employees, including our named executive officers, at the time of this offering as described in “Management—Executive Compensation—Actions Taken in Connection with the Offering.” See “Management—Invitation Homes Inc. 2017 Omnibus Incentive Plan.”

Summary Condensed Combined and Consolidated Financial and Other Data

The summary combined and consolidated financial and operating data set forth below as of December 31, 2015 and 2014 and for each of the years ended December 31, 2015 and 2014 has been derived from our audited combined and consolidated financial statements included elsewhere in this prospectus. The summary condensed combined and consolidated financial and operating data set forth below as of September 30, 2016 and for the nine months ended September 30, 2016 and 2015 has been derived from our unaudited condensed combined and consolidated financial statements included elsewhere in this prospectus. Results for the nine months ended September 30, 2016 are not necessarily indicative of results that may be expected for the entire year.

The unaudited summary condensed combined and consolidated pro forma financial data gives pro forma effect to the transactions described in “Unaudited Pro Forma Financial Information,” including this offering and the intended application of the net proceeds therefrom as described in “Use of Proceeds.” The pro forma adjustments associated with the foregoing transactions assume that each transaction was completed as of January 1, 2015 for purposes of the unaudited pro forma condensed combined and consolidated statements of operations information and as of September 30, 2016 for purposes of the unaudited pro forma condensed combined and consolidated balance sheet information. The following unaudited summary condensed combined and consolidated pro forma statement of operations and balance sheet data is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the relevant transactions had been consummated on the date indicated, nor is it indicative of future operating results.

Because the information presented below is only an unaudited summary and does not provide all of the information contained in our historical combined and consolidated financial statements, including the related notes, you should read it in conjunction with “Selected Financial Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Unaudited Pro Forma Financial Information” and our historical combined and consolidated financial statements, including the related notes, included elsewhere in this prospectus.

Summary Statement of Operations Data: (\$ in thousands)	Pro Forma Nine Months Ended September 30, 2016	Pro Forma Year Ended December 31, 2015	Nine Months Ended September 30,		Year Ended December 31,	
	(unaudited)		2016	2015	2015	2014
Revenues:						
Rental revenues	\$	\$	\$ 654,726	\$ 587,913	\$ 800,210	\$ 631,115
Other property income			33,310	31,451	35,839	27,607
Total revenues			688,036	619,364	836,049	658,722
Operating expenses:						
Property operating and maintenance			270,494	257,130	347,962	320,658
Property management expense			22,638	31,568	39,459	62,506
General and administrative			49,579	59,534	79,428	88,177
Depreciation and amortization			198,261	186,448	250,239	215,808
Impairment and other			1,642	3,943	4,584	3,396
Total operating expenses			542,614	538,623	721,672	690,545
Operating income (loss)			145,422	80,741	114,377	(31,823)
Other income (expenses):						
Interest expense			(209,165)	(204,130)	(273,736)	(235,812)
Other			(1,025)	(552)	(3,121)	(1,991)
Total other income (expenses)			(210,190)	(204,682)	(276,857)	(237,803)
Loss from continuing operations			(64,768)	(123,941)	(162,480)	(269,626)
Gain (loss) on sale of property			13,178	2,275	2,272	(235)
Net loss	\$	\$	\$ (51,590)	\$ (121,666)	\$ (160,208)	\$ (269,861)
Per share						
Net loss						
Basic	\$	\$				
Diluted	\$	\$				
Weighted average shares						
Basic						
Diluted						

Summary Balance Sheet Data: (\$ in thousands)	Pro Forma as of September 30, 2016	As of September 30, 2016	As of December 31, 2015
	(unaudited)	(unaudited)	
Investments in single-family residential properties, net	\$	\$ 9,067,075	\$ 9,052,701
Cash and cash equivalents		274,140	274,818
Other assets, net		569,218	469,459
Total assets	\$	\$ 9,910,433	\$ 9,796,978
Total debt		7,680,956	7,725,957
Total liabilities		7,923,967	7,909,947
Total equity		1,986,466	1,887,031
Total liabilities and equity	\$	\$ 9,910,433	\$ 9,796,978

Summary Statement of Cash Flows Data: (\$ in thousands)	Nine Months Ended September 30,		Year Ended December 31,	
	2016	2015	2015	2014
	(unaudited)			
Net cash provided by operating activities	\$ 247,709	\$ 196,089	\$ 197,474	\$ 48,451
Net cash used in investing activities	(298,785)	(695,307)	(859,833)	(1,899,697)
Net cash provided by financing activities	50,398	490,409	651,581	1,705,277

Summary Operational and Other Data (Total Portfolio): (\$ in thousands, unless otherwise indicated)	Pro Forma as of and for Nine Months Ended September 30, 2016	Pro Forma as of and for Year Ended December 31, 2015	As of and for Nine Months Ended September 30,		As of and for Year Ended December 31,	
	(unaudited)	(unaudited)	2016	2015	2015	2014
Number of homes	N/A	N/A	48,431	47,454	48,138	46,043
Average occupancy	N/A	N/A	94.6%	93.3%	93.4%	85.9%
Average monthly rent (\$)	N/A	N/A	\$ 1,600	\$ 1,502	\$ 1,515	\$ 1,424
NOI (1)	N/A	N/A	\$ 417,542	\$ 362,234	\$ 488,087	\$ 338,064
Core NOI margin	N/A	N/A	61.4%	59.1%	59.0%	51.8%
Adjusted EBITDA (2)			\$ 358,348	\$ 293,399	\$ 397,124	\$ 211,716
FFO (3)			131,457	60,674	84,634	(56,769)
Core FFO (3)			192,369	142,457	190,229	49,074
Adjusted FFO (3)			156,915	102,392	140,456	(7,878)

Summary Operational and Other Data (Same Store Portfolio ^(a)): (\$ in thousands, unless otherwise indicated)	As of and for Nine Months Ended September 30,		As of and for Year Ended December 31,	
	2016	2015	2015	2014
	(unaudited)		(unaudited)	
Number of homes	36,569	36,569	18,762	18,762
Average occupancy	96.1%	96.1%	96.2%	95.6%
Turnover rate (annualized)	37.2%	36.4%	34.4%	32.8%
Average monthly rent (\$)	\$ 1,603	\$ 1,538	\$ 1,502	\$ 1,451
Net effective rental rate growth	5.7%	5.1%	5.0%	4.3%
NOI (1)	\$ 325,124	\$ 302,727	\$ 209,499	\$ 180,937
Core NOI margin	62.1%	60.6%	62.6%	56.5%
Average cost to maintain a home (gross)				
Average maintenance and turnover expense per home (\$)	\$ 1,146	\$ 960	\$ 1,341	\$ 1,362
Average capital expenditures per home (\$)	830	873	1,143	1,195
Total	<u>\$ 1,976</u>	<u>\$ 1,833</u>	<u>\$ 2,484</u>	<u>\$ 2,557</u>

- (a) Consisting of homes which had commenced their initial post-renovation lease prior to October 3rd of the year prior to the first year of the comparison period.
- (1) The following table provides a reconciliation of NOI for our total portfolio and NOI for our Same Store portfolio to net loss (computed in accordance with GAAP) for the periods presented. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Measures” for additional information regarding our use of NOI.

	Nine Months Ended September 30,		Year Ended December 31,	
	2016	2015	2015	2014
	(unaudited)			
(\$ in thousands)				
Net loss	\$ (51,590)	\$ (121,666)	\$ (160,208)	\$ (269,861)
Interest expense	209,165	204,130	273,736	235,812
Depreciation and amortization	198,261	186,448	250,239	215,808
General and administrative (a)	49,579	59,534	79,428	88,177
Property management expense (b)	22,638	31,568	39,459	62,506
Impairment and other	1,642	3,943	4,584	3,396
Acquisition costs	42	243	275	1,384
(Gain) loss on sale of property	(13,178)	(2,275)	(2,272)	235
Other (c)	983	309	2,846	607
NOI (total portfolio)	417,542	362,234	488,087	338,064
Non-Same Store NOI	(92,418)	(59,507)	(278,588)	(157,127)
NOI (Same Store portfolio (d))	\$ 325,124	\$ 302,727	\$ 209,499	\$ 180,937

- (a) Includes \$12,724 and \$18,161 of noncash incentive compensation expense for the nine months ended September 30, 2016 and 2015, respectively, and \$23,758 and \$19,318 for the years ended December 31, 2015 and 2014, respectively.
- (b) Includes \$299 and \$4,106 of noncash incentive compensation expense for the nine months ended September 30, 2016 and 2015, respectively, and \$4,166 and \$5,017 for the years ended December 31, 2015 and 2014, respectively.
- (c) Includes interest income and other miscellaneous income and expenses.
- (d) Consisting of homes which had commenced their initial post-renovation lease prior to October 3rd of the year prior to the first year of the comparison period.

- (2) The following table provides a reconciliation of EBITDA and Adjusted EBITDA to net loss (computed in accordance with GAAP) for the periods presented. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Measures” for additional information regarding our use of EBITDA and Adjusted EBITDA.

(\$ in thousands)	Pro Forma Nine	Pro Forma	Nine Months Ended		Year Ended	
	Months Ended September 30, 2016	Year Ended December 31, 2015	September 30,		December 31,	
	(unaudited)		(unaudited)		2015	2014
Net loss	\$	\$	\$ (51,590)	\$ (121,666)	\$ (160,208)	\$ (269,861)
Interest expense			209,165	204,130	273,736	235,812
Depreciation and amortization			198,261	186,448	250,239	215,808
EBITDA			355,836	268,912	363,767	181,759
Noncash incentive compensation expense (a)			13,023	22,267	27,924	24,335
Impairment and other			1,642	3,943	4,584	3,396
Acquisition costs			42	243	275	1,384
(Gain) loss on sale of property			(13,178)	(2,275)	(2,272)	235
Other (b)			983	309	2,846	607
Adjusted EBITDA	\$	\$	\$358,348	\$ 293,399	\$ 397,124	\$ 211,716

- (a) For the nine months ended September 30, 2016 and 2015, \$12,724 and \$18,161 was recorded in general and administrative expense, respectively, and \$299 and \$4,106 was recorded in property management expense, respectively. For the years ended December 31, 2015 and 2014, \$23,758 and \$19,318 was recorded in general and administrative expense, respectively, and \$4,166 and \$5,017 was recorded in property management expense, respectively.
- (b) Includes interest income and other miscellaneous income and expenses.

- (3) The following table provides a reconciliation of FFO, Core FFO and Adjusted FFO to net loss (computed in accordance with GAAP) for the periods presented. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Measures” for additional information regarding our use of FFO, Core FFO and Adjusted FFO.

(\$ in thousands)	Pro Forma Nine	Pro Forma	Nine Months Ended		Year Ended	
	Months Ended September 30, 2016	Year Ended December 31, 2015	September 30,		December 31,	
	(unaudited)		(unaudited)		2015	2014
Net loss	\$	\$	\$ (51,590)	\$ (121,666)	\$ (160,208)	\$ (269,861)
Add (deduct) adjustments from net loss to derive FFO:						
Depreciation and amortization on real estate assets			194,630	183,167	245,666	212,434
Impairment on depreciated real estate investments			1,595	1,448	1,448	423
(Gain) loss on sale of previously depreciated investments in real estate			(13,178)	(2,275)	(2,272)	235
FFO			<u>131,457</u>	<u>60,674</u>	<u>84,634</u>	<u>(56,769)</u>
Noncash interest expense related to amortization of deferred financing costs and mortgage loan discounts			41,481	52,737	69,849	64,566
Noncash incentive compensation expense (a)			13,023	22,267	27,924	24,335
Offering related expenses			4,081	—	—	—
Severance expense			2,285	6,536	7,547	15,558
Acquisition costs			42	243	275	1,384
Core FFO			<u>192,369</u>	<u>142,457</u>	<u>190,229</u>	<u>49,074</u>
Recurring capital expenditures			(35,454)	(40,065)	(49,773)	(56,952)
Adjusted FFO	\$	\$	<u>\$ 156,915</u>	<u>\$ 102,392</u>	<u>\$ 140,456</u>	<u>\$ (7,878)</u>

- (a) For the nine months ended September 30, 2016 and 2015, \$12,724 and \$18,161 was recorded in general and administrative expense, respectively, and \$299 and \$4,106 was recorded in property management expense, respectively. For the years ended December 31, 2015 and 2014, \$23,758 and \$19,318 was recorded in general and administrative expense, respectively, and \$4,166 and \$5,017 was recorded in property management expense, respectively.

RISK FACTORS

An investment in our shares involves risks. You should carefully consider the following information about these risks, together with the other information contained in this prospectus, before investing in our shares.

Risks Related to Our Business and Industry

Our operating results are subject to general economic conditions and risks associated with our real estate assets.

Our operating results are subject to risks generally incident to the ownership and rental of residential real estate, many of which are beyond our control, including, without limitation:

- changes in national, regional or local economic, demographic or real estate market conditions;
- changes in job markets and employment levels on a national, regional and local basis;
- declines in the value of residential real estate;
- overall conditions in the housing market, including:
 - macroeconomic shifts in demand for rental homes;
 - inability to lease or re-lease homes to residents on a timely basis, on attractive terms or at all;
 - failure of residents to pay rent when due or otherwise perform their lease obligations;
 - unanticipated repairs, capital expenditures or other costs;
 - uninsured damages; and
 - increases in property taxes, HOA fees and insurance costs;
- level of competition for suitable rental homes;
- terms and conditions of purchase contracts;
- costs and time period required to convert acquisitions to rental homes;
- changes in interest rates and availability of financing that may render the acquisition of any homes difficult or unattractive;
- the illiquidity of real estate investments, generally;
- the short-term nature of most residential leases and the costs and potential delays in re-leasing;
- changes in laws, including those that increase operating expenses or limit our ability to increase rental rates;
- the impact of potential reforms relating to government-sponsored enterprises involved in the home finance and mortgage markets;
- rules, regulations and/or policy initiatives by government and private actors, including HOAs, to discourage or deter the purchase of single-family properties by entities owned or controlled by institutional investors;
- disputes and potential negative publicity in connection with eviction proceedings;
- overbuilding;
- costs resulting from the clean-up of, and liability to third parties for damages resulting from, environmental problems, such as indoor mold;
- casualty or condemnation losses;
- the geographic mix of our properties;

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- the cost, quality and condition of the properties we are able to acquire; and
- our ability to provide adequate management, maintenance and insurance.

Any one or more of these factors could adversely affect our business, financial condition and results of operations.

We are employing a business model with a limited track record, which may make our business difficult to evaluate.

Until recently, the single-family rental business consisted primarily of private and individual investors in local markets and was managed individually or by small, non-institutional owners and property managers. Our business strategy involves purchasing, renovating, maintaining and managing a large number of residential properties and leasing them to qualified residents. Entry into this market by large, well-capitalized investors is a relatively recent trend, so few peer companies exist and none have yet established long-term track records that might assist us in predicting whether our business model and investment strategy can be implemented and sustained over an extended period of time. It may be difficult for you to evaluate our potential future performance without the benefit of established long-term track records from companies implementing a similar business model. We may encounter unanticipated problems as we continue to refine our business model, which may adversely affect our results of operations and ability to make distributions to our stockholders and cause our share price to decline significantly.

We have a limited operating history and may not be able to operate our business successfully or generate sufficient cash flows to make or sustain distributions to our stockholders.

We have a limited operating history. As a result, an investment in our common stock may entail more risk than an investment in the common stock of a real estate company with a substantial operating history. If we are unable to operate our business successfully, we would not be able to generate sufficient cash flow to make or sustain distributions to our stockholders, and you could lose all or a portion of the value of your ownership in our common stock. Our ability to successfully operate our business and implement our operating policies and investment strategy depends on many factors, including:

- our ability to effectively manage renovation, maintenance, marketing and other operating costs for our properties;
- economic conditions in our markets, including changes in employment and household earnings and expenses, as well as the condition of the financial and real estate markets and the economy, in general;
- our ability to maintain high occupancy rates and target rent levels;
- the availability of, and our ability to identify, attractive acquisition opportunities consistent with our investment strategy;
- our ability to compete with other investors entering the sector for single-family properties;
- costs that are beyond our control, including title litigation, litigation with residents or tenant organizations, legal compliance, real estate taxes, HOA fees and insurance;
- judicial and regulatory developments affecting landlord-tenant relations that may affect or delay our ability to dispossess or evict occupants or increase rental rates;
- reversal of population, employment or homeownership trends in our markets; and
- interest rate levels and volatility, such as the accessibility of short-term and long-term financing on desirable terms.

In addition, we face significant competition in acquiring attractive properties on advantageous terms, and the value of the properties that we acquire may decline substantially after we purchase them.

We may not be able to effectively manage our growth, and any failure to do so may have an adverse effect on our business and operating results.

Since commencing operations in 2012, we have grown rapidly, assembling a portfolio of nearly 50,000 homes as of September 30, 2016. Our future operating results may depend on our ability to effectively manage our growth, which is dependent, in part, upon our ability to:

- stabilize and manage an increasing number of properties and resident relationships across our geographically dispersed portfolio while maintaining a high level of resident satisfaction, and building and enhancing our brand;
- identify and supervise a number of suitable third parties on which we rely to provide certain services outside of property management to our properties;
- attract, integrate and retain new management and operations personnel; and
- continue to improve our operational and financial controls and reporting procedures and systems.

We can provide no assurance that we will be able to manage our properties or grow our business efficiently or effectively, or without incurring significant additional expenses. Any failure to do so may have an adverse effect on our business and operating results.

A significant portion of our costs and expenses are fixed and we may not be able to adapt our cost structure to offset declines in our revenue.

Many of the expenses associated with our business, such as real estate taxes, HOA fees, personal and property taxes, insurance, utilities, acquisition, renovation and maintenance costs, and other general corporate expenses are relatively inflexible and will not necessarily decrease with a reduction in revenue from our business. Some components of our fixed assets depreciate more rapidly and require ongoing capital expenditures. Our expenses and ongoing capital expenditures are also affected by inflationary increases and certain of our cost increases may exceed the rate of inflation in any given period or market. By contrast, our rental income is affected by many factors beyond our control, such as the availability of alternative rental housing and economic conditions in our markets. In addition, state and local regulations may require us to maintain properties that we own, even if the cost of maintenance is greater than the value of the property or any potential benefit from renting the property, or pass regulations that limit our ability to increase rental rates. As a result, we may not be able to fully offset rising costs and capital spending by increasing rental rates, which could have a material adverse effect on our results of operations and cash available for distribution.

Increasing property taxes, HOA fees and insurance costs may negatively affect our financial results.

As a result of our substantial real estate holdings, the cost of property taxes and insuring our properties is a significant component of our expenses. Our properties are subject to real and personal property taxes that may increase as tax rates change and as the real properties are assessed or reassessed by taxing authorities. As the owner of our properties, we are ultimately responsible for payment of the taxes to the applicable government authorities. If real property taxes increase, our expenses will increase. If we fail to pay any such taxes, the applicable taxing authority may place a lien on the real property and the real property may be subject to a tax sale.

In addition, a significant portion of our properties are located within HOAs and we are subject to HOA rules and regulations. HOAs have the power to increase monthly charges and make assessments for capital improvements and common area repairs and maintenance. Property taxes, HOA fees, and insurance premiums are subject to significant increases, which can be outside of our control. If the costs associated with property taxes, HOA fees and assessments or insurance rise significantly and we are unable to increase rental rates due to rent control laws or other regulations to offset such increases, our results of operations would be negatively affected.

We have recorded net losses in the past and we may experience net losses in the future.

We have recorded consolidated net losses in the nine months ended September 30, 2016 and 2015 and in the years ended December 31, 2015 and 2014. These net losses were inclusive in each period of significant non-cash charges, consisting primarily of depreciation and amortization expense. We expect such non-cash charges to continue to be significant in future periods and, as a result, we may likely continue to record net losses in future periods.

We are dependent on our executive officers and dedicated personnel, and the departure of any of our key personnel could materially and adversely affect us. We also face intense competition for the employment of highly skilled managerial, investment, financial and operational personnel .

We rely on a small number of persons to carry out our business and investment strategies, and the loss of the services of any of our key management personnel, or our inability to recruit and retain qualified personnel in the future, could have an adverse effect on our business and financial results.

In addition, the implementation of our business plan may require that we employ additional qualified personnel. Competition for highly skilled managerial, investment, financial and operational personnel is intense. As additional large real estate investors enter into and expand their scale within the single-family rental business, we have faced increased challenges in hiring and retaining personnel, and we cannot assure our stockholders that we will be successful in attracting and retaining such skilled personnel. If we are unable to hire and retain qualified personnel as required, our growth and operating results could be adversely affected.

Our investments are and will continue to be concentrated in our markets and in the single-family properties sector of the real estate industry, which exposes us to seasonal fluctuations in rental demand and downturns in our markets or in the single-family properties sector.

Our investments in real estate assets are and will continue to be concentrated in our markets and in the single-family properties sector of the real estate industry. A downturn or slowdown in the rental demand for single-family housing caused by adverse economic, regulatory or environmental conditions, or other events, in our markets may have a greater impact on the value of our properties or our operating results than if we had more fully diversified our investments. We believe that there are seasonal fluctuations in rental demand with demand higher in the spring and summer than in the late fall and winter. Such seasonal fluctuations may impact our operating results.

In addition to general, regional, national and international economic conditions, our operating performance will be impacted by the economic conditions in our markets. We base a substantial part of our business plan on our belief that property values and operating fundamentals for single-family properties in our markets will continue to improve over the near to intermediate term. However, these markets have experienced substantial economic downturns in recent years and could experience similar or worse economic downturns in the future. We can provide no assurance as to the extent property values and operating fundamentals in these markets will improve, if at all. If the recent economic downturn in these markets returns or if we fail to accurately predict the timing of economic improvement in these markets, the value of our properties could decline and our ability to execute our business plan may be adversely affected to a greater extent than if we owned a real estate portfolio that was more geographically diversified, which could adversely affect our financial condition, operating results and ability to make distributions to our stockholders.

We may not be able to effectively control the timing and costs relating to the renovation and maintenance of our properties, which may adversely affect our operating results and ability to make distributions to our stockholders.

Nearly all of our properties require some level of renovation either immediately upon their acquisition or in the future following expiration of a lease or otherwise. We may acquire properties that we plan to extensively

renovate. We may also acquire properties that we expect to be in good condition only to discover unforeseen defects and problems that require extensive renovation and capital expenditures. To the extent properties are leased to existing residents, renovations may be postponed until the resident vacates the premises, and we will pay the costs of renovating. In addition, from time to time, we may perform ongoing maintenance or make ongoing capital improvements and replacements and perform significant renovations and repairs that resident deposits and insurance may not cover. Because our portfolio consists of geographically dispersed properties, our ability to adequately monitor or manage any such renovations or maintenance may be more limited or subject to greater inefficiencies than if our properties were more geographically concentrated.

Our properties have infrastructure and appliances of varying ages and conditions. Consequently, we routinely retain independent contractors and trade professionals to perform physical repair work and are exposed to all of the risks inherent in property renovation and maintenance, including potential cost overruns, increases in labor and materials costs, delays by contractors in completing work, delays in the timing of receiving necessary work permits, certificates of occupancy and poor workmanship. If our assumptions regarding the costs or timing of renovation and maintenance across our properties prove to be materially inaccurate, our operating results and ability to make distributions to our stockholders may be adversely affected.

We face significant competition in the leasing market for quality residents, which may limit our ability to lease our single-family homes on favorable terms.

We depend on rental income from residents for substantially all of our revenues. As a result, our success depends in large part upon our ability to attract and retain qualified residents for our properties. We face competition for residents from other lessors of single-family properties, apartment buildings and condominium units. Competing properties may be newer, better located and more attractive to residents. Potential competitors may have lower rates of occupancy than we do or may have superior access to capital and other resources, which may result in competing owners more easily locating residents and leasing available housing at lower rental rates than we might offer at our homes. Many of these competitors may successfully attract residents with better incentives and amenities, which could adversely affect our ability to obtain quality residents and lease our single-family properties on favorable terms. Additionally, some competing housing options may qualify for government subsidies that may make such options more accessible and therefore more attractive than our properties. This competition may affect our ability to attract and retain residents and may reduce the rental rates we are able to charge.

In addition, increases in unemployment levels and other adverse changes in economic conditions in our markets may adversely affect the creditworthiness of potential residents, which may decrease the overall number of qualified residents for our properties within such markets. We could also be adversely affected by overbuilding or high vacancy rates of homes in our markets, which could result in an excess supply of homes and reduce occupancy and rental rates. Continuing development of apartment buildings and condominium units in many of our markets will increase the supply of housing and exacerbate competition for residents.

In addition, improving economic conditions, along with the availability of low residential mortgage interest rates and government sponsored programs to promote home ownership, have made home ownership more accessible for potential renters who have strong credit. These factors may encourage potential renters to purchase residences rather than lease them, thereby causing a decline in the number and quality of potential residents available to us.

No assurance can be given that we will be able to attract and retain suitable residents. If we are unable to lease our homes to suitable residents, we would be adversely affected and the value of our common stock could decline.

We intend to continue to acquire properties from time to time consistent with our investment strategy even if the rental and housing markets are not as favorable as they have been in the recent past, which could adversely impact anticipated yields.

We intend to continue to acquire properties from time to time consistent with our investment strategy, even if the rental and housing markets are not as favorable as they have been in the recent past. Future acquisitions of properties may be more costly than those we have acquired previously. The following factors, among others, may make acquisitions more expensive:

- improvements in the overall economy and employment levels;
- greater availability of consumer credit;
- improvements in the pricing and terms of mortgages;
- the emergence of increased competition for single-family properties from private investors and entities with similar investment objectives to ours; and
- tax or other government incentives that encourage homeownership.

We plan to continue acquiring properties as long as we believe such properties offer an attractive total return opportunity. Accordingly, future acquisitions may have lower yield characteristics than recent past and present opportunities and, if such future acquisitions are funded through equity issuances, the yield and distributable cash per share will be reduced, and the value of our common stock may decline.

Competition in identifying and acquiring our properties could adversely affect our ability to implement our business and growth strategies, which could materially and adversely affect us.

In acquiring our properties, we compete with a variety of institutional investors, including other REITs, specialty finance companies, public and private funds, savings and loan associations, banks, mortgage bankers, insurance companies, institutional investors, investment banking firms, financial institutions, governmental bodies and other entities. We also compete with individual private home buyers and small scale investors. Certain of our competitors may be larger in certain of our markets and may have greater financial or other resources than we do. Some competitors may have a lower cost of funds and access to funding sources that may not be available to us. In addition, any potential competitor may have higher risk tolerances or different risk assessments and may not be subject to the operating constraints associated with qualification for taxation as a REIT, which could allow them to consider a wider variety of investments. Competition may result in fewer investments, higher prices, a broadly dispersed portfolio of properties that does not lend itself to efficiencies of concentration, acceptance of greater risk, lower yields and a narrower spread of yields over our financing costs. In addition, competition for desirable investments could delay the investment of our capital, which could adversely affect our results of operations and cash flows. As a result, there can be no assurance that we will be able to identify and finance investments that are consistent with our investment objectives or to achieve positive investment results, and our failure to accomplish any of the foregoing could have a material adverse effect on us and cause the value of our common stock to decline.

Compliance with governmental laws, regulations and covenants that are applicable to our properties or that may be passed in the future, including permit, license and zoning requirements, may adversely affect our ability to make future acquisitions or renovations, result in significant costs or delays, and adversely affect our growth strategy.

Rental homes are subject to various covenants and local laws and regulatory requirements, including permitting, licensing and zoning requirements. Local regulations, including municipal or local ordinances, restrictions and restrictive covenants imposed by community developers may restrict our use of our properties and may require us to obtain approval from local officials or community standards organizations at any time with respect to our properties, including prior to acquiring any of our properties or when undertaking renovations of

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any of our existing properties. Among other things, these restrictions may relate to fire and safety, seismic, asbestos-cleanup or hazardous material abatement requirements. Additionally, such local regulations may cause us to incur additional costs to renovate or maintain our properties in accordance with the particular rules and regulations. We cannot assure you that existing regulatory policies will not adversely affect us or the timing or cost of any future acquisitions or renovations, or that additional regulations will not be adopted that would increase such delays or result in additional costs. Our business and growth strategies may be materially and adversely affected by our ability to obtain permits, licenses and approvals. Our failure to obtain such permits, licenses and approvals could have a material adverse effect on us and cause the value of our common stock to decline.

Tenant relief laws, including laws regulating evictions, rent control laws and other regulations that limit our ability to increase rental rates may negatively impact our rental income and profitability.

As the landlord of numerous properties, we are involved from time to time in evicting residents who are not paying their rent or who are otherwise in material violation of the terms of their lease. Eviction activities impose legal and managerial expenses that raise our costs and expose us to potential negative publicity. The eviction process is typically subject to legal barriers, mandatory “cure” policies, our internal policies and procedures and other sources of expense and delay, each of which may delay our ability to gain possession and stabilize the property. Additionally, state and local landlord-tenant laws may impose legal duties to assist residents in relocating to new housing, or restrict the landlord’s ability to remove the resident on a timely basis or to recover certain costs or charge residents for damage residents cause to the landlord’s premises. Because such laws vary by state and locality, we must be familiar with and take all appropriate steps to comply with all applicable landlord-tenant laws, and need to incur supervisory and legal expenses to ensure such compliance. To the extent that we do not comply with state or local laws, we may be subjected to civil litigation filed by individuals, in class actions or actions by state or local law enforcement and our reputation and financial results may suffer. We may be required to pay our adversaries’ litigation fees and expenses if judgment is entered against us in such litigation or if we settle such litigation.

Furthermore, state and local governmental agencies may introduce rent control laws or other regulations that limit our ability to increase rental rates, which may affect our rental income. Especially in times of recession and economic slowdown, rent control initiatives can acquire significant political support. If rent controls unexpectedly became applicable to certain of our properties, our revenue from and the value of such properties could be adversely affected.

We may become a target of legal demands, litigation (including class actions) and negative publicity by tenant and consumer rights organizations, which could directly limit and constrain our operations and may result in significant litigation expenses and reputational harm.

Numerous tenant rights and consumer rights organizations exist throughout the country and operate in our markets, and we may attract attention from some of these organizations and become a target of legal demands, litigation and negative publicity. While we intend to conduct our business lawfully and in compliance with applicable landlord-tenant and consumer laws, such organizations might work in conjunction with trial and pro bono lawyers in one or multiple states to attempt to bring claims against us on a class action basis for damages or injunctive relief and to seek to publicize our activities in a negative light. We cannot anticipate what form such legal actions might take, or what remedies they may seek.

Additionally, such organizations may lobby local county and municipal attorneys or state attorneys general to pursue enforcement or litigation against us, may lobby state and local legislatures to pass new laws and regulations to constrain or limit our business operations, adversely impact our business or may generate negative publicity for our business and harm our reputation. If they are successful in any such endeavors, they could directly limit and constrain our operations and may impose on us significant litigation expenses, including settlements to avoid continued litigation or judgments for damages or injunctions.

Our evaluation of properties involves a number of assumptions that may prove inaccurate, which could result in us paying too much for properties we acquire and/or overvaluing our properties or our properties failing to perform as we expect.

We are authorized to follow a broad investment policy established by our board of directors and subject to implementation by our management. Our board of directors periodically reviews and updates the investment policy and also reviews our portfolio of residential real estate, but it generally does not review or approve specific property acquisitions. Our success depends on our ability to acquire properties that can be quickly renovated, repaired, upgraded and rented with minimal expense and maintained in quality condition. In determining whether a particular property meets our investment criteria, we make a number of assumptions, including, among other things, assumptions related to estimated time of possession and estimated renovation costs and time frames, annual operating costs, market rental rates and potential rent amounts, time from purchase to leasing and resident default rates. These assumptions may prove inaccurate, particularly since the properties that we acquire vary materially in terms of renovation, quality and type of construction, geographic location and hazards. As a result, we may pay too much for properties we acquire and/or overvalue our properties, or our properties may fail to perform as anticipated. Adjustments to the assumptions we make in evaluating potential purchases may result in fewer properties qualifying under our investment criteria, including assumptions related to our ability to lease properties we have purchased.

Our dependence upon third parties for key services may have an adverse effect on our operating results or reputation if the third parties fail to perform.

Though we are internally managed, we use local and national third party vendors and service providers to provide certain services for our properties. For example, we typically engage third party home improvement professionals with respect to certain maintenance and specialty services, such as heating, ventilation and air conditioning systems (“HVAC”), roofing, painting and floor installations. Selecting, managing and supervising these third party service providers requires significant resources and expertise, and because our portfolio consists of geographically dispersed properties, our ability to adequately select, manage and supervise such third parties may be more limited or subject to greater inefficiencies than if our properties were more geographically concentrated. We generally do not have exclusive or long-term contractual relationships with these third party providers, and we can provide no assurance that we will have uninterrupted or unlimited access to their services. If we do not select, manage and supervise appropriate third parties to provide these services, our reputation and financial results may suffer. Notwithstanding our efforts to implement and enforce strong policies and practices regarding service providers, we may not successfully detect and prevent fraud, misconduct, incompetence or theft by our third party service providers. In addition, any removal or termination of third party service providers would require us to seek new vendors or providers, which would create delays and adversely affect our operations. Poor performance by such third party service providers will reflect poorly on us and could significantly damage our reputation among desirable residents. In the event of fraud or misconduct by a third party, we could also be exposed to material liability and be held responsible for damages, fines or penalties and our reputation may suffer.

We have in the past and may from time to time in the future acquire some of our homes through the auction process, which could subject us to significant risks that could adversely affect us.

We have in the past and may from time to time in the future acquire some of our homes through the auction process, including auctions of homes that have been foreclosed upon by third party lenders. Of the 48,431 homes in our portfolio as of September 30, 2016, approximately 29% were acquired at auction on an “as is” basis. Such auctions may occur simultaneously in a number of markets, including monthly auctions on the same day of the month in certain markets. As a result, we may only be able to visually inspect properties from the street and will purchase these homes without a contingency period and in “as is” condition with the risk that unknown defects in the property may exist. Upon acquiring a new home, we may have to evict residents who are in unlawful possession before we can secure possession and control of the home. The holdover occupants may be the former

owners or residents of a property, or they may be squatters or others who are illegally in possession. Securing control and possession from these occupants can be both costly and time-consuming or generate negative publicity for our business and harm our reputation.

Allegations of deficiencies in auction practices could result in claims challenging the validity of some auctions, potentially placing our claim of ownership to the properties at risk. Since we do not obtain title insurance policies for properties we acquire through the auction process until we place the property into a securitization facility in connection with a mortgage loan financing, such instances or such proceedings may result in a complete loss without compensation.

Title defects could lead to material losses on our investments in our properties.

Our title to a property may be challenged for a variety of reasons, and in such instances title insurance may not prove adequate. For example, while we do not lend to homeowners and accordingly do not foreclose on a home, our title to properties we acquire at foreclosure auctions may be subject to challenge based on allegations of defects in the foreclosure process undertaken by other parties. In addition, we have in the past, and may from time to time in the future, acquire a number of our properties on an “as is” basis, at auctions or otherwise. Of the 48,431 homes in our portfolio as of September 30, 2016, approximately 29% were acquired on an “as is” basis. When acquiring properties on an “as is” basis, title commitments are often not available prior to purchase and title reports or title information may not reflect all senior liens, which may increase the possibility of acquiring houses outside predetermined acquisition and price parameters, purchasing residences with title defects and deed restrictions, HOA restrictions on leasing, or purchasing the wrong residence without the benefit of title insurance prior to closing. Although we use various policies, procedures, and practices to assess the state of title prior to purchase and obtain title insurance once an acquired property is placed into a securitization facility in connection with a mortgage loan financing, there can be no assurance that these policies and procedures will be effective, which could lead to a material if not complete loss on our investment in such properties.

For properties we acquire at auction, we similarly do not obtain title insurance prior to purchase, and we are not able to perform the type of title review that is customary in acquisitions of real property. As a result, our knowledge of potential title issues will be limited, and no title insurance protection will be in place. This lack of title knowledge and insurance protection may result in third parties having claims against our title to such properties that may materially and adversely affect the values of the properties or call into question the validity of our title to such properties. Without title insurance, we are fully exposed to, and would have to defend ourselves against, such claims. Further, if any such claims are superior to our title to the property we acquired, we risk loss of the property purchased.

Increased scrutiny of title matters could lead to legal challenges with respect to the validity of the sale. In the absence of title insurance, the sale may be rescinded and we may be unable to recover our purchase price, resulting in a complete loss. Title insurance obtained subsequent to purchase offers little protection against discoverable defects because they are typically excluded from such policies. In addition, any title insurance on a property, even if acquired, may not cover all defects or the significant legal costs associated with obtaining clear title.

Any of these risks could adversely affect our operating results, cash flows, and ability to make distributions to our stockholders.

We are subject to certain risks associated with bulk portfolio acquisitions and dispositions.

We have acquired and disposed of, and may continue to acquire and dispose of, properties we acquire or sell in bulk from or to other owners of single-family homes, banks and loan servicers. When we purchase properties in this manner, we often do not have the opportunity to conduct interior inspections or conduct more than cursory exterior inspections on a portion of the properties. Such inspection processes may fail to reveal major defects associated with such properties, which may cause the amount of time and cost required to renovate and/or

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maintain such properties to substantially exceed our estimates. Moreover, to the extent the management and leasing of such properties has not been consistent with our property management and leasing standards, we may be subject to a variety of risks, including risks relating to the condition of the properties, the credit quality and employment stability of the residents and compliance with applicable laws, among others. In addition, financial and other information provided to us regarding such portfolios during our due diligence may be inaccurate and we may not discover such inaccuracies until it is too late to seek remedies against such sellers. To the extent we pursue such remedies, we may not be able to successfully prevail against the seller in an action seeking damages for such inaccuracies. If we conclude that certain individual properties purchased in bulk portfolio sales do not fit our target investment criteria, we may decide to sell, rather than renovate and rent, such properties, which could take an extended period of time and may not result in a sale at an attractive price.

From time to time we engage in bulk portfolio dispositions of properties consistent with our business and investment strategy. With respect to any such disposition, the purchaser may default on payment or otherwise breach the terms of the relevant purchase agreement, and it may be difficult for us to pursue remedies against such purchaser or retain or resume possession of the relevant properties. To the extent we pursue such remedies, we may not be able to successfully prevail against the purchaser.

Contingent or unknown liabilities could adversely affect our financial condition, cash flows and operating results.

Assets and entities that we have acquired or may acquire in the future may be subject to unknown or contingent liabilities for which we may have limited or no recourse against the sellers. Unknown or contingent liabilities might include liabilities for or with respect to liens attached to properties, unpaid real estate tax, utilities, or HOA charges for which a subsequent owner remains liable, clean-up or remediation of environmental conditions or code violations, claims of customers, vendors, or other persons dealing with the acquired entities, and tax liabilities. Purchases of single-family properties acquired at auction, in short sales, from lenders, or in portfolio purchases typically involve few or no representations or warranties with respect to the properties and may allow us limited or no recourse against the sellers. Such properties also often have unpaid tax, utility, and HOA liabilities for which we may be obligated but fail to anticipate. As a result, the total amount of costs and expenses that we may incur with respect to liabilities associated with acquired properties and entities may exceed our expectations, which may adversely affect our operating results and financial condition. Additionally, such properties may be subject to covenants, conditions, or restrictions that restrict the use or ownership of such properties, including prohibitions on leasing. We may not discover such restrictions during the acquisition process and such restrictions may adversely affect our ability to operate such properties as we intend.

In particular, under a Florida statutory scheme implemented by certain Florida jurisdictions, a violation of the relevant building codes, zoning codes or other similar regulations applicable to a property may result in a lien on that property and all other properties owned by the same violator and located in the same county as the property with the code violation, even though the other properties might not be in violation of any code. Until a municipal inspector verifies that the violation has been remedied and any applicable fines have been paid, additional fines accrue on the amount of the lien and lien may not be released, in each case even at those properties that are not in violation. As a practical matter, it might be possible to obtain a release of these liens without remedying the property in violation through other methods, such as payment of an amount to the relevant county, although no assurance can be given that this will necessarily be an available option or how long such a process would take.

A significant number of our residential properties are part of HOAs and we and our residents are subject to the rules and regulations of such HOAs, which are subject to change and which may be arbitrary or restrictive, and violations of such rules may subject us to additional fees and penalties and litigation with such HOAs, which would be costly.

A significant number of our properties are located within HOAs, which are private entities that regulate the activities of owners and occupants of, and levy assessments on, properties in a residential subdivision. The HOAs

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in which we own our properties may have enacted or may from time to time enact onerous or arbitrary rules that restrict our ability to restore, market, lease or operate our properties in accordance with our investment strategy or require us to restore or maintain such properties at standards or costs that are in excess of our planned budgets. Some HOAs impose limits on the number of property owners who may rent their homes, which, if met or exceeded, would cause us to incur additional costs to sell the property and opportunity costs of lost rental revenue. Furthermore, we may have residents who violate HOA rules and incur fines for which we may be liable as the property owner and for which we may not be able to obtain reimbursement from the resident. Additionally, the governing bodies of the HOAs in which we own property may not make important disclosures about the properties or may block our access to HOA records, initiate litigation, restrict our ability to sell our properties, impose assessments or arbitrarily change the HOA rules. We may be unaware of or unable to review or comply with HOA rules before purchasing a property, and any such excessively restrictive or arbitrary regulations may cause us to sell such property at a loss, prevent us from renting such property or otherwise reduce our cash flow from such property, which would have an adverse effect on our returns on these properties.

Environmentally hazardous conditions may adversely affect us.

Under various federal, state and local environmental laws, a current or previous owner or operator of real property may be liable for the cost of removing or remediating hazardous or toxic substances on such property. Such laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. Even if more than one person may have been responsible for the contamination, each person covered by applicable environmental laws may be held responsible for all of the clean-up costs incurred. In addition, third parties may sue the owner or operator of a site for damages based on personal injury, natural resources or property damage or other costs, including investigation and clean-up costs, resulting from the environmental contamination. The presence of hazardous or toxic substances on one of our properties, or the failure to properly remediate a contaminated property, could give rise to a lien in favor of the government for costs it may incur to address the contamination or otherwise adversely affect our ability to sell or lease the property or borrow using the property as collateral. Environmental laws also may impose restrictions on the manner in which property may be used or businesses may be operated. A property owner who violates environmental laws may be subject to sanctions which may be enforced by governmental agencies or, in certain circumstances, private parties. In connection with the acquisition and ownership of our properties, we may be exposed to such costs. The cost of defending against environmental claims, of compliance with environmental regulatory requirements or of remediating any contaminated property could materially and adversely affect us.

Compliance with new or more stringent environmental laws or regulations or stricter interpretation of existing laws may require material expenditures by us. We may be subject to environmental laws or regulations relating to our properties, such as those concerning lead-based paint, mold, asbestos, proximity to power lines or other issues. We cannot assure you that future laws, ordinances or regulations will not impose any material environmental liability or that the current environmental condition of our properties will not be affected by the activities of residents, existing conditions of the land, operations in the vicinity of the properties or the activities of unrelated third parties. In addition, we may be required to comply with various local, state and federal fire, health, life-safety and similar regulations. Failure to comply with applicable laws and regulations could result in fines and/or damages, suspension of personnel, civil liability or other sanctions.

Vacant properties could be difficult to lease, which could adversely affect our revenues.

The properties we acquire may often be vacant at the time of closing and we may not be successful in locating residents to lease the individual properties that we acquire as quickly as we had expected or at all. Even if we are able to place residents as quickly as we had expected, we may incur vacancies in the future and may not be able to re-lease those properties without longer-than-assumed delays, which may result in increased renovation and maintenance costs. In addition, the value of a vacant property could be substantially impaired. As a result, if vacancies continue for a longer period of time than we expect or indefinitely, we may suffer reduced revenues, which may have a material adverse effect on us.

We rely on information supplied by prospective residents in managing our business.

We make leasing decisions based on our review of rental applications completed by the prospective resident. While we may seek to confirm or build on information provided in such rental applications through our own due diligence, including by conducting background checks, we rely on the information supplied to us by prospective residents to make leasing decisions, and we cannot be certain that this information is accurate. These applications are submitted to us at the time we evaluate a prospective resident and we do not require residents to provide us with updated information during the terms of their leases, notwithstanding the fact that this information can, and frequently does, change over time. For example, increases in unemployment levels or adverse economic conditions in certain of our markets may adversely affect the creditworthiness of our residents in such markets. Even though this information is not updated, we will use it to evaluate the characteristics of our portfolio over time. If resident-supplied information is inaccurate or our residents' creditworthiness declines over time, we may make poor or imperfect leasing decisions and our portfolio may contain more risk than we believe.

We depend on our residents and their willingness to meet their lease obligations and renew their leases for substantially all of our revenues. Poor resident selection and defaults and nonrenewals by our residents may adversely affect our reputation, financial performance and ability to make distributions to our stockholders.

We depend on rental income from residents for substantially all of our revenues. As a result, our success depends in large part upon our ability to attract and retain qualified residents for our properties. Our reputation, financial performance and ability to make distributions to our stockholders would be adversely affected if a significant number of our residents fail to meet their lease obligations or fail to renew their leases. For example, residents may default on rent payments, make unreasonable and repeated demands for service or improvements, make unsupported or unjustified complaints to regulatory or political authorities, use our properties for illegal purposes, damage or make unauthorized structural changes to our properties that are not covered by security deposits, refuse to leave the property upon termination of the lease, engage in domestic violence or similar disturbances, disturb nearby residents with noise, trash, odors or eyesores, fail to comply with HOA regulations, sublet to less desirable individuals in violation of our lease or permit unauthorized persons to live with them. Damage to our properties may delay re-leasing after eviction, necessitate expensive repairs or impair the rental income or value of the property resulting in a lower than expected rate of return. Increases in unemployment levels and other adverse changes in economic conditions in our markets could result in substantial resident defaults. In the event of a resident default or bankruptcy, we may experience delays in enforcing our rights as landlord at that property and will incur costs in protecting our investment and re-leasing the property.

Our leases are relatively short-term, exposing us to the risk that we may have to re-lease our properties frequently, which we may be unable to do on attractive terms, on a timely basis or at all.

Substantially all of our new leases have a duration of one to two years. As such leases permit the residents to leave at the end of the lease term, we anticipate our rental revenues may be affected by declines in market rental rates more quickly than if our leases were for longer terms. Short-term leases may result in high turnover, which involves costs such as restoring the properties, marketing costs and lower occupancy levels. Our resident turnover rate and related cost estimates may be less accurate than if we had more operating data upon which to base such estimates. If the rental rates for our properties decrease or our residents do not renew their leases, our operating results and ability to make distributions to our stockholders could be adversely affected.

Declining real estate valuations and impairment charges could adversely affect our financial condition and operating results.

We periodically review the value of our properties to determine whether their value, based on market factors, projected income and generally accepted accounting principles, has permanently decreased such that it is necessary or appropriate to take an impairment loss in the relevant accounting period. Such a loss would cause an immediate reduction of net income in the applicable accounting period and would be reflected in a decrease in

our balance sheet assets. The reduction of net income from impairment losses could lead to a reduction in our dividends, both in the relevant accounting period and in future periods. Even if we do not determine that it is necessary or appropriate to record an impairment loss, a reduction in the intrinsic value of a property would become manifest over time through reduced income from the property and would therefore affect our earnings and financial condition.

We are highly dependent on information systems and systems failures could significantly disrupt our business, which may, in turn, negatively affect us and the value of our common stock.

Our operations are dependent upon our resident portal and property management platforms, including Yardi and Salesforce, which include certain automated processes that require access to telecommunications or the internet, each of which is subject to system security risks. Certain critical components of our platform are dependent upon third party service providers and a significant portion of our business operations are conducted over the internet. As a result, we could be severely impacted by a catastrophic occurrence, such as a natural disaster or a terrorist attack, or a circumstance that disrupted access to telecommunications, the internet or operations at our third party service providers, including viruses or experienced computer programmers that could penetrate network security defenses and cause system failures and disruptions of operations. Even though we believe we utilize appropriate duplication and back-up procedures, a significant outage in telecommunications, the internet or at our third party service providers could negatively impact our operations.

Security breaches and other disruptions could compromise our information systems and expose us to liability, which would cause our business and reputation to suffer.

Information security risks have generally increased in recent years due to the rise in new technologies and the increased sophistication and activities of perpetrators of cyberattacks. In the ordinary course of our business we acquire and store sensitive data, including intellectual property, our proprietary business information and personally identifiable information of our prospective and current residents, employees and third party service providers. The secure processing and maintenance of such information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored therein could be accessed, publicly disclosed, misused, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruption to our operations and the services we provide to customers or damage our reputation, any of which could adversely affect our results of operations, reputation and competitive position.

Future joint venture investments may limit our ability to invest in certain markets and may be adversely affected by our lack of sole decision-making authority, our reliance on joint venture partners' financial condition and disputes between us and our joint venture partners.

Although we currently wholly own and manage our properties, we may decide to co-invest in the future with third parties through partnerships, joint ventures or other entities, acquiring non-controlling interests in or sharing responsibility for managing the affairs of a property, partnership, joint venture or other entity. As a result, if we decide to make any such joint venture investments in the future, we may be subject to restrictions that prohibit us from making other investments in certain markets until all of the funds in such partnership, joint venture or other entity are invested or committed, and we would not be in a position to exercise sole decision-making authority regarding the property, partnership, joint venture or other entity which may, among other things, impact our ability to satisfy the REIT requirements. Investments in partnerships, joint ventures or other entities may, under certain circumstances, involve risks not present were a third party not involved, including the possibility that joint venture partners might become bankrupt or fail to fund their share of required capital contributions. Joint venture partners may have economic or other business interests or goals that are inconsistent with our business interests or goals, and may be in a position to take actions contrary to our policies or

objectives. Such investments also may have the potential risk of impasses on decisions, such as a sale, because neither we nor our partners would have full control over the partnership or joint venture. Disputes between us and our partners may result in litigation or arbitration that would increase our expenses and prevent our officers and/or trustees from focusing their time and effort on our business. Consequently, actions by, or disputes with, any of our future partners might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, we may in certain circumstances be liable for the actions of any of our future third party partners or co-venturers.

We are involved in a variety of litigation.

We are involved in a range of legal actions in the ordinary course of business. These actions may include, among others, eviction proceedings and other landlord-tenant disputes, challenges to title and ownership rights, disputes arising over potential violations of HOA rules and regulations, issues with local housing officials arising from the condition or maintenance of the property, outside vendor disputes and trademark infringement and other intellectual property claims. These actions can be time-consuming and expensive, and may adversely affect our reputation. For example, eviction proceedings by owners and operators of single-family homes for lease have recently been the focus of negative media attention. Although we are not involved in any legal or regulatory proceedings that we expect would have a material adverse effect on our business, results of operations or financial condition, such proceedings may arise in the future.

We may suffer losses that are not covered by insurance.

We attempt to ensure that our properties are adequately insured to cover casualty losses. However, there are certain losses, including losses from floods, fires, earthquakes, wind, pollution, acts of war, acts of terrorism or riots, for which we may self-insure or which may not always or generally be insured against because it may not be deemed economically feasible or prudent to do so. Changes in the cost or availability of insurance could expose us to uninsured casualty losses. In particular, a number of our properties are located in areas that are known to be subject to increased earthquake activity or wind and/or flood risk. Properties located in active seismic areas include properties throughout California and Seattle. A number of our properties are also located in Florida and Charlotte, which are areas known to be subject to wind and/or flood risk. While we have multi-year policies for earthquakes and hurricane and/or flood risk, our properties may nonetheless incur a casualty loss that is not fully covered by insurance. In such an event, the value of the affected properties would be reduced by the amount of any such uninsured loss, and we could experience a significant loss of capital invested and potential revenues in such properties and could potentially remain obligated under any recourse debt associated with such properties. Inflation, changes in building codes and ordinances, environmental considerations and other factors might also keep us from using insurance proceeds to replace or renovate a particular property after it has been damaged or destroyed. Under those circumstances, the insurance proceeds we receive might be inadequate to restore our economic position on the damaged or destroyed property. Any such losses could adversely affect us and cause the value of our common stock to decline. In addition, we may have no source of funding to repair or reconstruct the damaged home, and we cannot assure that any such sources of funding will be available to us for such purposes in the future.

We are subject to risks from natural disasters such as earthquakes and severe weather.

Natural disasters and severe weather such as earthquakes, tornadoes, hurricanes or floods may result in significant damage to our properties. The extent of our casualty losses and loss in operating income in connection with such events is a function of the severity of the event and the total amount of exposure in the affected area. When we have geographic concentration of exposures, a single catastrophe (such as an earthquake, especially in California) or destructive weather event (such as a hurricane) affecting a region may have a significant negative effect on our financial condition and results of operations. As a result, our operating and financial results may vary significantly from one period to the next. Our financial results may be adversely affected by our exposure to losses arising from natural disasters or severe weather.

Eminent domain could lead to material losses on our investments in our properties.

Governmental authorities may exercise eminent domain to acquire the land on which our properties are built in order to build roads and other infrastructure. Any such exercise of eminent domain would allow us to recover only the fair value of the affected properties. In addition, “fair value” could be substantially less than the real market value of the property for a number of years, and we could effectively have no profit potential from properties acquired by the government through eminent domain.

We may have difficulty selling our real estate investments and our ability to distribute all or a portion of the net proceeds from any such sale to our stockholders may be limited.

Real estate investments are relatively illiquid and, as a result, we may have a limited ability to sell our properties. When we sell any of our properties, we may recognize a loss on such sale. We may elect not to distribute any proceeds from the sale of properties to our stockholders. Instead, we may use such proceeds for other purposes, including:

- purchasing additional properties;
- repaying debt or buying back shares;
- creating working capital reserves; or
- making repairs, maintenance or other capital improvements or expenditures to our remaining properties.

Our ability to sell our properties may also be limited by our need to avoid the 100% prohibited transactions tax that is imposed on gain recognized by a REIT from the sale of property characterized as dealer property. For example, we may be required to hold our properties for a minimum period of time and comply with certain other requirements in the Code or dispose of our properties through a taxable REIT subsidiary (“TRS”), in which case we will incur corporate level tax on any net gains from such dispositions.

Risks Related to Our Indebtedness

Our cash flows and operating results could be adversely affected by required payments of debt or related interest and other risks of our debt financing.

We are generally subject to risks associated with debt financing. These risks include: (1) our cash flow may not be sufficient to satisfy required payments of principal and interest; (2) we may not be able to refinance existing indebtedness or the terms of the refinancing may be less favorable to us than the terms of existing debt; (3) required debt payments are not reduced if the economic performance of any property declines; (4) debt service obligations could reduce funds available for distribution to our stockholders and funds available for capital investment; (5) any default on our indebtedness could result in acceleration of those obligations and possible loss of property to foreclosure; and (6) the risk that necessary capital expenditures cannot be financed on favorable terms. If a property is pledged to secure payment of indebtedness and we cannot make the applicable debt payments, we may have to surrender the property to the lender with a consequent loss of any prospective income and equity value from such property. Any of these risks could place strains on our cash flows, reduce our ability to grow and adversely affect our results of operations.

We utilize a significant amount of indebtedness in the operation of our business.

As of September 30, 2016, as adjusted for the financing transactions described in “Unaudited Pro Forma Financial Information” (the “Financings”) and the completion of this offering and the use of proceeds therefrom, we would have had approximately \$ million aggregate principal amount of indebtedness outstanding, including \$ million of non-recourse asset-backed mortgage loans. Our leverage could have important consequences to us. For example, it could: (1) result in the acceleration of a significant amount of debt for non-compliance with the terms of such debt or, if such debt contains cross default or cross-acceleration provisions, other debt; (2) result in the loss of assets, including individual properties or portfolios, due to foreclosure or sale

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on unfavorable terms, which could create taxable income without accompanying cash proceeds; (3) materially impair our ability to borrow unused amounts under existing financing arrangements or to obtain additional financing or refinancing on favorable terms or at all; (4) require us to dedicate a substantial portion of our cash flow to paying principal and interest on our indebtedness, reducing the cash flow available to fund our business, to pay dividends, including those necessary to maintain our REIT qualification, or to use for other purposes; (5) increase our vulnerability to an economic downturn; (6) limit our ability to withstand competitive pressures; or (7) reduce our flexibility to respond to changing business and economic conditions.

If any of the foregoing occurs, our business, financial condition, liquidity, results of operations and prospects could be materially and adversely affected, and the trading price of our common stock could decline significantly.

We may be unable to obtain financing through the debt and equity markets, which would have a material adverse effect on our growth strategy and our financial condition and results of operations.

We cannot assure you that we will be able to access the capital and credit markets to obtain additional debt or equity financing or that we will be able to obtain financing on terms favorable to us. Our inability to obtain financing could have negative effects on our business. Among other things, we could have great difficulty acquiring, re-developing or maintaining our properties, which would materially and adversely affect our business strategy and portfolio, and may result in our: (1) liquidity being adversely affected; (2) inability to repay or refinance our indebtedness on or before its maturity; (3) making higher interest and principal payments or selling some of our assets on terms unfavorable to us to service our indebtedness; or (4) issuing additional capital stock, which could further dilute the ownership of our existing stockholders.

Secured indebtedness exposes us to the possibility of foreclosure on our ownership interests in our rental homes.

Incurring mortgage and other secured indebtedness increases our risk of loss of our ownership interests in our rental homes because defaults thereunder, and the inability to refinance such indebtedness, may result in foreclosure action initiated by lenders. For tax purposes, a foreclosure of any of our rental homes would be treated as a sale of the home for a purchase price equal to the outstanding balance of the indebtedness secured by such rental home. If the outstanding balance of the indebtedness secured by such rental home exceeds our tax basis in the rental home, we would recognize taxable income on foreclosure without receiving any cash proceeds.

Covenants in our debt agreements may restrict our operating activities and adversely affect our financial condition.

Our existing debt agreements contain, the credit facility that our Operating Partnership expects to enter into concurrently with or prior to the completion of this offering will contain and future debt agreements may contain, financial and/or operating covenants, including, among other things, certain coverage ratios, as well as limitations on the ability to incur secured and unsecured debt. These covenants may limit our operational flexibility and acquisition and disposition activities. Moreover, if any of the covenants in these debt agreements are breached and not cured within the applicable cure period, we could be required to repay the debt immediately, even in the absence of a payment default. As a result, a default under applicable debt covenants could have an adverse effect on our financial condition or results of operations.

For example, our mortgage loans require, among other things, that a cash management account controlled by the lender collect all rents and cash generated by the properties securing the portfolio. Upon the occurrence of an event of default or failure to satisfy the required minimum debt yield or debt service coverage ratio, the lender may apply any excess cash as the lender elects, including prepayment of principal and amounts due under the loans. These covenants may restrict our ability to engage in transactions that we believe would otherwise be in the best interests of our stockholders. Further, such restrictions could make it difficult for us to satisfy the requirements necessary to maintain our qualification as a REIT for U.S. federal income tax purposes.

We have and expect to continue to utilize non-recourse long-term mortgage loans, and such structures may expose us to certain risks not prevalent in other debt financings, which could affect the availability and attractiveness of this financing option or otherwise result in losses to us.

We have and expect to continue to utilize non-recourse long-term mortgage loans relating to pools of homes which we own, if and when they become available and to the extent consistent with the maintenance of our REIT qualification, in order to generate cash for funding new investments. Mortgage loans may expose us to certain risks not prevalent in other debt financings. For example, accounting rules for mortgage loans are complex and involve significant judgment and assumptions. These complexities and possible changes in accounting rules, interpretations or our assumptions could undermine our ability to prepare timely and accurate financial statements. Moreover, we cannot be assured that we will be able to access the securitization market in the future, or be able to do so at favorable rates. The global economy recently experienced a significant recession and recent events in the real estate and securitization markets, as well as the debt markets and the economy generally, have caused significant dislocations, illiquidity and volatility in the market for asset-backed securities and mortgage-backed securities, as well as a severe, ongoing disruption in the wider global financial markets, including a significant reduction of investor demand for, and purchases of, asset-backed securities and structured financial products. Disruptions of the securitization market could preclude our ability to use mortgage loans as a financing source or could render it an inefficient source of financing, making us more dependent on alternative sourcing of financing that might not be as favorable as mortgage loans in otherwise favorable markets. In addition, in the United States and elsewhere, there is now increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitization exposures or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Any of these factors could limit our access to mortgage loans as a source of financing. The inability to consummate mortgage loans to finance our investments on a long-term basis could require us to seek other forms of potentially less attractive financing or to liquidate assets at an inopportune time or price, which could adversely affect our performance and our ability to grow our business.

Offerings of additional debt securities or equity securities that rank senior to our common stock may adversely affect the market price of our common stock.

If we decide to issue additional debt securities or equity securities that rank senior to our common stock in the future, it is likely that they will be governed by an indenture or other instrument containing covenants restricting our operating flexibility. Any additional debt or equity securities that we issue in the future may have rights, preferences and privileges more favorable than those of our common stock and, if such securities are convertible or exchangeable, the issuance of such securities may result in dilution to owners of our common stock. We and, indirectly, our stockholders, will bear the cost of issuing and servicing such securities. Because our decision to issue debt or equity securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus holders of our common stock will bear the risk of our future offerings reducing the market price of our common stock and diluting the value of their stockholdings in us.

Failure to hedge effectively against interest rate changes may adversely affect our results of operations and our ability to make distributions to our stockholders.

Borrowings under our credit facilities and mortgage loans bear interest at variable rates and expose us to interest rate risk. If interest rates were to increase, our debt service obligations on the variable rate indebtedness would increase even though the amount borrowed remained the same, and our earnings and cash flows will correspondingly decrease. As of September 30, 2016, after giving effect to the Financings and the completion of this offering and the use of proceeds therefrom, each 100 basis point change in interest rates on our pro forma floating rate indebtedness would result in a \$ million change in pro forma annual interest expense.

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In connection with our credit facilities and mortgage loans, we have obtained interest rate caps, and subject to complying with the requirements for REIT qualification, we may obtain in the future one or more additional forms of interest rate protection—in the form of swap agreements, interest rate cap contracts or similar agreements—to hedge against the possible negative effects of interest rate fluctuations. However, we cannot assure you that any hedging will adequately relieve the adverse effects of interest rate increases or that counterparties under these agreements will honor their obligations thereunder. In addition, we may be subject to risks of default by hedging counterparties. Adverse economic conditions could also cause the terms on which we borrow to be unfavorable. We could be required to liquidate one or more of our investments at times which may not permit us to receive an attractive return on our investments in order to meet our debt service obligations.

The REIT provisions of the Code may also limit our ability to hedge effectively. See “—Risks Related to our REIT Status and Certain Other Tax Items—Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.”

Risks Related to Our Organization and Structure

We are controlled by our Sponsor and its interests may conflict with ours or yours in the future.

Immediately following this offering, affiliates of our Sponsor will beneficially own _____ shares of our common stock or _____ % if the underwriters exercise in full their option to purchase additional shares. Moreover, under our bylaws and the stockholders’ agreement with our Sponsor and its affiliates that will be in effect as of the completion of this offering, so long as our pre-IPO owners and their affiliates together continue to beneficially own at least 5% of the shares of our common stock entitled to vote generally in the election of directors, we will agree to nominate individuals designated by our Sponsor, whom we refer to as the “Sponsor Directors,” for election to our board of directors as specified in our stockholders’ agreement and our Sponsor must consent to any change to the number of our directors. Even when our Sponsor and its affiliates cease to own shares of our stock representing a majority of the total voting power, for so long as our Sponsor continues to own a significant percentage of our stock, our Sponsor will still be able to significantly influence the composition of our board of directors and the approval of actions requiring stockholder approval. Accordingly, during such time, our Sponsor will have significant influence with respect to our management, business plans and policies, including the election and removal of our officers. In particular, for so long as our Sponsor continues to own a significant percentage of our stock, our Sponsor will be able to cause or prevent a change of control of our company or a change in the composition of our board of directors and could preclude any unsolicited acquisition of our company. The concentration of ownership could deprive you of an opportunity to receive a premium for your shares of common stock as part of a sale of our company and ultimately might affect the market price of our common stock.

Our Sponsor and its affiliates engage in a broad spectrum of activities, including investments in real estate generally and in the single-family rental sector in particular. In the ordinary course of their business activities, our Sponsor and its affiliates may engage in activities where their interests conflict with our interests or those of our stockholders. Our charter will provide that none of our Sponsor, any of its affiliates or any director who is not employed by us (including any non-employee director who serves as one of our officers in both his or her director and officer capacities) or his or her affiliates will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we operate. Our Sponsor also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. In addition, our Sponsor may have an interest in pursuing acquisitions, divestitures and other transactions that, in its judgment, could enhance its investment, even though such transactions might involve risks to you.

Upon the listing of our shares on the NYSE, we will be a “controlled company” within the meaning of the NYSE rules and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

After completion of this offering, affiliates of our Sponsor will continue to control a majority of the combined voting power of all classes of our stock entitled to vote generally in the election of directors. As a result, we will be a “controlled company” within the meaning of the corporate governance standards of the NYSE. Under these rules, a company of which more than 50% of the voting power in the election of directors is held by an individual, group or another company is a “controlled company” and may elect not to comply with certain corporate governance requirements, including the requirements that, within one year of the date of the listing of our common stock:

- we have a board that is comprised of a majority of “independent directors,” as defined under the rules of such exchange;
- we have a compensation committee that is comprised entirely of independent directors; and
- we have a nominating and corporate governance committee that is comprised entirely of independent directors.

Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE.

We will incur increased costs and become subject to additional regulations and requirements as a result of becoming a public company, which could lower our profits or make it more difficult to run our business.

As a public company, we will incur additional legal, accounting and other expenses that we have not incurred as a private company, including costs associated with public company reporting requirements. We also have incurred and will incur costs associated with the Sarbanes-Oxley Act of 2002 (the “Sarbanes-Oxley Act”) and related rules implemented by the Securities and Exchange Commission (the “SEC”) and the NYSE. The expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. These laws and regulations also could make it more difficult or costly for us to obtain certain types of insurance, including director and officer liability insurance, and we may be forced to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. These laws and regulations could also make it more difficult for us to attract and retain qualified persons to serve on our board of directors, our board committees or as our executive officers. Furthermore, if we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock, fines, sanctions and other regulatory action and potentially civil litigation.

If we are unable to implement and maintain effective internal controls over financial reporting in the future, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock may be negatively affected.

As a public company, we will be required to maintain internal controls over financial reporting and to report any material weaknesses in such internal controls. In addition, beginning with our second annual report on Form 10-K under the Securities Act, we will be required to furnish a report by management on the effectiveness of our internal controls over financial reporting, pursuant to Section 404 of the Sarbanes-Oxley Act. Once we are no longer an emerging growth company, our independent registered public accounting firm will be required to formally attest to the effectiveness of our internal controls over financial reporting on an annual basis. The process of designing, implementing, and testing the internal controls over financial reporting required to comply with this obligation is time consuming, costly, and complicated. If we identify material weaknesses in our

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internal controls over financial reporting, if we are unable to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner or to assert that our internal controls over financial reporting is effective or if, once we are no longer an emerging growth company, our independent registered public accounting firm is unable to express an opinion as to the effectiveness of our internal controls over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports and the market price of our common stock could be negatively affected, and we could become subject to investigations by the stock exchange on which our securities are listed, the SEC, or other regulatory authorities, which could require additional financial and management resources.

We are an “emerging growth company,” and we cannot be certain if the reduced reporting requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an “emerging growth company” as defined in the JOBS Act. We will remain an “emerging growth company” until the earliest to occur of:

- the last day of the fiscal year during which our total annual revenue equals or exceeds \$1 billion (subject to adjustment for inflation);
- the last day of the fiscal year following the fifth anniversary of this offering;
- the date on which we have, during the previous three-year period, issued more than \$1 billion in non-convertible debt securities; or
- the date on which we are deemed to be a “large accelerated filer” under the Exchange Act.

We may take advantage of exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, including but not limited to, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our per share trading price may be adversely affected and more volatile.

Provisions of Maryland law may limit the ability of a third party to acquire control of us by requiring our board of directors or stockholders to approve proposals to acquire our company or effect a change in control.

Certain provisions of the Maryland General Corporation Law (the “MGCL”) may have the effect of inhibiting a third party from making a proposal to acquire us or of impeding a change in control under circumstances that otherwise could provide our stockholders with the opportunity to realize a premium over the then-prevailing market price of their shares of common stock, including:

- “business combination” provisions that, subject to certain exceptions and limitations, prohibit certain business combinations between a Maryland corporation and an “interested stockholder” (defined generally as any person who beneficially owns 10% or more of the voting power of our outstanding voting stock or an affiliate or associate of ours who, at any time within the two-year period immediately prior to the date in question, was the beneficial owner of 10% or more of the voting power of our then outstanding shares of stock) or an affiliate of any interested stockholder for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter imposes two super-majority stockholder voting requirements on these combinations, unless, among other conditions, our common stockholders receive a minimum price, as defined in the MGCL, for their shares and the consideration is received in cash or in the same form as previously paid by the interested stockholder for its shares of stock; and
- “control share” provisions that provide that, subject to certain exceptions, holders of “control shares” (defined as voting shares that, when aggregated with all other shares controlled by the stockholder,

entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a “control share acquisition” (defined as the direct or indirect acquisition of ownership or control of issued and outstanding “control shares”) have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding shares owned by the acquirer, by our officers or by our employees who are also directors of our company.

Prior to the completion of this offering, by resolution of our board of directors, we will opt out of the business combination provisions of the MGCL and provide that any business combination between us and any other person is exempt from the business combination provisions of the MGCL. In addition, pursuant to a provision in our bylaws, we will opt out of the control share provisions of the MGCL. Provisions of our bylaws will prohibit our board of directors from revoking, altering or amending its resolution exempting any business combination from the business combination provisions of the MGCL or amending our bylaws to opt in to the control share provisions of the MGCL, in each case, without the affirmative vote of a majority of the votes cast on the matter by our stockholders entitled to vote generally in the election of directors.

In addition, the “unsolicited takeover” provisions of Title 3, Subtitle 8 of the MGCL permit our board of directors, without stockholder approval and regardless of what is provided in our charter or bylaws, to implement certain takeover defenses, including adopting a classified board or increasing the vote required to remove a director. Such takeover defenses may have the effect of inhibiting a third party from making an acquisition proposal for us or of delaying, deferring or preventing a change in control of us under the circumstances that otherwise could provide our common stockholders with the opportunity to realize a premium over the then-current market price. Our charter will provide that, without the affirmative vote of a majority of the votes cast on the matter by our stockholders entitled to vote generally in the election of directors, we may not elect to be subject to certain provisions of Subtitle 8, including the provisions relating to adopting a classified board or increasing the vote required to remove a director.

Our board of directors may approve the issuance of stock, including preferred stock, with terms that may discourage a third party from acquiring us.

Our charter will permit our board of directors, without any action by our stockholders, to authorize the issuance of stock in one or more classes or series. Our board of directors may also classify or reclassify any unissued stock and set or change the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of any such stock, which rights may be superior to those of our common stock. Thus, our board of directors could authorize the issuance of shares of a class or series of stock with terms and conditions which could have the effect of discouraging a takeover or other transaction in which holders of some or a majority of our outstanding common stock might receive a premium for their shares over the then current market price of our common stock. See “Description of Stock—Power to Reclassify and Issue Stock.”

Our board of directors may change significant corporate policies without stockholder approval.

Our investment, financing, borrowing and dividend policies and our policies with respect to all other activities, including growth, debt, capitalization and operations, will be determined by our board of directors. These policies may be amended or revised at any time and from time to time at the discretion of our board of directors without a vote of our stockholders. Our charter will also provide that our board of directors may revoke or otherwise terminate our REIT election without approval of our stockholders if it determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT. In addition, our board of directors may change our policies with respect to conflicts of interest provided that such changes are consistent with applicable legal requirements. A change in these policies or the termination of our REIT election could have an adverse effect on our financial condition, our results of operations, our cash flow, the per share trading price of our common stock and our ability to satisfy our debt service obligations and to pay dividends to our stockholders.

Our rights and the rights of our stockholders to take action against our directors and officers are limited.

Our charter will eliminate the liability of our directors and officers to us and our stockholders for money damages to the maximum extent permitted under Maryland law. Under current Maryland law and our charter, our directors and officers will not have any liability to us or our stockholders for money damages other than liability resulting from:

- actual receipt of an improper benefit or profit in money, property or services; or
- active and deliberate dishonesty by the director or officer that was established by a final judgment and is material to the cause of action adjudicated.

Our charter will authorize us and our bylaws will obligate us to indemnify each of our directors or officers who is or is threatened to be made a party to or witness in a proceeding by reason of his or her service in those or certain other capacities, to the maximum extent permitted by Maryland law, from and against any claim or liability to which such person may become subject or which such person may incur by reason of his or her status as a present or former director or officer of us or serving in such other capacities. In addition, we may be obligated to pay or reimburse the expenses incurred by our present and former directors and officers without requiring a preliminary determination of their ultimate entitlement to indemnification. As a result, we and our stockholders may have more limited rights to recover money damages from our directors and officers than might otherwise exist absent these provisions in our charter and bylaws or that might exist with other companies, which could limit your recourse in the event of actions that are not in our best interests.

Our charter will contain a provision that expressly permits our Sponsor, our non-employee directors and certain of our pre-IPO owners, and their affiliates, to compete with us.

Our Sponsor may compete with us for investments in properties and for residents. There is no assurance that any conflicts of interest created by such competition will be resolved in our favor. Moreover, our Sponsor is in the business of making investments in companies and acquires and holds interests in businesses that compete directly or indirectly with us. Our charter will provide that, to the maximum extent permitted from time to time by Maryland law, we renounce any interest or expectancy that we have in, or any right to be offered an opportunity to participate in, any business opportunities that are from time to time presented to or developed by our directors or their affiliates, other than to those directors who are employed by us or our subsidiaries, unless the business opportunity is expressly offered or made known to such person in his or her capacity as our director, and none of our Sponsor, pre-IPO owners, or any of their respective affiliates, or any director who is not employed by us or any of his or her affiliates, will have any duty to refrain from engaging, directly or indirectly, in the same business activities or similar business activities or lines of business in which we or our affiliates engage or propose to engage or to refrain from otherwise competing with us or our affiliates. Our Sponsor also may pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us.

Our charter will provide that, to the maximum extent permitted from time to time by Maryland law, our Sponsor and each of our non-employee directors (including those designated by our Sponsor), and any of their affiliates, may:

- acquire, hold and dispose of shares of our stock or OP Units for his, her or its own account or for the account of others, and exercise all of the rights of a stockholder of Invitation Homes Inc., or a limited partner of our Operating Partnership, to the same extent and in the same manner as if he, she or it were not our director or stockholder; and
- in his, her or its personal capacity or in his, her or its capacity, as applicable, as a director, officer, trustee, stockholder, partner, member, equity owner, manager, advisor or employee of any other person, have business interests and engage, directly or indirectly, in business activities that are similar to ours or compete with us, that involve a business opportunity that we could seize and develop or that include the acquisition, syndication, holding, management, development, operation or disposition of interests in mortgages, real property or persons engaged in the real estate business.

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Our charter will also provide that, to the maximum extent permitted from time to time by Maryland law, in the event that our Sponsor, any non-employee director, or any of their respective affiliates, acquires knowledge of a potential transaction or other business opportunity, such person will have no duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and may take any such opportunity for itself, himself or herself or offer it to another person or entity unless the business opportunity is expressly offered to such person in his or her capacity as our director. These provisions may limit our ability to pursue business or investment opportunities that we might otherwise have had the opportunity to pursue, which could have an adverse effect on our financial condition, our results of operations, our cash flow, the per share trading price of our common stock and our ability to satisfy our debt service obligations and to pay dividends to our stockholders.

We will be required to disclose in our periodic reports filed with the SEC specified activities engaged in by our “affiliates.”

In August 2012, Congress enacted the Iran Threat Reduction and Syria Human Rights Act of 2012 (“ITRSHRA”), which expands the scope of U.S. sanctions against Iran. More specifically, Section 219 of the ITRSHRA amended the Exchange Act to require companies subject to SEC reporting obligations under Section 13 of the Exchange Act to disclose in their periodic reports specified dealings or transactions involving Iran or other individuals and entities targeted by certain Office of Foreign Assets Control sanctions engaged in by the reporting company or any of its affiliates during the period covered by the relevant periodic report. In some cases, ITRSHRA requires companies to disclose these types of transactions even if they would otherwise be permissible under U.S. law. These companies are required to separately file with the SEC a notice that such activities have been disclosed in the relevant periodic report, and the SEC is required to post this notice of disclosure on its website and send the report to the U.S. President and certain U.S. Congressional committees. The U.S. President thereafter is required to initiate an investigation and, within 180 days of initiating such an investigation, to determine whether sanctions should be imposed. Under ITRSHRA, we would be required to report if we or any of our “affiliates” knowingly engaged in certain specified activities during the period covered by the report. Because the SEC defines the term “affiliate” broadly, it includes any entity controlled by us as well as any person or entity that controls us or is under common control with us. Because we may be deemed to be a controlled affiliate of our Sponsor, affiliates of our Sponsor may also be considered our affiliates. Affiliates of our Sponsor have in the past and may in the future be required to make disclosures pursuant to ITRSHRA. Disclosure of such activity, even if such activity is not subject to sanctions under applicable law, and any sanctions actually imposed on us or our affiliates as a result of these activities, could harm our reputation and have a negative impact on our business.

Risks Related to our REIT Status and Certain Other Tax Items

If we do not maintain our qualification as a REIT, we will be subject to tax as a regular corporation and could face a substantial tax liability.

We expect to continue to operate so as to qualify as a REIT under the Code. However, qualification as a REIT involves the application of highly technical and complex Code provisions for which only a limited number of judicial or administrative interpretations exist. Notwithstanding the availability of cure provisions in the Code, we could fail to meet various compliance requirements, which could jeopardize our REIT status. Furthermore, new tax legislation, administrative guidance or court decisions, in each instance potentially with retroactive effect, could make it more difficult or impossible for us to qualify as a REIT. If we fail to qualify as a REIT in any tax year, then:

- we would be taxed as a regular domestic corporation, which under current laws, among other things, means being unable to deduct distributions to stockholders in computing taxable income and being subject to U.S. federal income tax on our taxable income at regular corporate income tax rates;
- any resulting tax liability could be substantial and could have a material adverse effect on our book value;

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- unless we were entitled to relief under applicable statutory provisions, we would be required to pay taxes, and thus, our cash available for distribution to stockholders would be reduced for each of the years during which we did not qualify as a REIT and for which we had taxable income; and
- we generally would not be eligible to requalify as a REIT for the subsequent four full taxable years.

REITs, in certain circumstances, may incur tax liabilities that would reduce our cash available for distribution to you.

Even if we qualify and maintain our status as a REIT, we may become subject to U.S. federal income taxes and related state and local taxes. For example, net income from the sale of properties that are “dealer” properties sold by a REIT (a “prohibited transaction” under the Code) will be subject to a 100% tax. We may not make sufficient distributions to avoid excise taxes applicable to REITs. Similarly, if we were to fail an income test (and did not lose our REIT status because such failure was due to reasonable cause and not willful neglect) we would be subject to tax on the income that does not meet the income test requirements. We also may decide to retain net capital gain we earn from the sale or other disposition of our investments and pay income tax directly on such income. In that event, our stockholders would be treated as if they earned that income and paid the tax on it directly. However, stockholders that are tax-exempt, such as charities or qualified pension plans, would have no benefit from their deemed payment of such tax liability unless they file U.S. federal income tax returns and seek a refund of such tax. We also may be subject to state and local taxes on our income or property, including income, franchise, payroll, mortgage recording and transfer taxes, either directly or at the level of the other companies through which we indirectly own our assets, such as our TRSs, which are subject to full U.S. federal, state, local and foreign corporate-level income taxes. Any taxes we pay directly or indirectly will reduce our cash available for distribution to you.

Complying with REIT requirements may cause us to forego otherwise attractive opportunities and limit our expansion opportunities.

In order to qualify as a REIT for U.S. federal income tax purposes, we must continually satisfy tests concerning, among other things, our sources of income, the nature of our investments in commercial real estate and related assets, the amounts we distribute to our stockholders and the ownership of our stock. We may also be required to make distributions to stockholders at disadvantageous times or when we do not have funds readily available for distribution. Thus, compliance with REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

Complying with REIT requirements may force us to liquidate or restructure otherwise attractive investments.

In order to qualify as a REIT, we must also ensure that at the end of each calendar quarter, at least 75% of the value of our assets consists of cash, cash items, government securities and qualified REIT real estate assets. The remainder of our investments in securities (other than qualified real estate assets and government securities) generally cannot include more than 10% of the outstanding voting securities of any one issuer or 10% of the total value of the outstanding securities of any one issuer unless we and such issuer jointly elect for such issuer to be treated as a TRS under the Code. The total value of all of our investments in taxable REIT subsidiaries cannot exceed 25% (20% for any taxable year beginning after December 31, 2017) of the value of our total assets. In addition, no more than 5% of the value of our assets (other than qualified real estate assets and government securities) can consist of the securities of any one issuer other than a TRS. If we fail to comply with these requirements, we must dispose of a portion of our assets within 30 days after the end of the calendar quarter in order to avoid losing our REIT status and suffering adverse tax consequences.

Complying with REIT requirements may limit our ability to hedge effectively and may cause us to incur tax liabilities.

The REIT provisions of the Code substantially limit our ability to hedge our liabilities. Any income from a hedging transaction we enter into to manage risk of interest rate changes with respect to borrowings made or to

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be made to acquire or carry real estate assets (each such hedge, a “Borrowings Hedge”), or to manage risk of foreign currency exchange rate fluctuations with respect to any item of qualifying income (each such hedge, a “Currency Hedge”), if clearly identified under applicable U.S. Treasury (“Treasury”) regulations, does not constitute “gross income” for purposes of the 75% or 95% gross income tests that we must satisfy to qualify and to maintain our qualification as a REIT. This exclusion from the 95% and 75% gross income tests also will apply if we previously entered into a Borrowings Hedge or a Currency Hedge, a portion of the hedged indebtedness or property is disposed of and in connection with such extinguishment or disposition, we enter into a new properly identified hedging transaction to offset the prior hedging position. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of both of the gross income tests. See “Material U.S. Federal Income Tax Considerations—Income Tests.” As a result of these rules, we intend to limit our use of advantageous hedging techniques or, subject to the limitations on the value of and income from our TRSs, implement those hedges through a domestic TRS. This could increase the cost of our hedging activities because our TRS would be subject to tax on gains or expose us to greater risks associated with changes in interest rates than we would otherwise want to bear. In addition, losses from hedges held in our TRS will generally not provide any tax benefit, except for being carried forward against future taxable income in the TRS.

Complying with REIT requirements may force us to borrow to make distributions to stockholders.

From time to time, our taxable income may be greater than our cash flow available for distribution to stockholders. If we do not have other funds available in these situations, we may be unable to distribute substantially all of our taxable income as required by the REIT provisions of the Code. Thus, we could be required to borrow funds, sell a portion of our assets at disadvantageous prices or find another alternative. These options could increase our costs or reduce our equity.

Even if we qualify to be subject to U.S. federal income tax as a REIT, we could be subject to tax on any unrealized net built-in gains in certain assets.

As part of our Pre-IPO Transactions, we will acquire certain appreciated assets that are held (directly or indirectly) in part by one or more C corporations in transactions in which the adjusted tax basis of the assets in our hands will be determined by reference to the adjusted basis of such assets in the hands of such C corporations. If we dispose of any such appreciated assets during the 10-year period following the date we acquired those assets, we will be subject to U.S. federal income tax on the portion of such gain attributable to such C corporations at the highest corporate tax rates to the extent of the excess of the fair market value of such assets on the date that we acquired those assets over the adjusted tax basis of such assets on such date, which are referred to as built-in gains. We would be subject to this tax liability even if we qualify and maintain our status as a REIT. Any recognized built-in gain will retain its character as ordinary income or capital gain and will be taken into account in determining REIT taxable income and our distribution requirement. Any tax on the recognized built-in gain will reduce REIT taxable income. We may choose not to sell in a taxable transaction appreciated assets we might otherwise sell during the 10-year period in which the built-in gain tax applies to avoid the built-in gain tax. However, there can be no assurances that such a taxable transaction will not occur. If we sell such assets in a taxable transaction, the amount of corporate tax that we will pay will vary depending on the actual amount of net built-in gain or loss present in those assets as of the time we acquired those assets and the portion of such assets which were held by C corporations prior to their contribution to us. See “Material U.S. Federal Income Tax Considerations—Built-in Gains of Former C Corporation Assets.”

Our charter will not permit any person to own more than 9.8% of our outstanding common stock or of our outstanding stock of all classes or series, and attempts to acquire our common stock or our stock of all other classes or series in excess of these 9.8% limits would not be effective without an exemption from these limits by our board of directors.

For us to qualify as a REIT under the Code, not more than 50% of the value of our outstanding stock may be owned directly or indirectly, by five or fewer individuals (including certain entities treated as individuals for this

purpose) during the last half of a taxable year. For the purpose of assisting our qualification as a REIT for U.S. federal income tax purposes, among other purposes, our charter will prohibit beneficial or constructive ownership by any person of more than a certain percentage, currently 9.8%, in value or by number of shares, whichever is more restrictive, of the outstanding shares of our common stock or 9.8% in value of the outstanding shares of our stock, which we refer to as the “ownership limit.” The constructive ownership rules under the Code and our charter are complex and may cause shares of the outstanding common stock owned by a group of related persons to be deemed to be constructively owned by one person. As a result, the acquisition of less than 9.8% of our outstanding common stock or our stock by a person could cause a person to own constructively in excess of 9.8% of our outstanding common stock or our stock, respectively, and thus violate the ownership limit. There can be no assurance that our board of directors, as permitted in the charter, will not decrease this ownership limit in the future. Any attempt to own or transfer shares of our common stock in excess of the ownership limit without the consent of our board of directors will result either in the shares in excess of the limit being transferred by operation of the charter to a charitable trust, and the person who attempted to acquire such excess shares will not have any rights in such excess shares, or in the transfer being void. The ownership limit may have the effect of precluding a change in control of us by a third party, even if such change in control would be in the best interests of our stockholders or would result in receipt of a premium to the price of our common stock (and even if such change in control would not reasonably jeopardize our REIT status). In addition, we expect that, before the completion of this offering, our board of directors will grant an exemption from the ownership limit to our Sponsor and its affiliates, which may limit our board of directors’ power to increase the ownership limit or grant further exemptions in the future.

We may choose to make distributions in our own stock, in which case you may be required to pay income taxes without receiving any cash dividends.

In connection with our qualification as a REIT, we are required to annually distribute to our stockholders at least 90% of our REIT taxable income (which does not equal net income, as calculated in accordance with generally accepted accounting principles), determined without regard to the deduction for dividends paid and excluding net capital gain. In order to satisfy this requirement, we may make distributions that are payable in cash and/or shares of our common stock (which could account for up to 90% of the aggregate amount of such distributions) at the election of each stockholder. Taxable stockholders receiving such distributions will be required to include the full amount of such distributions as ordinary dividend income to the extent of our current or accumulated earnings and profits, as determined for U.S. federal income tax purposes. As a result, U.S. stockholders may be required to pay income taxes with respect to such distributions in excess of the cash portion of the distribution received. Accordingly, U.S. holders receiving a distribution of our shares may be required to sell shares received in such distribution or may be required to sell other stock or assets owned by them, at a time that may be disadvantageous, in order to satisfy any tax imposed on such distribution. If a U.S. stockholder sells the stock that it receives as part of the distribution in order to pay this tax, the sales proceeds may be less than the amount it must include in income with respect to the distribution, depending on the market price of our stock at the time of the sale. Furthermore, with respect to certain non-U.S. holders, we may be required to withhold U.S. tax with respect to such distribution, including in respect of all or a portion of such distribution that is payable in stock, by withholding or disposing of part of the shares included in such distribution and using the proceeds of such disposition to satisfy the withholding tax imposed. In addition, if a significant number of our stockholders determine to sell shares of our common stock in order to pay taxes owed on dividend income, such sale may put downward pressure on the market price of our common stock.

Various tax aspects of such a taxable cash/stock distribution are uncertain and have not yet been addressed by the Internal Revenue Service (“IRS”). No assurance can be given that the IRS will not impose requirements in the future with respect to taxable cash/stock distributions, including on a retroactive basis, or assert that the requirements for such taxable cash/stock distributions have not been met.

Dividends payable by REITs do not generally qualify for the reduced tax rates available for some dividends.

The maximum tax rate applicable to qualified dividend income payable to certain non-corporate U.S. stockholders has been reduced by legislation to 20%. Dividends payable by REITs, however, generally are not eligible for the reduced rates. Although this legislation does not adversely affect the taxation of REITs or dividends payable by REITs, the more favorable rates applicable to regular corporate qualified dividends could cause certain non-corporate investors to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the shares of REITs, including our common stock.

We will be dependent on external sources of capital to finance our growth.

As with other REITs, but unlike corporations generally, our ability to finance our growth must largely be funded by external sources of capital because we generally will have to distribute to our stockholders 90% of our REIT taxable income in order to qualify as a REIT, including taxable income where we do not receive corresponding cash. Our access to external capital will depend upon a number of factors, including general market conditions, the market's perception of our growth potential, our current and potential future earnings, cash distributions and the market price of our common stock.

We may be subject to adverse legislative or regulatory tax changes that could increase our tax liability, reduce our operating flexibility and reduce the price of our common stock.

In recent years, numerous legislative, judicial and administrative changes have been made in the provisions of U.S. federal income tax laws applicable to investments similar to an investment in shares of our common stock. Additional changes to the tax laws are likely to continue to occur, and we cannot assure you that any such changes will not adversely affect the taxation of a stockholder. Any such changes could have an adverse effect on an investment in our shares or on the market value or the resale potential of our assets. You are urged to consult with your tax advisor with respect to the impact of recent legislation on your investment in our shares and the status of legislative, regulatory or administrative developments and proposals and their potential effect on an investment in our shares. Although REITs generally receive certain tax advantages compared to entities taxed as regular corporations, it is possible that future legislation would result in a REIT having fewer tax advantages, and it could become more advantageous for a company that invests in real estate to elect to be treated for U.S. federal income tax purposes as a corporation. As a result, our charter will provide our board of directors with the power, under certain circumstances, to revoke or otherwise terminate our REIT election and cause us to be taxed as a regular corporation, without the approval of our stockholders.

According to publicly released statements, a top legislative priority of the Trump administration and the next Congress may be significant reform of the Code, including significant changes to taxation of business entities and the deductibility of interest expense. There is a substantial lack of clarity around the likelihood, timing and details of any such tax reform and the impact of any potential tax reform on an investment in us.

Liquidation of assets may jeopardize our REIT qualification.

To qualify as a REIT, we must comply with requirements regarding our assets and our sources of income. If we are compelled to liquidate our investments to repay obligations to our lenders, we may be unable to comply with these requirements, ultimately jeopardizing our qualification as a REIT, or we may be subject to a 100% tax on any resultant gain if we sell assets that are treated as dealer property or inventory.

Our ownership of and relationship with any TRS will be restricted, and a failure to comply with the restrictions would jeopardize our REIT status and may result in the application of a 100% excise tax.

A REIT may own up to 100% of the stock of one or more TRSs. A TRS may earn income that would not be qualifying income if earned directly by the parent REIT. Both the subsidiary and the REIT must jointly elect to

treat the subsidiary as a TRS. A corporation of which a TRS directly or indirectly owns more than 35% of the voting power or value of the stock will automatically be treated as a TRS. Overall, no more than 25% (and, for taxable years beginning after December 31, 2017, no more than 20%) of the value of a REIT's assets may consist of stock or securities of one or more TRSs. The value of our interests in and thus the amount of assets held in a TRS may also be restricted by our need to qualify for an exclusion from regulation as an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act"). A TRS will pay U.S. federal, state and local income tax at regular corporate rates on any income that it earns. In addition, the TRS rules limit the deductibility of interest paid or accrued by a TRS to its parent REIT to assure that the TRS is subject to an appropriate level of corporate taxation. The rules also impose a 100% excise tax on certain transactions between a TRS and its parent REIT that are not conducted on an arm's-length basis.

Any TRS we own, as a domestic corporation, will pay U.S. federal, state and local income tax on its taxable income, and its after-tax net income is available for distribution to us but is not required to be distributed to us. The aggregate value of the TRS stock and securities owned by us cannot exceed 25% (and, for taxable years beginning after December 31, 2017, 20%) of the value of our total assets (including the TRS stock and securities). Although we plan to monitor our investments in TRSs, there can be no assurance that we will be able to comply with the 25% (or 20%, as applicable) limitation discussed above or to avoid application of the 100% excise tax discussed above.

Risks Related to this Offering and Ownership of Our Common Stock

The cash available for distribution to stockholders may not be sufficient to pay dividends at expected levels, nor can we assure you of our ability to make distributions in the future. We may use borrowed funds to make distributions.

We have elected to qualify as a REIT for U.S. federal income tax purposes. The Code generally requires that a REIT annually distribute at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gain, and imposes tax on any REIT taxable income retained by a REIT, including capital gains. We anticipate making quarterly distributions to our stockholders. We expect that the cash required to fund our dividends will be covered by cash generated by operations. However, our ability to make distributions to our stockholders will depend upon the performance of our asset portfolio. If our operations do not generate sufficient cash flow to allow us to satisfy the REIT distribution requirements, we may be required to fund distributions from working capital, borrow funds, raise additional equity capital, sell assets or reduce such distributions. If such cash available for distribution decreases in future periods from expected levels, our inability to make the expected distributions could result in a decrease in the market price of our common stock. In addition, our charter will allow us to issue preferred stock that could have a preference over our common stock as to distributions. See "Distribution Policy." All distributions will be made at the sole discretion of our board of directors and will depend upon a number of factors, including our actual and projected results of operations, financial condition, cash flows and liquidity, maintenance of our REIT qualification and other tax considerations, capital expenditure and other obligations, debt covenants, contractual prohibitions or other limitations and applicable law and such other matters as our board of directors may deem relevant from time to time. We may not be able to make distributions in the future. In addition, some of our distributions may include a return of capital. To the extent that we decide to make distributions in excess of our current and accumulated earnings and profits, such distributions would generally be considered a return of capital for U.S. federal income tax purposes to the extent of the holder's adjusted tax basis in their shares. A return of capital is not taxable, but it has the effect of reducing the holder's adjusted tax basis in its investment. To the extent that distributions exceed the adjusted tax basis of a holder's shares, they will be treated as gain from the sale or exchange of such stock. See "Material U.S. Federal Income Tax Considerations—Taxation of U.S. Holders of Our Common Stock—Distributions Generally." If we borrow to fund distributions, our future interest costs would increase, thereby reducing our earnings and cash available for distribution from what they otherwise would have been.

No public market for our shares currently exists, an active trading market for our shares may not develop and the market price of our shares may decline substantially and quickly.

Prior to this offering, there has been no public market for our shares. Although we intend to apply to list our shares on the NYSE, we cannot predict the extent to which a trading market will develop or how liquid that market might become. The estimated initial public offering price for our shares will be determined by negotiations between us and the representatives of the underwriters and may not be indicative of prices that will prevail in the trading market. An active trading market may not develop following the closing of this offering or, if developed, may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the market price of your shares. An inactive market may also impair our ability to raise capital by selling shares and may impair our ability to acquire additional properties or other businesses by using our shares as consideration, which in turn could materially adversely affect our business. In addition, the stock market in general, and the NYSE and REITs in particular, have recently experienced extreme price and volume fluctuations. These broad market and industry factors may decrease the market price of our shares, regardless of our actual operating performance. For these reasons, among others, the market price of the shares you purchase in this offering may decline substantially and quickly.

Our share price may decline due to the large number of our shares eligible for future sale.

The market price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market after this offering or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell shares of our common stock in the future at a time and at a price that we deem appropriate. Upon completion of this offering, we will have a total of _____ shares of our common stock outstanding, or _____ shares of our common stock assuming the underwriters exercise in full their option to purchase additional shares of our common stock, in each case, excluding shares issuable to management in connection with this offering under our Omnibus Incentive Plan. All of the _____ shares of our common stock sold in this offering, or _____ shares of our common stock assuming the underwriters exercise in full their option to purchase additional shares of our common stock, will be freely tradable without restriction or further registration under the Securities Act, by persons other than our “affiliates.” See “Shares Eligible for Future Sale.”

The remaining _____ shares of our common stock outstanding held by our pre-IPO owners, other than the shares issuable under our Omnibus Incentive Plan, will be “restricted securities” within the meaning of Rule 144 under the Securities Act and may not be sold in the absence of registration under the Securities Act unless an exemption from registration is available, including the exemptions contained in Rule 144. In addition, as described in “Management—Executive Compensation—Long-Term Incentive Compensation” and “—Actions Taken in Connection with the Offering,” in connection with the offering, our management will receive shares upon conversion of previously issued incentive awards and grants of restricted stock units, in each case, as awards under our Omnibus Incentive Plan. The shares underlying such conversion awards and restricted stock unit awards will be registered under the Securities Act as described under “Shares Eligible for Future Sale,” and will not be restricted securities. We and our directors and executive officers and our pre-IPO owners holding substantially all of the shares of our common stock outstanding immediately prior to this offering have agreed, subject to certain exceptions, not to dispose of or hedge any shares of our common stock or securities convertible into or exchangeable for shares of our common stock for 180 days from the date of this prospectus, except with the underwriters’ prior written consent. As a result of the registration rights agreement, however, all of these shares of our common stock may be eligible for future sale without restriction, subject to applicable lock-up arrangements. See “Shares Eligible for Future Sale—Registration Rights” and “Certain Relationships and Related Person Transactions—Registration Rights Agreement.”

We intend to file one or more registration statements on Form S-8 under the Securities Act to register shares of our common stock or securities convertible into or exchangeable for shares of our common stock issued

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pursuant to our Omnibus Incentive Plan. Any such Form S-8 registration statements will automatically become effective upon filing. Accordingly, shares registered under such registration statements will be available for sale in the open market. We expect that the initial registration statement on Form S-8 will cover _____ shares of our common stock. However, shares issued to our directors and officers and our pre-IPO owners holding substantially all of the shares of our common stock outstanding immediately prior to this offering are subject to lock-up arrangements, described above, and generally may not be sold for 180 days from the date of this prospectus, except with the underwriters' prior written consent.

In addition, upon completion of this offering, our charter will provide that we may issue up to _____ shares of common stock and _____ shares of preferred stock, \$0.01 par value per share. Moreover, under Maryland law and as will be provided in our charter, our board of directors will have the power to amend our charter to increase the aggregate number of shares of stock or the number of shares of stock of any class or series that we are authorized to issue without stockholder approval. Future issuances of shares of our common stock or securities convertible or exchangeable into common stock may dilute the ownership interest of our common stockholders. Because our decision to issue additional equity or convertible or exchangeable securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future issuances. In addition, we are not required to offer any such securities to existing stockholders on a preemptive basis. Therefore, it may not be possible for existing stockholders to participate in such future issuances, which may dilute the existing stockholders' interests in us. See "Description of Stock." Similarly, the agreement of limited partnership of our Operating Partnership authorizes us to issue an unlimited number of OP Units of our Operating Partnership, which may be exchangeable for shares of our common stock.

The market price of our common stock could be adversely affected by market conditions and by our actual and expected future earnings and level of cash dividends.

Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of shares without regard to our operating performance. For example, the trading prices of equity securities issued by REITs have historically been affected by changes in market interest rates. One of the factors that may influence the market price of our common stock is the annual yield from distributions on our common stock as compared to yields on other financial instruments. An increase in market interest rates, or a decrease in our distributions to stockholders, may lead prospective purchasers of shares of our common stock to demand a higher distribution rate or seek alternative investments. As a result, if interest rates rise, it is possible that the market price of our common stock will decrease as market rates on interest-bearing securities increase. In addition, our operating results could be below the expectations of public market analysts and investors, and in response the market price of our shares could decrease significantly. The market value of the equity securities of a REIT is also based upon the market's perception of the REIT's growth potential and its current and potential future cash distributions, whether from operations, sales or refinancings, and is secondarily based upon the real estate market value of the underlying assets. For that reason, our common stock may trade at prices that are higher or lower than our net asset value per share. To the extent we retain operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of our common stock. Our failure to meet the market's expectations with regard to future earnings and cash distributions likely would adversely affect the market price of our common stock and, in such instances, you may be unable to resell your shares at or above the initial public offering price.

FORWARD-LOOKING STATEMENTS

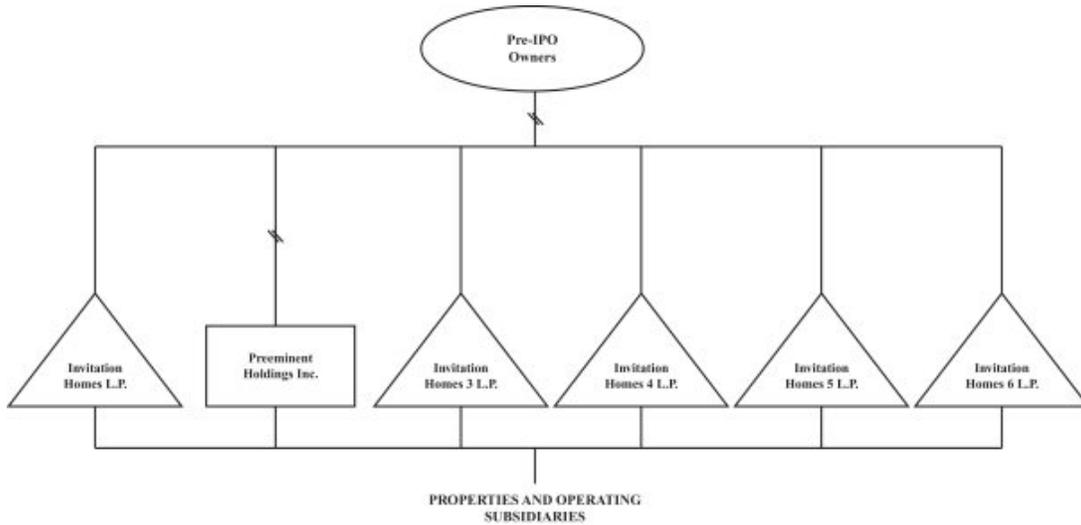
This prospectus contains forward-looking statements, which reflect our current views with respect to, among other things, our operations and financial performance. Forward-looking statements include all statements that are not historical facts. In some cases, you can identify these forward-looking statements by the use of words such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “could,” “seeks,” “approximately,” “projects,” “predicts,” “intends,” “plans,” “estimates,” “anticipates” or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. These factors include but are not limited to those described under “Risk Factors.” These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this prospectus. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as required by law.

ORGANIZATIONAL STRUCTURE

Our Current Organizational Structure

Our business is presently owned by six holding entities: Invitation Homes L.P., Preeminent Holdings Inc., Invitation Homes 3 L.P., Invitation Homes 4 L.P., Invitation Homes 5 L.P. and Invitation Homes 6 L.P. We refer to these six holding entities collectively as the “IH Holding Entities.” The IH Holding Entities are under the common control of Blackstone Real Estate Partners VII L.P., an investment fund sponsored by The Blackstone Group L.P., and its general partner and certain affiliated funds and investment vehicles.

The following simplified diagram depicts our current organizational structure. This chart is provided for illustrative purposes only and does not show all of our legal entities or ownership percentages of such entities.



Pre-IPO Transactions

Prior to the completion of this offering, we and our pre-IPO owners will effect certain transactions that will result in Invitation Homes Operating Partnership LP holding, directly or indirectly, all of the assets and operations reflected in our combined and consolidated financial statements, including the full portfolio of homes held by each of the IH Holding Entities. Invitation Homes Operating Partnership LP, in turn, will be directly and indirectly wholly owned by Invitation Homes Inc. More specifically:

- Invitation Homes Inc. will acquire all of the assets and operations held directly or indirectly by Preeminent Holdings Inc. through certain mergers and related transactions as follows:
 - IH2 Property Holdings Inc., a parent entity of Preeminent Holdings Inc., will merge with and into Invitation Homes Inc., with Invitation Homes Inc. as the entity surviving the merger (the “IH2 Property Holdings Merger”), and the issued and outstanding shares of IH2 Property Holdings Inc., all of which are held by certain of the pre-IPO owners, will be converted into newly issued shares of common stock of Invitation Homes Inc. Immediately following the IH2 Property Holdings Merger, Invitation Homes Inc. will hold directly approximately 16% of the outstanding shares of common stock of Preeminent Holdings Inc. and the balance will continue to be held by certain of the pre-IPO owners; and
 - following the IH2 Property Holdings Merger, Preeminent Holdings Inc. will merge with and into Invitation Homes Inc., with Invitation Homes Inc. as the entity surviving the merger (the

“Preeminent Holdings Merger”). In the Preeminent Holdings Merger, all of the shares of common stock of Preeminent Holdings Inc. issued and outstanding immediately prior to such merger, other than the shares held by Invitation Homes Inc., will be converted into shares of newly issued common stock of Invitation Homes Inc. As a result of the Preeminent Holdings Merger, Invitation Homes Inc. will hold all of the assets and operations held directly or indirectly by Preeminent Holdings Inc. prior to such merger;

- prior to the Preeminent Holdings Merger, our pre-IPO owners will contribute to Invitation Homes Inc. their interests in each of the other IH Holding Entities (other than Preeminent Holdings Inc.) in exchange for newly-issued shares of Invitation Homes Inc.; and
- Invitation Homes Inc. will contribute to the Operating Partnership, its wholly owned subsidiary, all of the interests in the IH Holding Entities (other than Preeminent Holdings Inc., the assets, liabilities and operations of which will be contributed to the Operating Partnership).

Accordingly, upon consummation of these transactions, our pre-IPO owners will hold an aggregate of _____ shares of common stock of Invitation Homes Inc. We refer to the above-described transactions as the “Pre-IPO Transactions.” The Pre-IPO Transactions will be accounted for as a reorganization of entities under common control. Accordingly, the consolidated financial statements of Invitation Homes Inc. will recognize the assets and liabilities received in conjunction with the Pre-IPO Transactions at their historical carrying amounts, as reflected in the combined and consolidated financial statements of the IH Holding Entities. For additional information, see “Unaudited Pro Forma Financial Information.”

IH2 Property Holdings Inc. elected to qualify as a REIT for U.S. federal income tax purposes commencing with its taxable year ended December 31, 2013. Effective upon consummation of the IH2 Property Holdings Merger pursuant to the Pre-IPO Transactions, Invitation Homes Inc. will be subject to such REIT election. See “Material U.S. Federal Income Tax Considerations.”

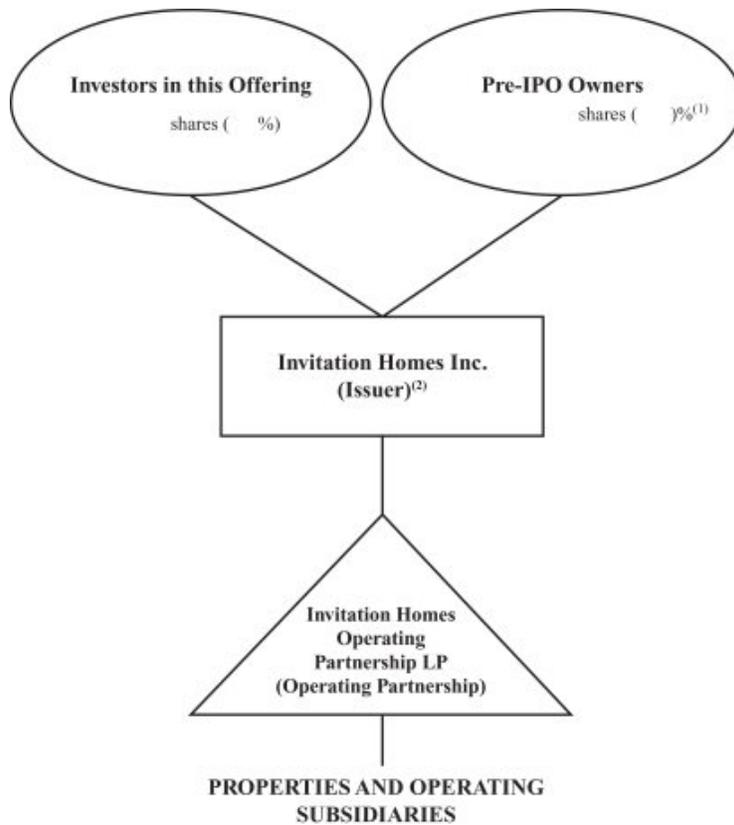
Our Organizational Structure Following this Offering

Following the Pre-IPO Transactions, all of our assets will be held, and our operations conducted, by our Operating Partnership. We will initially own 100% of our Operating Partnership. Following this offering, we may from time to time issue common units of partnership interest in our Operating Partnership, or “OP Units,” to third parties, which, subject to the terms of the partnership agreement of our Operating Partnership, may be redeemed by holders for cash based upon the market value of an equivalent number of shares of our common stock or, at our election, exchanged for shares of our common stock on a one-for-one basis subject to customary conversion rate adjustments for splits, unit distributions and reclassifications.

After the completion of this offering and the Pre-IPO Transactions, Invitation Homes OP GP LLC, our wholly owned subsidiary, will serve as the sole general partner of our Operating Partnership.

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The following simplified diagram depicts our organizational structure and equity ownership immediately following this offering. This chart is provided for illustrative purposes only and does not show all of our legal entities or ownership percentages of such entities.



- (1) Does not reflect shares issuable pursuant to the Omnibus Incentive Plan to be received by management in connection with this offering, including shares issuable upon conversion of previously issued incentive awards and shares underlying grants of restricted stock units that we anticipate making to our employees. See “Management—Executive Compensation—Long-Term Incentive Compensation” and “—Actions Taken in Connection with the Offering.”
- (2) Invitation Homes Inc. will initially own 100% of the Operating Partnership directly and through its wholly owned subsidiary, Invitation Homes OP GP LLC, which will serve as the Operating Partnership’s sole general partner.

Other Actions Taken in Connection with the Offering

Prior to the commencement of this offering, members of our management received incentive awards in the form of direct or indirect equity interests in one or more of the IH Holding Entities, which are subject to vesting conditions and subject to forfeiture in specified circumstances, including specified terminations of employment. In connection with the Pre-IPO Transactions, except as noted below with respect to Mr. Dallas B. Tanner, our Executive Vice President and Chief Investment Officer, the incentive awards held by our executives, including those held by our named executive officers, will be converted for shares of common stock of Invitation Homes Inc. in a manner intended to replicate the respective economic benefit provided by such incentive awards based upon the valuation derived from the initial offering price. All shares received in such conversion are expected to be subject to substantially similar vesting and forfeiture conditions as were applicable to the incentive awards

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prior to the Pre-IPO Transactions. A portion of the incentive awards held by Mr. Tanner will be converted into shares of common stock of Invitation Homes Inc. in the manner described above, and Mr. Tanner will receive in respect of his remaining incentive awards, vested limited partner interests in partnerships that will hold shares of our common stock. See “Management—Executive Compensation—Long-Term Incentive Compensation” for additional information. See “Management—Executive Compensation” for a description of the material terms of the incentive awards in the IH Holding Entities. In addition to the foregoing, in October 2016, we established a supplemental bonus plan for several key executives and employees. The payment of a bonus under the plan is triggered upon specified events, including an initial public offering. In connection with this offering, we expect to replace awards in the supplemental bonus pool with awards of time-vesting restricted stock units. See “Management—Executive Compensation—Actions Taken in Connection with the Offering.”

USE OF PROCEEDS

We estimate that the net proceeds we will receive from this offering, after deducting estimated underwriting discounts and estimated offering expenses payable by us, will be approximately \$ million, or approximately \$ million if the underwriters exercise in full their option to purchase additional shares from us, assuming an initial public offering price of \$ per share, which is the midpoint of the price range set forth on the cover page of this prospectus. A \$1.00 increase (decrease) in the assumed initial public offering price of \$ per share would increase (decrease) net proceeds to us from this offering by approximately \$ million, assuming the number of shares offered by us as set forth on the cover page of this prospectus remains the same.

We intend to use the net proceeds from this offering to repay certain of our existing indebtedness, as will be determined prior to this offering, and for general corporate purposes.

DISTRIBUTION POLICY

We have elected to qualify as a REIT for U.S. federal income tax purposes. The Code generally requires that a REIT annually distribute at least 90% of its REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gain, and imposes tax on any REIT taxable income retained by a REIT, including capital gains. To satisfy the requirements to qualify as a REIT and to avoid paying tax on our income, we intend to make quarterly distributions of all, or substantially all, of our REIT taxable income (excluding net capital gains) to our stockholders.

Although we anticipate initially making quarterly distributions to our stockholders, the timing, form and amount of distributions, if any, to our stockholders, will be at the sole discretion of our board of directors and will depend upon a number of factors, including our actual and projected results of operations, financial condition, cash flows and liquidity, maintenance of our REIT qualification and other tax considerations, capital expenditure and other obligations, debt covenants, contractual prohibitions or other limitations and applicable law and such other matters as our board of directors may deem relevant from time to time.

If our operations do not generate sufficient cash flow to allow us to satisfy the REIT distribution requirements, we may be required to fund distributions from working capital, borrow funds, sell assets or reduce such distributions. Our board of directors reviews the alternative funding sources available to us from time to time. Our actual results of operations will be affected by a number of factors, including the revenues we receive from our properties, our operating expenses, interest expense and unanticipated expenditures, among others. For more information regarding risk factors that could materially adversely affect our actual results of operations, please see "Risk Factors."

During the year ended December 31, 2015, we made aggregate distributions of \$682.5 million to equity investors. There were no distributions made to equity investors during the nine months ended September 30, 2016.

CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of September 30, 2016:

- on an actual basis;
- on an as adjusted basis giving effect to the Reorganization Transactions and Financings described in “Unaudited Pro Forma Financial Information”; and
- on an as further adjusted basis giving effect to this offering (at an assumed initial offering price of \$ per share, which is the midpoint of the price range set forth on the cover page of this prospectus) and the intended application of the net proceeds therefrom as described in “Use of Proceeds,” as well as the other adjustments described in Note (B) to the unaudited pro forma combined and consolidated balance sheet as of September 30, 2016, as set forth in “Unaudited Pro Forma Financial Information.”

The information below is illustrative only and our capitalization following this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. Cash and cash equivalents are not components of our total capitalization. You should read this table together with the other information contained in this prospectus, including “Organizational Structure,” “Use of Proceeds,” “Unaudited Pro Forma Financial Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the historical financial statements and related notes that appear elsewhere in this prospectus.

(\$ in thousands, except per share data)

	September 30, 2016		
	Actual	As adjusted	As further adjusted
Cash and cash equivalents	\$ 274,140	\$	\$
Debt:			
Credit facilities, net	\$2,407,364	\$	\$
Mortgage loans, net	5,261,832		
Warehouse loans	11,760		
Total debt	7,680,956		
Stockholders’ equity:			
Combined equity	1,986,466		
Common stock, par value \$0.01 per share; shares authorized, as adjusted; and outstanding, as adjusted; and outstanding, as adjusted;	—		
Preferred stock, par value \$0.01 per share; shares authorized, as adjusted; no shares issued and outstanding, as adjusted;	—		
Additional paid in capital	—		
Accumulated deficit	—		
Distributions in excess of accumulated deficit	—		
Total stockholders’ equity ⁽¹⁾	1,986,466		
Total equity	1,986,466		
Total capitalization ⁽¹⁾	\$9,667,422	\$	\$

- (1) To the extent we change the number of shares of common stock sold by us in this offering from the shares we expect to sell or we change the initial public offering price from the \$ per share assumed initial public offering price, representing the midpoint of the price range set forth on the cover page of this prospectus, or any combination of these events occurs, the net proceeds to us from this offering and each of total stockholders’ equity and total capitalization may increase or decrease. A \$1.00 increase (decrease) in

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the assumed initial public offering price per share of the common stock, assuming no change in the number of shares of common stock to be sold, would increase (decrease) the net proceeds that we receive in this offering and each of total stockholders' equity and total capitalization by approximately \$ million. An increase (decrease) of 1,000,000 shares in the expected number of shares to be sold in the offering, assuming no change in the assumed initial offering price per share, would increase (decrease) our net proceeds from this offering and our total stockholders' equity and total capitalization by approximately \$ million. If the underwriters' option to purchase additional shares is exercised in full, the pro forma amount of each of cash, total cash, additional paid-in capital, total stockholders' equity, total equity and total capitalization would increase by approximately \$ million, after deducting underwriting discounts and estimated operating expenses, and we would have shares of our common stock issued and outstanding, as adjusted.

DILUTION

If you invest in our shares, your interest will be diluted to the extent of the difference between the initial public offering price per share and the pro forma net tangible book value per share immediately after the completion of this offering.

Our pro forma net tangible book value as of September 30, 2016 was approximately \$ million or \$ per share. Pro forma net tangible book value represents the amount of total tangible assets less total liabilities, after giving effect to the Pre-IPO Transactions, and pro forma net tangible book value per share represents pro forma net tangible book value divided by the number of shares outstanding, after giving effect to the Pre-IPO Transactions and the transactions described in “Unaudited Pro Forma Financial Information.”

After giving effect to the Pre-IPO Transactions, including this offering (at an assumed initial public offering price of \$ per share) and the intended application of the net proceeds therefrom as described in “Use of Proceeds,” our pro forma net tangible book value as of September 30, 2016 would have been \$, or \$ per share. This represents an immediate increase in the net tangible book value of \$ per share and an immediate dilution of \$ per share to new investors purchasing shares in this offering. The following table illustrates this dilution per share:

Assumed initial offering price per share	\$
Pro forma net tangible book value per share as of September 30, 2016	\$
Increase in pro forma net tangible book value per share attributable to investors in this offering	<u> </u>
Pro forma net tangible book value per share after this offering	<u> </u>
Dilution in pro forma net tangible book value per share to investors in this offering	<u><u> </u></u>

The following table summarizes, on the same pro forma basis as of September 30, 2016, the total number of shares purchased from us, the total cash consideration paid to us and the average price per share paid by our pre-IPO owners and by new investors purchasing shares in this offering.

(\$ in thousands, except per share data)	Shares Purchased		Total Consideration		Average Price
	Number	Percentage	Amount	Percentage	Per Share
Pre-IPO owners		%	\$	%	\$
Investors in this offering					
Total	<u> </u>	<u>100.00%</u>	<u> </u>	<u>100.00%</u>	<u> </u>

A \$1.00 increase (decrease) in the assumed initial public offering price of \$ per share would increase (decrease) the total consideration paid by the investors in this offering by \$ million, and would increase (decrease) the percent of total consideration paid by the investors by approximately %, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and no exercise of the underwriters’ option to purchase additional shares.

If the underwriters’ option to purchase additional shares is exercised in full, the following will occur:

- the number of shares purchased by investors in this offering will increase to shares, or approximately % of the total number of shares outstanding;
- the immediate dilution experienced by investors in this offering will be \$ per share and the pro forma net tangible book value per share will be \$ per share; and
- a \$1.00 increase (decrease) in the initial offering price of \$ per share would increase (decrease) the dilution experienced by investors in this offering by \$ per share.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma combined and consolidated financial statements as of and for the nine months ended September 30, 2016 and for the year ended December 31, 2015 reflect the pro forma financial condition and results of operations of Invitation Homes Inc. after giving effect to (i) the Reorganization Transactions and Financings (as described below) and (ii) Offering Adjustments (each as described below). The unaudited pro forma combined and consolidated financial statements of Invitation Homes Inc. are derived from the combined and consolidated financial statements of the IH Holding Entities and their consolidated subsidiaries and are presented as if this offering, along with the pro forma adjustments associated with these transactions, was completed as of September 30, 2016 for purposes of the unaudited pro forma combined and consolidated balance sheet and as of January 1, 2015 for purposes of the unaudited pro forma combined and consolidated statements of operations.

Our unaudited pro forma combined and consolidated financial statements are presented for informational purposes only and are based on information and assumptions that we consider appropriate and reasonable. These unaudited pro forma combined and consolidated financial statements do not purport to (i) represent our financial position had this offering, and the other transactions described in these unaudited pro forma combined and consolidated financial statements, occurred on September 30, 2016, (ii) represent the results of our operations had this offering, and the other transactions described in these unaudited pro forma combined and consolidated financial statements, occurred on January 1, 2015, or (iii) project or forecast our financial position or results of operations as of any future date or for any future period, as applicable.

You should read the information below along with all other financial information and analysis presented in this prospectus, including the sections captioned “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our historical combined and consolidated financial statements and related notes included elsewhere in this prospectus.

Reorganization Transactions and Financings

Prior to the completion of this offering, we and our pre-IPO owners will effect certain mergers, contributions and related transactions with the IH Holding Entities and certain of their parent company holding entities, such that Invitation Homes Inc. will acquire all of the interests in the IH Holding Entities and our pre-IPO owners will receive newly-issued shares of Invitation Homes Inc. Accordingly, upon consummation of these transactions, our pre-IPO owners will hold an aggregate of _____ shares of common stock of Invitation Homes Inc., and Invitation Homes Inc. will hold, directly or indirectly, all of the assets and operations reflected in our combined and consolidated financial statements. We refer to the above-described reorganization transactions as the “Reorganization Transactions.”

Subject to market conditions, we expect to complete one or more financing transactions prior to or concurrently with the completion of this offering, including the refinancing of certain of our existing indebtedness, which we expect will result in an estimated net increase (decrease) of our outstanding indebtedness as of September 30, 2016 of between \$ _____ million and \$ _____ million. We refer to the above-described financing transactions as the “Financings.” We have not yet identified the specific indebtedness to be refinanced or specific sources of funds. There can be no assurance that any such Financings will be completed in the time frame or size indicated or at all.

Offering Adjustments

Offering Proceeds

We estimate that the net proceeds from this offering, assuming an initial offering price of \$ _____ per share (which is the midpoint of the price range set forth on the cover page of this prospectus), after deducting estimated

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underwriting discounts, will be approximately \$ million, or \$ million if the underwriters exercise in full their option to purchase additional shares. We intend to use these proceeds to repay certain of our outstanding indebtedness as will be determined prior to this offering and for general corporate purposes. See “Use of Proceeds.”

Other Offering Adjustments

In connection with our offering, Incentive Units held by our executives will be converted for shares of common stock of Invitation Homes Inc. in a manner intended to replicate the economic benefit provided by such Incentive Units based upon the valuation derived from the initial public offering price. In addition, in connection with this offering, we expect to replace awards in the supplemental bonus pool with awards of time-vesting restricted stock units. The unaudited pro forma combined and consolidated balance sheet and statement of operations as of and for the nine months ended September 30, 2016, also reflects adjustments relating to certain other one-time expenses incurred in connection with this offering as described in the following notes.

Invitation Homes
Unaudited Pro Forma Combined and Consolidated Balance Sheet
As of September 30, 2016

(\$ in thousands)	Invitation Homes Actual (unaudited)	(A) Reorganization Transactions and Financings	Subtotal	(B) Offering Adjustments	Invitation Homes Inc. Pro Forma
Assets:					
Investments in single-family residential properties:					
Land	\$2,702,656				
Building and improvements	7,091,594				
	9,794,250				
Less: accumulated depreciation	(727,175)				
Investments in single-family residential properties, net	9,067,075				
Cash and cash equivalents	274,140				
Restricted cash	272,690				
Amounts deposited and held by others	4,419				
Other assets, net	292,109				
Total assets	\$9,910,433				
Liabilities:					
Credit facilities, net	\$2,407,364				
Mortgage loans, net	5,261,832				
Warehouse loans	11,760				
Accounts payable and accrued expenses	136,838				
Resident security deposits	85,781				
Other liabilities	20,392				
Total liabilities	7,923,967				
Equity:					
Combined equity	1,986,466				
Shareholders' equity					
Common stock (C)	—				
Additional paid-in capital	—				
Accumulated deficit	—				
Distributions in excess of accumulated deficit	—				
Total shareholders' equity	—				
Total equity	1,986,466				
Total liabilities and equity	\$9,910,433				

Invitation Homes
Unaudited Pro Forma Combined and Consolidated Statement of Operations
For the Nine Months Ended September 30, 2016

(\$ in thousands, except per share data)	Invitation Homes Actual (unaudited)	(D) Reorganization Transactions and Financings	Subtotal	(E) Offering Adjustments	Invitation Homes Inc. Pro Forma
Revenues:					
Rental revenues	\$ 654,726				
Other property income	33,310				
Total revenues	688,036				
Operating expenses:					
Property operating and maintenance	270,494				
Property management expense	22,638				
General and administrative	49,579				
Depreciation and amortization	198,261				
Impairment and other	1,642				
Total operating expenses	542,614				
Operating income (loss)	145,422				
Other income (expenses):					
Interest expense	(209,165)				
Other	(1,025)				
Total other income (expenses)	(210,190)				
Loss from continuing operations	(64,768)				
Gain on sale of property	13,178				
Net loss	\$ (51,590)				
Net loss per share					
Basic					
Diluted					
Weighted average shares outstanding					
Basic					
Diluted					

Invitation Homes
Unaudited Pro Forma Combined and Consolidated Statement of Operations
For the Year Ended December 31, 2015

(\$ in thousands, except per share data)	Invitation Homes Actual (unaudited)	(D) Reorganization Transactions and Financings	Subtotal	(E) Offering Adjustments	Invitation Homes Inc. Pro Forma
Revenues:					
Rental revenues	\$ 800,210				
Other property income	35,839				
Total revenues	836,049				
Operating expenses:					
Property operating and maintenance	347,962				
Property management expense	39,459				
General and administrative	79,428				
Depreciation and amortization	250,239				
Impairment and other	4,584				
Total operating expenses	721,672				
Operating income (loss)	114,377				
Other income (expenses):					
Interest expense	(273,736)				
Other	(3,121)				
Total other income (expenses)	(276,857)				
Loss from continuing operations	(162,480)				
Gain on sale of property	2,272				
Net loss	\$ (160,208)				
Net loss per share					
Basic					
Diluted					
Weighted average shares outstanding					
Basic					
Diluted					

1. Adjustments to the Unaudited Pro Forma Combined and Consolidated Balance Sheet as of September 30, 2016

- (A) Reflects the receipt by our pre-IPO owners of newly issued shares of Invitation Homes Inc. pursuant to the Reorganization Transactions with a value of \$ million based on an assumed initial public offering price of \$ per share (which is the midpoint of the price range set forth on the cover page of this prospectus). Subsequently, Invitation Homes Inc. will issue to investors in this offering shares of common stock (assuming no exercise by the underwriters of their option to purchase additional shares) with a value of \$ million based on an assumed initial public offering price of \$ per share (which is the midpoint of the price range set forth on the cover page of this prospectus).

The allocation of consideration to our pre-IPO owners in respect of each of the IH Holding Entities is based on our preliminary estimates and is subject to change based on the final determination of the fair value attributable

to the interests exchanged at the time of the Reorganization Transactions and the Financings. These estimates were based on our preliminary analysis and comparable market transactions, which included a preliminary evaluation of the fair values ascribed to homes owned by each of the IH Holding Entities relative to the overall value of Invitation Homes Inc. based on an assumed initial public offering price of \$ per share (which is the midpoint of the price range set forth on the cover page of this prospectus).

In connection with the Reorganization Transactions, we expect to incur transaction costs of \$ million, which relate to, among other things, transfer taxes, title costs, and advisor fees. These transaction costs will, for accounting purposes, be reflected as expenses, except for those costs directly attributable to the issuance of equity to our pre-IPO owners, which will be accounted for as a reduction to additional paid in capital. Accordingly, for purposes of the unaudited pro forma combined and consolidated balance sheet, \$ million of transaction costs have been reflected as an adjustment to additional paid in capital.

We expect to complete one or more of the Financings prior to or concurrently with the completion of this offering, including the refinancing of certain of existing indebtedness, which we expect will result in an estimated net increase (decrease) of our outstanding indebtedness as of September 30, 2016 of between \$ million and \$ million. We may incur issuance costs related to the Financings consisting of fees paid to the lenders, fees paid to third parties for legal and advisory services, and closing costs. These costs will be capitalized within the unaudited pro forma combined and consolidated balance sheet and offset by accelerated amortization attributable to capitalized costs related to the outstanding indebtedness repaid. Capitalized issuance costs will be amortized as additional interest expense over the terms of the Financings. We have not yet identified the specific indebtedness to be repaid or refinanced or specific sources of funds. There can be no assurance that any such financing transactions will be completed in the time frame or size indicated or at all.

- (B) Reflects gross proceeds from the offering of \$ million, which will be reduced by \$ million, which includes \$ million paid to date. This results in net proceeds of \$ million. The underwriting discounts, legal, and other costs payable by us will be charged against the gross offering proceeds upon completion of this offering.

We anticipate using \$ million of the net proceeds of this offering (after deducting estimated underwriting discounts) to (i) pay for legal and other costs of \$ million payable by us, and (ii) repay \$ million of aggregate outstanding indebtedness.

The allocation of pro forma total equity as of September 30, 2016 is based on the issuance of million shares of common stock of Invitation Homes Inc. in connection with this offering.

Prior to the Reorganization Transactions and the offering, Incentive Units (as defined in “Management—Executive Compensation”) were granted in one or more of IH1, the IH2 Promote Partnerships (as defined in “Management—Executive Compensation”), IH3, IH4 and IH5. As part of the offering, we may modify or make adjustments to these awards in order to align equity incentive holders’ interests with the investors in this offering.

- (C) Common stock has a par value of \$0.01 per share, with shares authorized and shares issued and outstanding.

2. Adjustments to the Unaudited Pro Forma Combined and Consolidated Statements of Operations

- (D) Reflects the increase (decrease) of interest expense attributable to the consummation of the Financings as discussed in Note (A) above.

A 0.125 % change in the weighted average interest rate on our pro forma indebtedness before giving effect to the Offering Adjustments would change the pro forma interest expense by \$ million and \$ million for the nine months ended September 30, 2016 and the year ended December 31, 2015, respectively.

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The following table summarizes the interest expense adjustment:

	Nine Months Ended September 30, 2016		Year Ended December 31, 2015	
	Principal Balance Increase / (Decrease)	Interest Expense Increase / (Decrease)	Principal Balance Increase / (Decrease)	Interest Expense Increase / (Decrease)
Repayment of outstanding indebtedness	\$	\$	\$	\$
Issuance of new indebtedness				
Net adjustment to Pro Forma interest expense		\$		\$

(E) Reflects the decrease of interest expense attributable to the anticipated repayment of outstanding indebtedness with the proceeds of this offering as discussed in Note (B) above.

If the aggregate principal amount of indebtedness repaid with proceeds of this offering were increased (or decreased) by \$1.0 million, the weighted average pro forma interest expense on our total pro forma indebtedness would decrease (or increase) by \$ and \$ for the nine months ended September 30, 2016 and the year ended December 31, 2015, respectively.

The following table summarizes the interest expense adjustment:

	Nine Months Ended September 30, 2016		Year Ended December 31, 2015	
	Principal Balance Decrease	Interest Expense Decrease	Principal Balance Decrease	Interest Expense Decrease
Repayment of outstanding indebtedness	\$	\$	\$	\$
Net adjustment to Pro Forma interest expense		\$		\$

Prior to the Reorganization Transactions and the offering, Incentive Units were granted in one or more of IH1, the IH2 Promote Partnerships, IH3, IH4, and IH5. As part of the offering, in order to align equity incentive holders' interests with the investors in the offering, Incentive Units held by our executives will be converted for shares of common stock of Invitation Homes Inc. in a manner intended to replicate the economic benefit provided by such Incentive Units based upon the valuation derived from the initial public offering price. In addition, in connection with this offering, we expect to replace awards in the supplemental bonus pool with awards of time-vesting restricted stock units.

Expenses incurred and paid totaled \$ million in other fees and expenses related to professional services and administrative and other costs in connection with the offering which are reflected in other. These costs are in addition to a reduction in gross proceeds from the offering related to underwriting discounts, legal, and other costs payable by us described in Note (B) above.

For purposes of calculating pro forma net income or loss per share of common stock, the number of shares of common stock of Invitation Homes Inc. outstanding is calculated as follows:

	Nine Months Ended September 30, 2016	Year Ended December 31, 2015
Shares outstanding immediately following the Pre-IPO Transactions		
Total shares issued in this offering		
Total pro forma Invitation Homes Inc. shares outstanding		

The weighted-average shares of common stock outstanding are calculated as follows:

	Nine Months Ended September 30, 2016	Year Ended December 31, 2015
Invitation Homes Inc. shares outstanding		
Invitation Homes Inc. weighted-average shares outstanding		

SELECTED FINANCIAL INFORMATION

The selected combined and consolidated financial and operating data set forth below as of December 31, 2015 and 2014 and for each of the years ended December 31, 2015 and 2014 has been derived from our audited combined and consolidated financial statements included elsewhere in this prospectus. The selected condensed combined and consolidated financial and operating data set forth below as of September 30, 2016 and for the nine months ended September 30, 2016 and 2015 has been derived from our unaudited condensed combined and consolidated financial statements included elsewhere in this prospectus. Results for the nine months ended September 30, 2016 are not necessarily indicative of results that may be expected for the entire year.

Because the information presented below is only an unaudited summary and does not provide all of the information contained in our historical combined and consolidated financial statements, including the related notes, you should read it in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Unaudited Pro Forma Financial Information” and our historical combined and consolidated financial statements, including the related notes, included elsewhere in this prospectus.

Selected Statement of Operations Data: (\$ in thousands)	Nine Months Ended September 30,		Year Ended December 31,	
	2016	2015	2015	2014
	(unaudited)			
Revenue				
Rental revenues	\$ 654,726	\$ 587,913	\$ 800,210	\$ 631,115
Other property income	33,310	31,451	35,839	27,607
Total revenues	688,036	619,364	836,049	658,722
Operating expenses				
Property operating and maintenance	270,494	257,130	347,962	320,658
Property management expense	22,638	31,568	39,459	62,506
General and administrative	49,579	59,534	79,428	88,177
Depreciation and amortization	198,261	186,448	250,239	215,808
Impairment and other	1,642	3,943	4,584	3,396
Total operating expenses	542,614	538,623	721,672	690,545
Operating income (loss)	145,422	80,741	114,377	(31,823)
Other income (expenses)				
Interest expense	(209,165)	(204,130)	(273,736)	(235,812)
Other	(1,025)	(552)	(3,121)	(1,991)
Total other income (expenses)	(210,190)	(204,682)	(276,857)	(237,803)
Loss from continuing operations	(64,768)	(123,941)	(162,480)	(269,626)
Gain (loss) on sale of property	13,178	2,275	2,272	(235)
Net loss	\$ (51,590)	\$ (121,666)	\$ (160,208)	\$ (269,861)

Selected Balance Sheet Data: (\$ in thousands)	As of September 30, 2016 (unaudited)	As of December 31, 2015
Investments in single-family residential properties, net	\$ 9,067,075	\$ 9,052,701
Cash and cash equivalents	274,140	274,818
Other assets, net	569,218	469,459
Total assets	\$ 9,910,433	\$ 9,796,978
Total debt	\$ 7,680,956	\$ 7,725,957
Total liabilities	7,923,967	7,909,947
Total equity	1,986,466	1,887,031
Total liabilities and equity	\$ 9,910,433	\$ 9,796,978

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read together with the "Selected Financial Data," "Business," "Unaudited Pro Forma Financial Information," the September 30, 2016 and 2015 condensed combined and consolidated financial statements, and the December 31, 2015 and 2014 combined and consolidated financial statements that are included elsewhere in this prospectus. This discussion and analysis contains forward-looking statements based upon our current expectations that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors," "Forward-Looking Statements," or in other parts of this prospectus.

Overview

We are a leading owner and operator of single-family rental homes in the United States. Our portfolio of nearly 50,000 high quality homes is wholly owned and is concentrated in attractive in-fill submarkets of major MSAs. We have selected locations with strong demand drivers, high barriers to entry, and high rent-growth potential, primarily in the Western United States and Florida. Through disciplined market and asset selection, we designed our portfolio to capture the operating benefits of local density as well as economies of scale that we believe cannot be readily replicated. Since our founding in 2012, we have built a proven, vertically integrated operating platform that allows us to effectively and efficiently acquire, renovate, lease, maintain and manage our homes.

In April 2012, we began purchasing single-family rental homes, and by December 31, 2012, we owned over 11,000 homes in 12 markets. Our rapid acquisition pace continued, and by December 31, 2013 and 2014, our portfolio included approximately 39,000 and 46,000 homes, respectively, and had expanded to 13 markets across 10 states. Since inception, we have invested approximately \$1,300.0 million of additional capital in the form of improvements into our homes that we still own as part of the initial renovation of acquired homes, as well as ongoing general maintenance and upkeep.

As of September 30, 2016, we owned 48,431 single-family rental homes and had an additional 73 homes in escrow that we expected to acquire, subject to customary closing conditions. Of the 73 homes in escrow as of September 30, 2016, 14 were in Phoenix, 12 were in Southern California, 10 were in Seattle, 10 were in Orlando, 9 were in Las Vegas, 7 were in South Florida, 4 were in Tampa, 3 were in Atlanta, 3 were in Charlotte and 1 was in Northern California. As of September 30, 2016, we had 36,569 homes in our Same Store portfolio (consisting of homes which had commenced their initial post-renovation lease prior to October 3, 2014). References to our Same Store portfolio (consisting of homes which had commenced their initial post-renovation lease prior to the first year of the comparison period) for the nine month periods ended September 30, 2016 and 2015 are for these 36,569 homes, and for the years ended December 31, 2015 and 2014 are to a Same Store portfolio of 18,762 homes.

We have historically funded the purchase and renovation of our single-family rental homes with a combination of equity capital, warehouse loans from our Sponsor, and borrowings under credit facilities of up to 75% of the acquisition and renovation costs. In November 2013, we were the first single-family residential rental home owner and operator to securitize loans on certain of our homes through the creation of a new type of residential real estate asset-backed securitization class that combines characteristics of traditional residential mortgage-backed securities ("RMBS") and commercial mortgage-backed securities ("CMBS"). Like RMBS, the underlying assets of this new type of residential real estate asset-backed securitization are single-family homes. Like CMBS, the underlying borrower for this new type of residential real estate asset-backed securitization is a business, not an individual homeowner, and the cash flow comes from rental, rather than mortgage, payments. We refer to these securitized loans as our "mortgage loans." This initial mortgage loan financing totaled \$479.1 million, and to date we have executed a total of \$5,334.0 million of mortgage loan financings to refinance certain of our credit facility balances.

The historical combined and consolidated financial information discussed below reflects the financial position and results of operations for the IH Holding Entities and is presented on a historical cost basis. Such historical information does not reflect the impact of certain transactions and arrangements we expect to enter into in connection with this offering, including certain financing transactions and changes to our compensation plans. Refer to “Unaudited Pro Forma Financial Information” for information regarding the financial statement impact of changes to our financing and compensation arrangements, as well as other pro forma adjustments.

Factors That Affect Our Results of Operations and Financial Condition

Our results of operations and financial condition are affected by numerous factors, many of which are beyond our control. Key factors that impact our results of operations and financial condition include market fundamentals, property acquisitions and renovations, rental rates and occupancy levels, turnover and days to re-resident homes, property improvements and maintenance, and financing arrangements.

Market Fundamentals: Our results are impacted by housing market fundamentals and supply and demand conditions in our markets, particularly in the Western United States and Florida, which represented 72% of our revenues during the three months ended September 30, 2016. In recent periods, our Western United States and Florida markets have experienced favorable demand fundamentals with employment growth and household formation rates that have exceeded the U.S. averages, while exhibiting a greater decline in the rate of new supply deliveries (measured by total housing permits as a percentage of households) from their long-term averages than the United States on the whole. We believe these favorable supply and demand fundamentals have driven strong rental rate growth and home price appreciation for our Western United States and Florida markets in recent periods compared to the U.S. average, and we expect these trends to continue in the near to intermediate term. For additional information, see “Industry Overview—Fundamentals in Invitation Homes’ Markets.”

Property Acquisitions and Renovations: Future growth in rental revenues and operating income may be impacted by our ability to identify and acquire homes, our pace of property acquisitions, and the time and cost required to renovate and lease a newly acquired home. Our ability to identify and acquire single-family homes that meet our investment criteria is impacted by home prices in targeted acquisition locations, the inventory of homes available for sale through our acquisition channels, and competition for our target assets. The acquisition of homes involves expenditures in addition to payment of the purchase price, including payments for acquisition fees, property inspections, closing costs, title insurance, transfer taxes, recording fees, broker commissions, property taxes and HOA fees (when applicable). Additionally, we typically incur costs to renovate a home to prepare it for rental. Renovation work varies, but may include paint, flooring, carpeting, cabinetry, appliances, plumbing hardware, roof replacement, HVAC replacement, and other items required to prepare the home for rental. The time and cost involved in accessing our homes and preparing them for rental can significantly impact our financial performance. The time to renovate a newly acquired property can vary significantly among homes for several reasons, including the property’s acquisition channel, the condition of the property, and whether the property was vacant when acquired. Due to our size and scale both nationally and locally, we believe we are able to purchase goods and services at favorable prices.

Rental Rates and Occupancy Levels: Rental rates and occupancy levels are primary drivers of rental revenues and other property income. Our rental rates and occupancy levels are affected by macroeconomic factors and local and property-level factors, including market conditions, seasonality, resident defaults, and the amount of time it takes to prepare a home for its next resident and re-lease homes when residents vacate. An important driver of rental rate growth is our ability to increase monthly rents from expiring leases, which typically have a term of one to two years.

Turnover and Days to Re-Resident: Other drivers of rental revenues and property operating and maintenance expense include increasing the length of stay of our residents, minimizing resident turnover rates, and reducing the number of days a home is unoccupied between residents. Our operating results also are impacted by the amount of time it takes to market and lease a property. The period of time to market and lease a

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property can vary greatly and is impacted by local demand, our marketing techniques, the size of our available inventory, and economic conditions and outlook. Increases in turnover rates and the average number of days to re-resident increase property operating and maintenance expenses and reduce rental revenues as the homes are not generating income during this period.

Property Improvements and Maintenance: Property improvements and maintenance impact capital expenditures, property operating and maintenance expense, and rental revenues. We actively manage our homes on a total portfolio basis to determine what capital and maintenance needs may be required, and what opportunities we may have to generate additional revenues or expense savings from such expenditures. Due to our size and scale both nationally and locally, we believe we are able to purchase goods and services at favorable prices.

Financing Arrangements: Financing arrangements directly impact interest expense, credit facilities, mortgage loans, and warehouse loans, as well as our ability to acquire and renovate homes. We have historically utilized credit facilities and warehouse loans to acquire and renovate new homes. In certain instances we have refinanced our credit facilities and warehouse loans utilizing mortgage loans. Our current financing arrangements contain variable interest rate terms, along with certain financial covenants. Interest rates are impacted by the characteristics of our homes, market conditions, and the terms of the underlying financing arrangements. See “—Quantitative and Qualitative Disclosures about Market Risk” within this section for further discussion regarding interest rate risk. Our future financing arrangements may not have similar terms with respect to amounts, interest rates, financial covenants, and durations. Refer to “Unaudited Pro Forma Financial Information” for information and the pro forma financial statement impact of changes to our financing arrangements.

Components of Revenues and Expenses

The following is a description of the components of our revenues and expenses:

Revenues

Rental Revenues

Rental revenues, net of any concessions and uncollectible amounts, consist of rents collected under lease agreements related to our single-family rental homes. These include leases that we enter into directly with our residents, which typically have a term of one to two years.

Other Property Income

Other property income is comprised of: (i) resident reimbursements for utilities, HOA fines, and other charge-backs; (ii) rent and non-refundable deposits associated with pets; and (iii) various other fees including application and lease termination fees.

Expenses

Property Operating and Maintenance

Once a property is available for its initial lease, which we refer to as “rent-ready,” we incur ongoing property-related expenses, which consist primarily of property taxes, insurance, HOA fees (when applicable), market-level personnel expenses, utility expenses, repairs and maintenance, leasing costs and marketing. Prior to a property being “rent-ready,” certain of these expenses are capitalized as building and improvements. Once a property is “rent-ready,” expenditures for ordinary maintenance and repairs thereafter are expensed as incurred and we capitalize expenditures that improve or extend the life of a home.

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Property Management Expense

Property management expense represents personnel and other costs associated with oversight and management of our portfolio of homes. All of our homes are managed through our internal property manager.

General and Administrative

General and administrative expense represents personnel costs, professional fees, and other costs associated with running our day to day activities. We expect to incur additional legal, accounting and other expenses that we have not incurred as a private company, including costs associated with public company reporting requirements. As a result, general and administrative expense in the historical periods discussed in “—Results of Operations” may not be comparable to general and administrative expense in periods following the offering.

Noncash Incentive Compensation Expense

Certain current and former employees, as well as certain of our founders, were granted Class B incentive units in certain of the IH Holding Entities or their parent entities. We have recognized noncash incentive compensation expense related to the value of those units in our results of operations as a component of general and administrative expense and property management expense. In connection with the offering, we may modify or make adjustments to certain of our incentive awards in order to align our employees’ interests with the investors in the offering. Such adjustments may impact noncash incentive compensation expense in periods following the offering. See “Unaudited Pro Forma Financial Information” for additional information.

Depreciation and Amortization

We recognize depreciation and amortization expense associated primarily with our homes and other capital expenditures over their expected useful lives.

Impairment and Other

Impairment and other represents provisions for impairment when the carrying amount of our single-family residential properties is not recoverable and casualty losses, net of any insurance recoveries.

Interest Expense

Interest expense includes interest expense as well as amortization of discounts and deferred financing costs from our financing arrangements. Interest expense in the historical periods discussed in “—Results of Operations” does not reflect the impact of certain financing transactions that we may complete prior to or concurrently with the completion of this offering or the repayment of certain indebtedness with a portion of the net proceeds from this offering. See “Unaudited Pro Forma Financial Information” for additional information.

Other

Other includes acquisition costs, interest income, and other miscellaneous income and expenses.

Gain (Loss) on Sale of Property

Gain (loss) on sale of property consists of gains and losses resulting from sales of our homes.

Results of Operations**Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015**

The following table sets forth a comparison of the results of operations for the nine months ended September 30, 2016 and the nine months ended September 30, 2015:

(\$ in thousands)	Nine Months Ended September 30,		\$ Change	% Change
	2016	2015		
	(unaudited)			
Revenues:				
Rental revenues	\$ 654,726	\$ 587,913	\$ 66,813	11.4%
Other property income	33,310	31,451	1,859	5.9%
Total revenues	688,036	619,364	68,672	11.1%
Operating expenses:				
Property operating and maintenance	270,494	257,130	13,364	5.2%
Property management expense	22,638	31,568	(8,930)	(28.3)%
General and administrative	49,579	59,534	(9,955)	(16.7)%
Depreciation and amortization	198,261	186,448	11,813	6.3%
Impairment and other	1,642	3,943	(2,301)	(58.4)%
Total operating expenses	542,614	538,623	3,991	0.7%
Operating income (loss)	145,422	80,741	64,681	80.1%
Other income (expenses)				
Interest expense	(209,165)	(204,130)	5,035	2.5%
Other	(1,025)	(552)	473	85.7%
Total other income (expenses)	(210,190)	(204,682)	5,508	2.7%
Loss from continuing operations	\$ (64,768)	\$ (123,941)	\$ (59,173)	(47.7)%

Rental Revenues

As of September 30, 2016 and 2015, we owned 48,431 and 47,454 single-family rental homes, respectively, generating rental revenue of \$654.7 million and \$587.9 million, respectively, for the nine months then ended. Rental revenues increased 11.4% due to an increase in both average occupancy and average monthly rent per occupied home, as well as the increase in the number of homes owned. During the nine months ended September 30, 2016 and 2015, we acquired 1,135 and 2,851 homes, respectively, and sold 842 and 1,440 homes, respectively.

Our total portfolio average occupancy for the nine months ended September 30, 2016 and 2015 was 94.6% and 93.3%, respectively. Our total portfolio average rent per occupied home in actual dollars for the nine months ended September 30, 2016 was \$1,600, compared to \$1,502 for the nine months ended September 30, 2015, a 6.5% increase.

For our Same Store portfolio (consisting of homes which had commenced their initial post-renovation lease prior to October 3, 2014), our average occupancy for both of the nine months ended September 30, 2016 and 2015 was 96.1%. Our Same Store portfolio average rent per occupied home in actual dollars for the nine months ended September 30, 2016 was \$1,603, compared to \$1,538 for the nine months ended September 30, 2015, a 4.2% increase.

To monitor prospective changes in average rent per occupied home, we compare the monthly rent from an expiring lease to the monthly rent from the next lease for the same home, in each case, net of any amortized concessions. Leases are either renewal leases, where our current resident stays for a subsequent lease term, or a

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new lease, where our previous resident moves out and a new resident signs a lease to occupy the same home. The following information regarding our renewal leases and new leases is with respect to our total portfolio. For the nine months ended September 30, 2016 and 2015, renewal lease net effective rental rate growth averaged 5.5% and 5.1%, respectively. For the nine months ended September 30, 2016 and 2015, new lease net effective rental rate growth averaged 6.2% and 4.9%, respectively.

For the nine months ended September 30, 2016 and 2015, annualized turnover rate for our Same Store portfolio (consisting of homes which had commenced their initial post-renovation lease prior to October 3, 2014) was 37.2% and 36.4%, respectively. For our total portfolio, an average home remained unoccupied for 40 days between residents for each of the nine months ended September 30, 2016 and 2015.

Other Property Income

For the nine months ended September 30, 2016 and 2015, other property income was \$33.3 million and \$31.5 million, respectively, a 5.9% increase. The primary drivers for the increase were utility recoveries and miscellaneous revenues associated with the ongoing implementation of our national lease, which standardized resident fees across the portfolio.

Operating Expenses

Operating expenses were \$542.6 million and \$538.6 million for the nine months ended September 30, 2016 and 2015, respectively. Set forth below is a discussion of changes in the individual components of operating expenses.

Property operating and maintenance expense increased to \$270.5 million for the nine months ended September 30, 2016 from \$257.1 million for the nine months ended September 30, 2015 due to the increase in the number of homes owned and increases in property taxes for homes owned in both periods, partially offset by reduced market-level personnel expense.

Property management expense and general and administrative expense decreased to \$72.2 million for the nine months ended September 30, 2016 from \$91.1 million for the nine months ended September 30, 2015 due to efficiencies from lower headcount, a decrease in noncash incentive compensation expense of \$9.2 million, and a reduction in severance expense of \$4.3 million, partially offset by \$4.1 million of expenses incurred in preparation for a public offering. Noncash incentive compensation expense decreased due to an overall reduction in the number of unvested Class B units and in the weighted average fair value per unit of previously issued non-employee Class B units. This decrease was partially offset by an increase in the number of new Class B units during the nine months ended September 30, 2016 as compared to the nine months ended September 30, 2015.

Depreciation and amortization expense increased due to the increase in the number of homes owned.

Interest Expense

Interest expense was \$209.2 million and \$204.1 million for the nine months ended September 30, 2016 and 2015, respectively. The increase was due to an increase in the average monthly LIBOR rates of 28 basis points from 0.18% to 0.46% during the nine months ended September 30, 2015 and 2016, respectively, partially offset by a reduction in amortization of deferred financing costs of \$11.2 million and a reduction in average debt balances outstanding.

Gain on Sale of Property

Gain on sale of property was \$13.2 million and \$2.3 million for the nine months ended September 30, 2016 and 2015, respectively. Of the 842 homes sold during the nine months ended September 30, 2016, 590 were sold

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in a bulk sale for a gain of \$9.4 million. Of the 1,440 homes sold during the nine months ended September 30, 2015, 1,314 homes were sold in a bulk sale for a gain of \$1.5 million. The primary driver for the difference in the gain on sale between periods was the composition of homes sold during the respective period.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

The following table sets forth a comparison of the results of operations for the year ended December 31, 2015 and the year ended December 31, 2014:

(\$ in thousands)	Year Ended December 31,		\$ Change	% Change
	2015	2014		
Revenues:				
Rental revenues	\$ 800,210	\$ 631,115	\$ 169,095	26.8%
Other property income	35,839	27,607	8,232	29.8%
Total revenues	836,049	658,722	177,327	26.9%
Operating expenses:				
Property operating and maintenance	347,962	320,658	27,304	8.5%
Property management expense	39,459	62,506	(23,047)	(36.9)%
General and administrative	79,428	88,177	(8,749)	(9.9)%
Depreciation and amortization	250,239	215,808	34,431	16.0%
Impairment and other	4,584	3,396	1,188	35.0%
Total operating expenses	721,672	690,545	31,127	4.5%
Operating income (loss)	114,377	(31,823)	146,200	459.4%
Other income (expenses):				
Interest expense	(273,736)	(235,812)	37,924	16.1%
Other	(3,121)	(1,991)	1,130	56.8%
Total other income (expenses)	(276,857)	(237,803)	39,054	16.4%
Loss from continuing operations	\$(162,480)	\$(269,626)	\$107,146	39.7%

Rental Revenues

As of December 31, 2015 and 2014, we owned 48,138 and 46,043 single-family rental homes, respectively, generating rental revenue of \$800.2 million and \$631.1 million, respectively, for the years then ended. Rental revenues increased 26.8% due to an increase in both average occupancy and average monthly rent per occupied home, as well as the increase in number of homes owned. During the year ended December 31, 2015 and 2014 we acquired 3,576 and 7,183 homes, respectively, and sold 1,481 and 100 homes, respectively.

Average occupancy for the total portfolio was 93.4% and 85.9% for the years ended December 31, 2015 and 2014, respectively. The increase in average occupancy correlates with the decrease in the number of homes acquired during 2015 compared to 2014 as homes are unoccupied for a longer period of time during initial renovations than during a re-resident period. Average rent per occupied home in actual dollars for the year ended December 31, 2015 was \$1,515, compared to \$1,424 for the year ended December 31, 2014, a 6.4% increase.

For our Same Store portfolio (consisting of homes which had commenced their initial post-renovation lease prior to October 3, 2013), our average occupancy was 96.2% and 95.6% for the years ended December 31, 2015 and 2014, respectively, and our average rent per occupied home in actual dollars for the year ended December 31, 2015, was \$1,502, compared to \$1,451 for the year ended December 31, 2014, a 3.5% increase.

For the years ended December 31, 2015 and 2014, renewal lease net effective rental rate growth for the total portfolio averaged 5.1% and 4.7%, respectively. For the years ended December 31, 2015 and 2014, new lease net effective rental rate growth for the total portfolio averaged 4.3% and 3.6%, respectively.

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For the years ended December 31, 2015 and 2014, the turnover rate for our Same Store portfolio (consisting of homes which had commenced their initial post-renovation lease prior to October 3, 2013) was 34.4% and 32.8%, respectively. For our total portfolio, the number of days an average home remained unoccupied between residents was 42 and 47 days for the years ended December 31, 2015 and 2014, respectively.

Other Property Income

For the years ended December 31, 2015 and 2014, other property income was \$35.8 million and \$27.6 million, respectively, a 29.8% increase. The primary drivers for the increase were utility recoveries and miscellaneous revenues.

Operating Expenses

Operating expenses were \$721.7 million and \$690.5 million for the years ended December 31, 2015 and 2014, respectively, a 4.5% increase. The net increase in operating expenses was driven by the following:

Property operating and maintenance expense increased to \$348.0 million for the year ended December 31, 2015 from \$320.7 million for the year ended December 31, 2014 due to the increase in the number of homes owned in 2015 and increases in property taxes for homes owned in both periods, partially offset by reduced market-level personnel expense.

Property management expense and general and administrative expense decreased to \$118.9 million for the year ended December 31, 2015 from \$150.7 million for the year ended December 31, 2014 due to efficiencies from lower headcount and a reduction in severance expense of \$8.0 million. These reductions were partially offset by an increase in noncash incentive compensation expense of \$3.6 million, due to the issuance of additional Class B units, which was partially offset by an overall decrease in the weighted average fair value per unit of Class B units previously issued to non-employees.

Depreciation and amortization expense increased due to the increase in the number of homes owned during the year ended December 31, 2015.

Interest Expense

Interest expense was \$273.7 million and \$235.8 million for the years ended December 31, 2015 and 2014, respectively, a 16.1% increase. The increase in interest expense was due to the increase in debt outstanding during the two years. As of December 31, 2015, we had \$7,726.0 million of debt outstanding, net of deferred financing costs, compared to \$6,564.6 million as of December 31, 2014, a 17.7% increase. The increase in debt outstanding was attributable to increased leverage from mortgage loans of \$2,370.9 million, which were used to repay \$1,955.0 million of our credit facilities. Additional credit facility borrowings totaled \$901.6 million and were utilized to fund acquisitions and improvements.

Liquidity and Capital Resources

Our liquidity and capital resources as of September 30, 2016 and December 31, 2015, included unrestricted cash and cash equivalents of \$274.1 million and \$274.8 million, respectively, a 0.3% decrease.

Liquidity is a measure of our ability to meet potential cash requirements, maintain our assets, fund our operations, make distributions and dividend payments to our equity investors and meet other general requirements of our business. Our liquidity, to a certain extent, is subject to general economic, financial, competitive and other factors beyond our control. Our near-term liquidity requirements consist primarily of: (i) renovating newly-acquired homes; (ii) funding HOA fees (as applicable), real estate taxes, insurance premiums, the ongoing maintenance for our homes; and (iii) interest expense. Our long-term liquidity requirements consist primarily of funds necessary to pay for the acquisition of and non-recurring capital expenditures for our homes, principal payments on our indebtedness, and payment of distributions and dividends to our equity investors.

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We will seek to satisfy our long-term liquidity needs through cash provided by operations, long-term secured and unsecured borrowings, the issuance of debt and equity securities, and property dispositions. We have financed our operations and acquisitions to date through cash provided by operations, capital contributions from our equity investors, and financing arrangements. We believe our rental income net of operating expenses will generally provide cash flow sufficient to fund our operations and distributions and dividend payments on a near-term basis. Our real estate assets are illiquid in nature. A timely liquidation of assets may not be a viable source of short-term liquidity should a cash flow shortfall arise, and we may need to source liquidity from other financing alternatives.

As a REIT, Invitation Homes Inc. will be required to distribute to its stockholders at least 90% of its taxable income, excluding net capital gain, on an annual basis. Therefore, as a general matter, it is unlikely that we will be able to retain substantial cash balances that could be used to meet our liquidity needs from our annual taxable income. Instead, we will need to meet these needs from external sources of capital and amounts, if any, by which our cash flow generated from operations exceeds taxable income.

We have historically utilized credit facilities, mortgage loans and warehouse loans from our Sponsor to fund acquisitions and renovation improvements. As of December 29, 2016, we have repaid all outstanding borrowings under the warehouse loans and do not expect to obtain warehouse loans from our Sponsor in the future.

The following describes the key terms and conditions of our credit facilities, mortgage loans and warehouse loans.

Credit Facilities

Our credit facilities were comprised of the following as of September 30, 2016 and December 31, 2015 (\$ in thousands):

Credit Facility	Origination Date	Maturity Date (1)	Interest Rate (2)	Outstanding Principal Balance (3)	
				As of September 30, 2016 (4) (unaudited)	As of December 31, 2015
IH1 2015 (5)	April 3, 2015	October 3, 2017	3.28%	\$ 118,976	\$ 161,105
IH2 2015 (6)	September 29, 2015	March 29, 2017	3.28%	63,373	116,109
IH3 2013 (7)	December 19, 2013	June 30, 2017	3.53%	938,921	958,622
IH4 2014 (8)	May 5, 2014	May 5, 2017	3.54%	549,304	556,987
IH5 2014 (9)	December 5, 2014	June 5, 2017	3.03%	577,238	563,125
IH6 2016 (10)	April 13, 2016	April 13, 2018	3.13%	166,144	—
Total				2,413,956	2,355,948
Less deferred financing costs, net				(6,592)	(8,207)
Total				\$ 2,407,364	\$ 2,347,741

(1) The maturity dates above are reflective of all extensions that have been exercised.

(2) Interest rates are based on a spread to LIBOR; and as of September 30, 2016, LIBOR was 0.53%.

(3) Outstanding Principal Balance does not include capitalized deferred financing costs, net.

(4) From October 1, 2016 to January 4, 2017, we made repayments of \$92.4 million on our credit facilities. Included in this amount, on December 16, 2016, we made voluntary repayments of \$32.0 million on the IH1 2015 credit facility, \$15.0 million on the IH2 2015 credit facility, \$15.0 million on the IH4 2014 credit facility and \$11.0 million on the IH5 2014 credit facility, which were funded by operating cash flows and the release of restricted cash.

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- (5) Right to borrow up to \$144.5 million and \$180.0 million as of September 30, 2016 and December 31, 2015, respectively; bears interest at LIBOR + 275 basis points; and has an unused commitment fee of 50 basis points per year. On September 2, 2016, we submitted a notification to request an extension of the maturity of IH1 2015 from its initial maturity of October 3, 2016. The maturity date of the facility was subsequently extended for twelve months after its initial maturity date to October 3, 2017.
- (6) Right to borrow up to \$105.8 million and \$125.0 million at September 30, 2016 and December 31, 2015, respectively; bears interest at LIBOR + 275 basis points, and has an unused commitment fee of 50 basis points per year. Subject to certain conditions being met, has an optional twelve month extension.
- (7) Right to borrow up to \$966.0 million, bears interest at either LIBOR + 275 or 400 basis points (depending on the nature of the financed property), and has an unused commitment fee of 50 basis points per year. The facility was extended for six months after its initial maturity of December 18, 2015. An extension fee of 0.25% was paid in connection with the extension. On May 27, 2016, the credit facility was amended to extend the maturity date from June 17, 2016 to June 30, 2017, bearing interest at either LIBOR + 300 or 425 basis points (depending on the nature of the financed property) during the extended period.
- (8) Right to borrow up to \$570.0 million, bears interest at either LIBOR + 300 or 425 basis points as of September 30, 2016 or LIBOR + 275 or 400 basis points as of December 31, 2015 (depending on the nature of the financed property), and has an unused commitment fee of 50 basis points. The LIBOR spread was increased pursuant to a May 5, 2016 amendment which also provided for an extension of the maturity date from May 5, 2016 to November 4, 2016. An extension fee of 0.25% was paid in connection with this extension. Subsequent to September 30, 2016, the credit facility was amended to extend the maturity date from November 4, 2016 to May 5, 2017 and to provide for an additional six-month extension period, subject to certain conditions being met. An extension fee of 0.175% was paid in connection with this extension.
- (9) Right to borrow up to \$660.0 million, bears interest at either LIBOR + 250 or 375 basis points (depending on the nature of the financed property), and has an unused commitment fee of 50 basis points per year. Subject to certain conditions being met, has an optional six-month extension with a 0.25% extension fee. Subsequent to September 30, 2016, we extended the maturity of the IH5 2014 credit facility from December 5, 2016 to June 5, 2017 for an extension fee of 0.25%.
- (10) Right to borrow up to \$550.0 million, bears interest at either LIBOR + 250 or 375 basis points (depending on the nature of the financed property), and has an unused commitment fee of 50 basis points per year. Subject to certain conditions being met, has an optional twelve month extension.

All of our credit facilities are subject to certain terms and conditions that must be satisfied to obtain additional draws. These terms and conditions are specific to each credit facility agreement and include the following range of provisions which are detailed in the respective credit facility agreements: (i) the aggregate loan principal balance may not exceed 55.00%-90.00% of the total cost basis associated with financed properties; (ii) the aggregate loan principal balance may not exceed 55.00%-75.00% of the value associated with financed properties; (iii) the aggregate debt yield may not be less than 5.75%-7.00%; and (iv) the aggregate debt service coverage ratio may not be less than 1.35 to 1.00.

All of our credit facilities also require us to maintain compliance with certain affirmative, negative, and financial covenants. Affirmative covenants with which we must comply include our, and certain of our affiliates', compliance with (i) use of proceeds requirements specified in the credit facility agreement, (ii) licensing, permitting and legal requirements specified in the respective credit facility agreement, (iii) organizational requirements of the jurisdictions in which we, and certain of our affiliates, are organized, (iv) federal and state tax laws, and (v) books and records requirements specified in the credit facility agreement. Negative covenants with which we must comply include our, and certain of our affiliates', compliance with limitations surrounding (i) the operation of our properties, (ii) the amount of our indebtedness and the nature of our investments, (iii) the execution of transactions with affiliates, and (iv) the nature of our business activities. Financial covenants are specific to each credit facility agreement and include (i) a maximum loan to value ratio of 65.00%-80.00%, (ii) a maximum loan to cost ratio of 65.00%-90.00%, (iii) a debt service coverage ratio of not less than 1.10 to 1.00 and (iv) a debt yield of not less than 5.75%-7.00%. Our IH3 2013, IH4 2014, IH5 2014 and IH6 2016 credit facilities have an additional financial covenant related to an adjusted debt service coverage ratio of not less than

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0.70 to 1.00 or 1.00 to 1.00. At September 30, 2016 and through the date our financial statements were available to be issued, we believe we were in compliance with all affirmative, negative, and financial covenants related to the aforementioned credit facilities.

Mortgage Loans

As of September 30, 2016, we have completed seven securitization transactions, which we refer to as the “Securizations” or the “mortgage loans,” collateralized by homes owned by certain subsidiaries of the IH Holding Entities. The proceeds from the mortgage loans were used to fund (i) partial repayments of the then-outstanding IH1 and IH2 credit facilities, (ii) initial deposits in the reserve accounts, (iii) closing costs in connection with the mortgage loans, (iv) general costs associated with our operations, and (v) distributions and dividends to IH1 and IH2 equity investors.

The following table sets forth a summary of the mortgage loan indebtedness as of September 30, 2016 and December 31, 2015:

(\$ in thousands)	Maturity Date ⁽¹⁾	Maturity Date if Fully Extended ⁽²⁾	Rate ⁽³⁾	Range of Spreads	Outstanding Principal Balance ⁽⁴⁾	
					As of September 30, 2016 ⁽⁵⁾ (unaudited)	As of December 31, 2015
IH1 2013-1 ⁽⁶⁾	December 9, 2017	December 9, 2018	2.21%	115-365 bps	\$ 464,055	\$ 469,554
IH1 2014-1	June 9, 2017	June 9, 2019	2.37%	100-375 bps	981,803	993,738
IH1 2014-2, net ⁽⁷⁾	September 9, 2017	September 9, 2019	2.42%	110-400 bps	713,074	718,610
IH1 2014-3, net ⁽⁸⁾	December 9, 2017	December 9, 2019	2.83%	120-500 bps	767,826	766,043
IH2 2015-1, net ⁽⁹⁾	March 9, 2017	March 9, 2020	2.89%	145-430 bps	532,216	536,174
IH2 2015-2	June 9, 2017	June 9, 2020	2.48%	135-370 bps	630,714	631,097
IH2 2015-3	August 9, 2017	August 7, 2020	2.70%	130-475 bps	1,186,928	1,190,695
Total Securizations					5,276,616	5,305,911
Less deferred financing costs, net					(14,784)	(41,718)
Total					\$ 5,261,832	\$ 5,264,193

- (1) Each mortgage loan’s initial maturity term is two years, individually subject to three, one-year extension options at the borrower’s discretion (provided that there is no event of default under the loan agreement and the borrower obtains a replacement interest rate cap agreement in a form reasonably acceptable to the lender). Our IH1 2014-1, IH1 2014-2 and IH1 2014-3 mortgage loans have exercised the first extension options, and IH1 2013-1 has exercised the second extension option.
- (2) Represents the maturity date if we exercise each of the remaining one-year extension options available, which are subject to certain conditions being met.
- (3) Interest rates are based on a weighted average spread to LIBOR; and as of September 30, 2016, LIBOR was 0.53%.
- (4) Outstanding Principal Balance is net of discounts and does not include capitalized deferred financing costs, net.
- (5) From October 1, 2016 to January 4, 2017, we made repayments of \$12.0 million on our mortgage loans.
- (6) On December 5, 2016, we exercised our second one-year extension option on IH1 2013-1, extending the maturity from December 9, 2016 to December 9, 2017.
- (7) Net of unamortized discount of \$1.3 million as of December 31, 2015.
- (8) Net of unamortized discount of \$0.7 million and \$3.3 million as of September 30, 2016 and December 31, 2015, respectively. On December 9, 2016, we exercised our first one-year extension option on IH1 2014-3, extending the maturity from December 9, 2016 to December 9, 2017.
- (9) Net of unamortized discount of \$0.1 million and \$0.4 million as of September 30, 2016 and December 31, 2015, respectively.

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Securitization Transactions

IH1 2013-1 : In November 2013, we completed our first securitization transaction (“IH1 2013-1”), in which 2013-1 IH Borrower L.P. (“S1 Borrower”), a newly-formed special purpose entity and wholly owned subsidiary of IH1, executed a loan agreement with a third-party lender. The third-party lender made a six component term loan to S1 Borrower in the amount of \$479.1 million. All six components of the loan were sold at par. We are obligated to make monthly payments of interest and principal with the first payment being due upon the closing of the loan, and subsequent payments began January 9, 2014 and continue monthly thereafter.

IH1 2014-1 : In May 2014, we completed our second securitization transaction (“IH1 2014-1”), in which 2014-1 IH Borrower L.P. (“S2 Borrower”), a newly-formed special purpose entity and wholly owned subsidiary of IH1, executed a loan agreement with a third-party lender. The third party lender made a six component term loan to S2 Borrower in the amount of \$993.7 million. All six components of the loan were sold at par. We are obligated to make monthly payments of interest with the first payment being due upon the closing of the loan, and subsequent payments began July 9, 2014 and continue monthly thereafter.

IH1 2014-2 : In August 2014, we completed our third securitization transaction (“IH1 2014-2”), in which 2014-2 IH Borrower L.P. (“S3 Borrower”), a newly-formed special purpose entity and wholly owned subsidiary of IH1, executed a loan agreement with a third-party lender. The third-party lender made a term loan comprised of (1) six floating rate components and (2) one fixed rate component to the S3 Borrower in the amount of \$719.9 million. Of the seven loan components, the Class A, B, C, D and G certificates sold at par; however, the Class E and F certificates sold at a total discount of \$4.0 million. The unamortized balance of this discount is included in mortgage loans, net on our combined and consolidated balance sheets as of September 30, 2016 and December 31, 2015. We are obligated to make monthly payments of interest with the first payment being due upon the closing of the loan, and subsequent payments began October 9, 2014 and continue monthly thereafter.

IH1 2014-3 : In November 2014, we completed our fourth securitization transaction (“IH1 2014-3”), in which 2014-3 IH Borrower L.P. (“S4 Borrower”), a newly-formed special purpose entity and wholly owned subsidiary of IH1, executed a loan agreement with a third-party lender. The third-party lender issued a term loan comprised of (1) six floating rate components and (2) one fixed rate component to S4 Borrower in the amount of \$769.3 million. Of the seven components, the Class B and G certificates sold at par; however, the Class A, C, D, E, and F certificates sold at a total discount of \$7.2 million. The unamortized balance of this discount is included in mortgage loans, net on our combined and consolidated balance sheets as of September 30, 2016 and December 31, 2015. We are obligated to make monthly payments of interest with the first payment being due upon the closing of the loan, and subsequent payments began December 9, 2014 and continue monthly thereafter.

IH2 2015-1 : In January 2015, we completed our fifth securitization transaction (“IH2 2015-1”), in which 2015-1 IH2 Borrower L.P. (“S5 Borrower”), a newly-formed special purpose entity and wholly owned subsidiary of IH2, executed a loan agreement with a third-party lender. The third-party lender made a seven component term loan to S5 Borrower in the amount of \$540.9 million. Six of the seven components, the Class A, B, C, D, E, and G certificates sold at par; however, the Class F certificates sold at a total discount of \$0.6 million. The unamortized balance of this discount is included in mortgage loans, net on our combined and consolidated balance sheets as of September 30, 2016 and December 31, 2015. We are obligated to make monthly payments of interest with the first payment being due upon the closing of the loan, and subsequent payments began March 9, 2015 and continue monthly thereafter.

IH2 2015-2 : In April 2015, we completed our sixth securitization transaction (“IH2 2015-2”), in which 2015-2 IH2 Borrower L.P. (“S6 Borrower”), a newly-formed special purpose entity and wholly owned subsidiary of IH2, executed a loan agreement with a third-party lender. The third-party lender made a seven component term loan to S6 Borrower in the amount of \$636.7 million. All of the components of the loan were sold at par. We are obligated to make monthly payments of interest with the first payment being due upon the closing of the loan, and subsequent payments began June 9, 2015 and continue monthly thereafter.

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IH2 2015-3 : In June 2015, we completed our seventh securitization transaction (“IH2 2015-3”), in which 2015-3 IH2 Borrower L.P. (“S7 Borrower”), a newly-formed special purpose entity and wholly owned subsidiary of IH2, executed a loan agreement with a third-party lender. The third-party lender made a seven component term loan to S7 Borrower in the amount of \$1,194.0 million. All of the components of the loan were sold at par. We are obligated to make monthly payments of interest with the first payment being due upon the closing of the loan, and subsequent payments began August 7, 2015 and continue monthly thereafter.

Concurrent with the execution of each loan agreement, the respective third-party lender sold each loan it originated with us to individual depositor entities (the “Depositor Entities”) who subsequently transferred each loan to Securitization-specific trust entities (the “Trusts”). The Depositor Entities associated with the IH1 2014-2 and IH1 2014-3 securitizations are wholly owned subsidiaries of IH1, the Depositor Entities associated with the IH2 2015-1, IH2 2015-2, and IH2 2015-3 securitizations are wholly owned subsidiaries of IH2, and the Depositor Entities associated with the IH1 2013-1 and IH1 2014-1 securitizations are wholly owned by third parties not affiliated with the Company.

As consideration for the transfer of each loan to the Trusts, the Trusts issued certificate classes which mirror the components of the individual loan agreements (collectively, the “Certificates”) to the Depositor Entities, except that Class R certificates do not have related loan terms as they represent residual interests in the Trusts. The Certificates represent the entire beneficial interest in the Trusts. Following receipt of the Certificates, the Depositor Entities sold the Certificates to investors using the proceeds as consideration for the loans sold to the Depositor Entities by the lenders. These transactions had no effect on our combined and consolidated financial statements other than with respect to the Class G certificates purchased by IH1 and IH2.

For IH1 2014-2, IH1 2014-3, IH2 2015-1, IH2 2015-2, and IH2 2015-3, the Trusts made the Class A through Class F certificates available for sale to both domestic and foreign investors. With the introduction of foreign investment, IH1 and IH2, as sponsors of the respective loans, are required to retain a portion of the risk that represents a material net economic interest in each loan. The Class G certificates for IH1 2014-2, IH1 2014-3, IH2 2015-1, IH2 2015-2, and IH2 2015-3 are equal to 5% of the original principal amount of the loans in accordance with the agreements. Per the terms of the Securitization agreements, the Class G certificates are restricted certificates and were made available exclusively to IH1 and IH2, as applicable. They are principal only and bear a stated annual interest rate of 0.0005%. The Class G certificates are classified as held to maturity investments and are recorded in other assets, net in the combined and consolidated balance sheets. We have evaluated our interests in the Class G certificates of the Trusts and determined that they do not create a more than insignificant variable interest in the Trusts. Additionally, the Class G certificates do not provide us with any ability to direct the activities that could impact the Trusts’ economic performance. Therefore, we do not consolidate the Trusts.

General Terms

The general terms that apply to all of our mortgage loans require us to maintain compliance with certain affirmative and negative covenants. Affirmative covenants with which we must comply include our, and certain of our affiliates’, compliance with (i) licensing, permitting and legal requirements specified in the mortgage loan agreement, (ii) organizational requirements of the jurisdictions in which we, and certain of our affiliates, are organized, (iii) federal and state tax laws, and (iv) books and records requirements specified in the respective loan agreements. Negative covenants with which we must comply include our, and certain of our affiliates’, compliance with limitations surrounding (i) the amount of our indebtedness and the nature of our investments, (ii) the execution of transactions with affiliates, (iii) THR Property Management L.P. (the “Manager”), our wholly owned subsidiary, and (iv) the nature of our business activities. At September 30, 2016 and through the date our financial statements were available to be issued, we believe we were in compliance with all affirmative and negative covenants.

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For the mortgage loans, prepayments of amounts owed are generally not permitted by us under the terms of the respective loan agreements unless such prepayments are made pursuant to the voluntary election and mandatory provisions specified in such agreements. The specified mandatory provisions become effective to the extent that a property becomes characterized as a disqualified property, a property is sold, and/or upon the occurrence of a condemnation or casualty event associated with a property. To the extent either a voluntary election is made, or a mandatory prepayment condition exists, in addition to paying all interest and principal, we must also pay certain breakage costs as determined by the loan servicer and a spread maintenance premium if prepayment occurs before the month following the one year anniversary of the closing dates of the mortgage loans. For the nine months ended September 30, 2016 and September 30, 2015, mandatory prepayments of \$29.7 million and \$13.2 million, respectively, were made under the terms of the loan agreements.

Interest Rate Caps

Concurrent with entering into the mortgage loan agreements, we maintain interest rate cap agreements with terms and notional amounts equivalent to the terms and amounts of the loans made by the third-party lenders and strike prices equal to approximately 2.95% for IH1 2013-1, 3.82% for IH1 2014-1, 3.09% for IH1 2014-2, 2.10% for IH1 2014-3, 2.07% for IH2 2015-1, 2.71% for IH2 2015-2, and 2.52% for IH2 2015-3 (collectively, the “Strike Prices”). To the extent that the maturity date of one or more of the loans is extended through an exercise of one or more of the extension options, replacement or extension interest rate cap agreements must be executed with terms similar to those associated with the initial interest rate cap agreements and strike prices equal to the greater of the Strike Prices and the interest rate at which the debt service coverage ratio (as defined) is not less than 1.2 to 1.0. The interest rate cap agreements, including all of our rights to payments owed by the counterparty and all other rights, have been pledged as additional collateral for the loans.

Extension Notifications

On September 9, 2016, we submitted notifications to exercise extension options on the IH1 2013-1 and IH1 2014-3 mortgage loans from December 9, 2016 to December 9, 2017.

Warehouse Loans

From time to time certain of the IH Holding Entities have entered into unsecured warehouse loan agreements with our Sponsor. Interest accrues at rates based on a spread to LIBOR, and any unpaid interest amounts are compounded into the remaining unpaid principal balance on a monthly basis. The following table sets forth a summary of the outstanding principal amounts under such loans as of September 30, 2016 and December 31, 2015:

	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Rate (1)</u>	<u>As of September 30, 2016 (unaudited)</u>	<u>As of December 31, 2015</u>
(\$ in thousands)					
IH3 warehouse loan (2)	March 26, 2014	December 31, 2017	3.28%	\$ 11,760	\$ 38,137
IH4 warehouse loan (3)	May 7, 2014	May 6, 2015	3.28%	—	4,740
IH5 warehouse loan (4)	April 27, 2015	April 26, 2016	3.03%	—	71,146
Total				<u>\$ 11,760</u>	<u>\$ 114,023</u>

(1) Interest rates are based on a spread to LIBOR; and as of September 30, 2016, LIBOR was 0.53%.

(2) This loan bears interest at LIBOR + 275 basis points. On October 11, 2016, the original maturity date of March 25, 2015 was extended to December 31, 2017, without any additional changes to the terms of the agreement. Interest will continue to be incurred past the original due date until all principal and interest is fully paid at the original stated rate. As of December 29, 2016, the outstanding balance has been fully repaid.

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- (3) This loan bore interest at LIBOR + 275 basis points. The loan was paid off in full during the nine months ended September 30, 2016.
- (4) This loan bore interest at LIBOR + 250 basis points. The loan was paid off in full during the nine months ended September 30, 2016.

As of December 29, 2016, we have repaid all outstanding borrowings under the warehouse loans and do not expect to obtain warehouse loans from our Sponsor in the future.

New Credit Facility

Concurrently with or prior to the completion of this offering, we expect our Operating Partnership to enter into a new credit facility with Bank of America, N.A., as administrative agent, and a syndicate of banks, financial institutions and institutional lenders from time to time party thereto (the “New Credit Facility”).

The New Credit Facility will provide \$2,500.0 million of borrowing capacity and consist of:

- a new \$ million revolving credit facility (the “Revolving Facility”), which will mature four years from the closing date of the New Credit Facility (the “Closing Date”), with a one-year extension option subject to certain conditions; and
- a new \$ million term loan facility (the “Term Loan Facility”), which will mature five years from the Closing Date.

Our Operating Partnership, which is referred to in this section as the “Borrower,” will be the borrower under the New Credit Facility. The Revolving Facility component will also include borrowing capacity available for letters of credit and for short-term borrowings referred to as swing line borrowings, in each case subject to certain sublimits. The New Credit Facility will also provide the Borrower with the option to enter into additional incremental credit facilities (including an uncommitted incremental facility that provides the Borrower with the option to increase the size of the Revolving Facility and/or the Term Loan Facility by an aggregate amount of up to \$1,500.0 million), subject to certain limitations.

Interest Rate and Fees . Borrowings under the New Credit Facility will bear interest, at the Borrower’s option, at a rate equal to a margin over either (a) a LIBOR rate determined by reference to the Bloomberg LIBOR rate (or comparable or successor rate) for the interest period relevant to such borrowing or (b) a base rate determined by reference to the highest of (1) the administrative agent’s prime lending rate, (2) the federal funds effective rate plus 0.50% and (3) the LIBOR rate that would be payable on such day for a LIBOR rate loan with a one-month interest period plus 1.00%. The margin will be based on a total leverage based grid. We expect the margin for the Revolving Facility will range from 0.75% to 1.30%, in the case of base rate loans, and 1.75% to 2.30%, in the case of LIBOR rate loans. We expect the margin for the Term Loan Facility will range from 0.70% to 1.30%, in the case of base rate loans, and 1.70% to 2.30%, in the case of LIBOR rate loans. In addition, the New Credit Facility will provide that, upon receiving an investment grade rating on its non-credit enhanced, senior unsecured long term debt of BBB- or better from Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc., or Baa3 or better from Moody’s Investors Service, Inc. (an “Investment Grade Rating Event”), the Borrower may elect to convert to a credit rating based pricing grid.

In addition to paying interest on outstanding principal under the New Credit Facility, the Borrower will be required to pay a facility fee to the lenders under the Revolving Facility in respect of the unutilized commitments thereunder. The facility fee rate will be based on the daily-unused amount of the Revolving Facility and is either 0.350% or 0.200% per annum based on the unused facility amount. Upon converting to a credit rating pricing based grid, the unused facility fee will no longer apply and the Borrower will be required to pay a facility fee ranging from 0.125% to 0.300%. We will also be required to pay customary letter of credit fees.

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Prepayments . No prepayment will be required under the New Credit Facility. The Borrower will be permitted to voluntarily repay amounts outstanding under the Term Loan Facility at any time without premium or penalty, subject to certain minimum amounts and the payment of customary “breakage” costs with respect to LIBOR loans. Once repaid, no further borrowings will be permitted under the Term Loan Facility.

Amortization . The New Credit Facility will have no amortization payments.

Guarantees and Security . The obligations under the New Credit Facility will be guaranteed on a joint and several basis by each direct and indirect domestic wholly owned subsidiary of the Borrower that owns, directly or indirectly, unencumbered assets (the “Subsidiary Guarantors”), subject to certain exceptions. The guarantee to be provided by any Subsidiary Guarantor will be automatically released upon the occurrence of certain events, including if it no longer has a direct or indirect interest in an unencumbered asset or as a result of certain non-recourse refinancing transactions pursuant to which such Subsidiary Guarantor becomes contractually prohibited from providing its guaranty of the New Credit Facility. In addition, we may be required to provide a guarantee of the New Credit Facility under certain circumstances, including if we do not maintain our qualification as a REIT.

The New Credit Facility will be collateralized by first priority or equivalent security interests in all the capital stock of, or other equity interests in any Subsidiary Guarantor, held by the Borrower and each of the Subsidiary Guarantors. The security interests to be granted under the New Credit Facility will be automatically released upon the occurrence of certain events, including upon an Investment Grade Rating Event or if the total net leverage ratio is less than or equal to 8.00:1.00 for four consecutive fiscal quarters.

Certain Covenants and Events of Default . The New Credit Facility will contain certain customary affirmative and negative covenants and events of default. Such covenants will, among other things, restrict, subject to certain exceptions, the ability of the Borrower, the Subsidiary Guarantors and their respective subsidiaries to:

- engage in certain mergers, consolidations or liquidations;
- sell, lease or transfer all or substantially all of their respective assets;
- engage in certain transactions with affiliates;
- make changes to the Borrower’s fiscal year;
- make changes in the nature of the business of the Borrower and its subsidiaries; and
- incur additional indebtedness that is secured on a pari passu basis with the New Credit Facility.

The New Credit Facility will also require the Borrower, on a consolidated basis with its subsidiaries, to maintain a (i) maximum total leverage ratio, (ii) maximum secured leverage ratio, (iii) maximum unencumbered leverage ratio, (iv) minimum fixed charge coverage ratio, (v) minimum unencumbered fixed charge coverage ratio and (vi) minimum tangible net worth.

If an event of default occurs, the lenders under the New Credit Facility will be entitled to take various actions, including the acceleration of amounts due under the New Credit Facility and all actions permitted to be taken by a secured creditor.

Certain Hedging Arrangements

On December 21, 2016, the Operating Partnership entered into interest swap agreements with two financial institutions for an aggregate notional amount of \$1,500.0 million to hedge the risk arising from changes in one-month LIBOR. The interest rate swaps are effective February 28, 2017, mature on January 31, 2022 and will effectively convert our variable rate interest payments to a fixed rate of 1.97%. Certain of the IH Holding Entities and/or their subsidiaries have guaranteed the Operating Partnership’s obligations under the interest rate swaps. We may enter into additional swap or other hedging arrangements from time to time in the future.

Purchase of Outstanding Debt Securities or Loans

As market conditions warrant, we and our equity investors, including our Sponsor, its affiliates, and members of our management, may from time to time seek to purchase our outstanding debt, including borrowings under our credit facilities and mortgage loans or debt securities that we may issue in the future, in privately negotiated or open market transactions, by tender offer or otherwise. Subject to any applicable limitations contained in the agreements governing our indebtedness, any purchases made by us may be funded by the use of cash on our balance sheet or the incurrence of new secured or unsecured debt, including borrowings under our credit facilities and mortgage loans. The amounts involved in any such purchase transactions, individually or in the aggregate, may be material. Any such purchases may be with respect to a substantial amount of a particular class or series of debt, with the attendant reduction in the trading liquidity of such class or series. In addition, any such purchases made at prices below the “adjusted issue price” (as defined for U.S. federal income tax purposes) may result in taxable cancellation of indebtedness income to us, which amounts may be material, and in related adverse tax consequences to us.

Cash Flows**Nine Months Ended September 30, 2016 Compared to Nine Months Ended September 30, 2015**

The following table summarizes our cash flows for the nine months ended September 30, 2016 and the nine months ended September 30, 2015:

(\$ in thousands)	Nine Months Ended September 30,		<u>\$ Change</u>	<u>% Change</u>
	<u>2016</u>	<u>2015</u>		
	(unaudited)			
Net cash provided by operating activities	\$ 247,709	\$ 196,089	\$ 51,620	26.3%
Net cash used in investing activities	(298,785)	(695,307)	(396,522)	(57.0)%
Net cash provided by financing activities	50,398	490,409	(440,011)	(89.7)%
Change in cash and cash equivalents	\$ (678)	\$ (8,809)	\$ 8,131	92.3%

Operating Activities

Net cash provided by operating activities was \$247.7 million and \$196.1 million for the nine months ended September 30, 2016 and 2015, respectively, an increase of 26.3%. The increase was primarily driven by our net loss decreasing from \$(121.7) million for the nine months ended September 30, 2015 to \$(51.6) million for the nine months ended September 30, 2016, partially offset by a \$26.8 million decrease in noncash expenses. Our cash flows provided by operating activities depend on numerous factors, including the occupancy level of our homes, the rental rates achieved on our leases, the collection of rent from our residents, and the amount of our operating and other expenses.

Investing Activities

Net cash used in investing activities primarily consists of the acquisition cost of homes, capital improvements, changes in restricted cash, and proceeds from property sales. Net cash used in investing activities was \$298.8 million and \$695.3 million for the nine months ended September 30, 2016 and 2015, respectively, a decrease in use of cash of 57.0%. The decrease was primarily due to (i) a decrease in homes acquired from 2,851 homes during the nine months ended September 30, 2015 to 1,135 homes during the nine months ended September 30, 2016 and (ii) a decrease in homes sold from 1,440 homes sold during the nine months ended September 30, 2015 to 842 homes sold during the nine months ended September 30, 2016.

[Table of Contents](#)*Financing Activities*

Net cash provided by financing activities was \$50.4 million and \$490.4 million for the nine months ended September 30, 2016 and 2015, respectively, an 89.7% decrease. Equity investors contributed \$138.0 million and \$45.0 million of capital for the nine months ended September 30, 2016 and 2015, respectively. Equity investors received no distributions or dividends during the nine months ended September 30, 2016 and \$631.5 million of distributions and dividends during the nine months ended September 30, 2015. We received \$184.7 million and \$3,412.9 million of debt proceeds during the nine months ended September 30, 2016 and 2015, respectively, a 94.6% decrease. We repaid \$263.5 million and \$2,292.0 million of debt during the nine months ended September 30, 2016 and 2015, respectively, an 88.5% decrease. The equity and debt proceeds received were primarily utilized for the purchase and renovation of acquired single-family rental homes, and to repay then-outstanding indebtedness under our IH1 and IH2 credit facilities. Remaining proceeds from the 2015 mortgage loan financings were the primary source of the distributions and dividends paid during the nine months ended September 30, 2015.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

The following table summarizes our cash flows for the year ended December 31, 2015 and the year ended December 31, 2014:

(\$ in thousands)	Year Ended December 31,		\$ Change	% Change
	2015	2014		
Net cash provided by operating activities	\$ 197,474	\$ 48,451	\$ 149,023	307.6%
Net cash used in investing activities	(859,833)	(1,899,697)	1,039,864	54.7%
Net cash provided by financing activities	651,581	1,705,277	(1,053,696)	(61.8)%
Change in cash and cash equivalents	\$ (10,778)	\$ (145,969)	\$ 135,191	92.6%

Operating Activities

For the years ended December 31, 2015 and 2014, net cash provided by operating activities was \$197.5 million and \$48.5 million, respectively, a 307.6% increase. The increase was primarily driven by our net loss decreasing from \$(269.9) million for the year ended December 31, 2014 to \$(160.2) million for the year ended December 31, 2015. Our cash flows provided by operating activities depend on numerous factors, including the occupancy level of our homes, the rental rates achieved on our leases, the collection of rent from our residents, and the amount of our operating and other expenses.

Investing Activities

For the years ended December 31, 2015 and 2014, net cash used in investing activities was \$859.8 million and \$1,899.7 million, respectively, a decrease of 54.7%. The decrease in use of funds was primarily due to (i) a decrease in homes acquired during 2015, from 7,183 homes during the year ended December 31, 2014 to 3,576 homes during the year ended December 31, 2015 and partially offset by (ii) an increase in homes sold during 2015, from 100 homes sold during the year ended December 31, 2014 to 1,481 homes sold during the year ended December 31, 2015. The pace of our acquisitions slowed during the year ended December 31, 2015, because fewer homes met our selection criteria.

Financing Activities

For the years ended December 31, 2015 and 2014, net cash provided by financing activities was \$651.6 million and \$1,705.3 million, respectively, a 61.8% decrease. Equity investors contributed \$246.8 million and \$557.4 million of capital for the years ended December 31, 2015 and 2014, respectively, a 55.7% decrease.

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Equity investors received \$682.5 million and \$787.5 million of distributions and dividends for the years ended December 31, 2015 and 2014, respectively, a 13.3% decrease. We received \$3,417.1 million and \$4,105.5 million of debt proceeds for the years ended December 31, 2015 and 2014, respectively, a decrease of 16.8%. For the year ended December 31, 2015, we repaid \$2,278.1 million of debt, compared to \$2,093.8 million for the year ended December 31, 2014, an 8.8% increase. The equity and debt proceeds received were primarily utilized for the purchase and renovation of acquired single-family rental homes, and to repay then-outstanding IH1 and IH2 credit facilities. Remaining proceeds from the 2015 and 2014 mortgage loan financings were the primary source of the distributions and dividends paid during the years ended December 31, 2015 and 2014.

Off-Balance Sheet Arrangements

We have no obligations, assets, or liabilities that would be considered off-balance sheet arrangements.

Contractual Obligations

Our contractual obligations as of December 31, 2015, consisted of the following:

(\$ in thousands)	<u>Total</u>	<u>2016</u>	<u>2017-2018</u>	<u>2019-2020</u>	<u>Thereafter</u>
Credit facilities (1)	\$2,444,042	\$1,249,785	\$1,194,257	\$ —	\$ —
Mortgage loans, net (1)	5,494,839	1,390,227	4,104,612	—	—
Warehouse loans (1)	115,975	103,841	12,134	—	—
Purchase commitments (2)	56,304	56,304	—	—	—
Operating lease obligations	6,899	2,331	2,114	1,732	722
Capital lease obligations	950	760	190	—	—
Total	<u>\$8,119,009</u>	<u>\$2,803,248</u>	<u>\$5,313,307</u>	<u>\$ 1,732</u>	<u>\$ 722</u>

(1) Includes estimated interest payments on the respective debt based on amounts outstanding as of December 31, 2015 at rates in effect as of such date.

(2) Commitments to acquire 243 single-family rental homes.

As of December 31, 2015, after giving effect to the Pre-IPO Transactions and the transactions described in “Unaudited Pro Forma Financial Information,” our contractual obligations would have consisted of the following:

(\$ in thousands)	<u>Total</u>	<u>2016</u>	<u>2017-2018</u>	<u>2019-2020</u>	<u>Thereafter</u>
Credit facilities	\$	\$	\$	\$	\$
Mortgage loans, net					
Warehouse loans					
Purchase commitments					
Operating lease obligations					
Capital lease obligations					
Total	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Critical Accounting Policies and Estimates

Our discussion and analysis of our historical financial condition and results of operations is based upon our combined and consolidated financial statements, which have been prepared in accordance with GAAP and in conjunction with the rules and regulations of the SEC. The preparation of combined and consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the combined and consolidated financial statements and accompanying notes. Actual results

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could ultimately differ from those estimates. For a discussion of recently-issued and adopted accounting standards, see “Notes to Combined and Consolidated Financial Statements, Note 2—Significant Accounting Policies.”

As an emerging growth company, we are eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies. We have irrevocably elected not to take advantage of the extension of time to comply with new or revised financial accounting standards available under Section 102(b) of the JOBS Act.

Investments in Single-Family Residential Properties

Upon acquisition, we evaluate our acquired single-family residential properties for purposes of determining whether a transaction should be accounted for as an asset acquisition or business combination. In general, acquisitions of single-family residential properties with an in-place lease are treated as a business combination under ASC 805, *Business Combinations*.

Substantially all of our transactions are asset acquisitions recorded at their purchase price, and the purchase price is allocated between land and building and improvements based upon their relative fair values at the date of acquisition. The purchase price for purposes of this allocation is inclusive of acquisition costs which typically include legal fees, bidding service and title fees, payments made to cure tax, utility, HOA fees (when applicable), and other mechanic’s and miscellaneous liens, as well as other closing costs.

Transactions determined to be business combinations are recorded at the purchase price (which approximates fair value), and the purchase price is allocated to land, building and improvements, and the in-place lease intangibles based upon their fair values at the date of acquisition. Acquisition costs are expensed in the period in which they are incurred and are reflected in other expenses in our combined and consolidated statements of operations. The fair values of acquired in-place lease intangibles are based on the costs to execute similar leases, including commissions and other related costs. The origination value of in-place lease intangibles also includes an estimate of lost rent revenue at in-place rental rates during the estimated time required to lease the property. The in-place lease intangibles are amortized over the life of the leases and are recorded in other assets, net in our combined and consolidated balance sheets.

Cost Capitalization

We incur costs to stabilize and prepare our acquired single-family residential properties to be rented. We capitalize these costs as a component of our investment in each single-family residential property, using specific identification and relative allocation methodologies including renovation costs and other costs associated with activities that are directly related to preparing our properties for use as rental real estate. Other costs include interest costs, property taxes, property insurance, utilities, HOA fees (when applicable), and the salaries and benefits of the Manager’s employees who are directly responsible for the execution of our stabilization activities. The capitalization period associated with our stabilization activities begins at such time that activities commence and concludes at the time that a single-family residential property is available to be leased.

Once a property is ready for its intended use, expenditures for ordinary maintenance and repairs thereafter are expensed to operations as incurred, and we capitalize expenditures that improve or extend the life of a home and for certain furniture and fixtures additions. The determination of which costs to capitalize requires significant judgment. Accordingly, many factors are considered as part of our evaluation processes with no one factor necessarily determinative.

Provisions for Impairment

We continuously evaluate, by property, whether there are any events or changes in circumstances indicating that the carrying amount of our single-family residential properties may not be recoverable. Examples of such events and changes in circumstances that we consider include significant and persistent declines in an individual

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property's net operating income, regional changes in home price appreciation as measured by certain independently developed indices, change in expected use of the property, significant adverse legal factors, substantive damage to the individual property as a result of natural disasters and other risks inherent in our business not covered by insurance proceeds, or a current expectation that a property will be disposed of prior to the end of its estimated useful life.

To the extent an event or change in circumstance is identified, a residential property is considered to be impaired only if its carrying value cannot be recovered through estimated future undiscounted cash flows from the use and eventual disposition of the property. Cash flow projections are prepared using internal analyses based on current rental, renewal, and occupancy rates, operating expenses, and inputs from our annual planning process that give consideration to each property's historical results, current operating trends, and current market conditions. To the extent an impairment has occurred, the carrying amount of our investment in a property is adjusted to its estimated fair value. To determine the estimated fair value, we primarily consider local broker price opinions ("BPOs"). In order to validate the BPOs received and used in our assessment of fair value of real estate, we perform an internal review to determine if an acceptable valuation approach was used to estimate fair value in compliance with guidance provided by ASC 820, *Fair Value Measurements*. Additionally, we undertake an internal review to assess the relevance and appropriateness of comparable transactions that have been used by the broker in its BPO and any adjustments to comparable transactions made by the broker in reaching its value opinion.

The process whereby we assess our single-family residential properties for impairment requires significant judgment and assessment of factors that are, at times, subject to significant uncertainty. We evaluate multiple information sources and perform a number of internal analyses, each of which is an important component of our process with no one information source or analysis being necessarily determinative.

Revenue Recognition and Resident Receivables

Rental revenues, net of any concessions, are recognized monthly as they are earned on a straight-line basis over the term of the lease. Other property income is recognized when earned and realized or realizable.

We maintain an allowance for doubtful accounts for estimated losses that may result from the inability of residents to make required rent or other payments. This allowance is estimated based on, among other considerations, payment histories, and overall delinquencies. The provision for doubtful accounts is recorded as a reduction of rental revenues and other property income in our combined and consolidated statements of operations.

Noncash Incentive Compensation Expense

We recognize noncash incentive compensation expense based on the estimated fair value of the incentive compensation units and vesting conditions of the related incentive unit agreements. Additional compensation expense is recognized if modifications to existing incentive unit agreements result in an increase in the post-modification fair value of the units that exceeds their pre-modification fair value. IH1's incentive units were granted to employees of the Manager, our wholly owned subsidiary. Therefore, the noncash incentive compensation expense is based on the grant-date fair value of the units and recognized in expense over the service period. Because units in the IH2 Promote Partnerships (as defined in "Management—Executive Compensation"), IH3, IH4 and IH5 were granted to non-employees of those respective partnerships, fair value is re-measured for unvested units at the end of each reporting period. The fair value of all incentive units is determined based on a valuation model that takes into account discounted cash flows and a market approach based on comparable companies and transactions. Noncash incentive compensation expense is presented as a component of general and administrative expense and property management expense in our combined and consolidated statements of operations.

Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker (“CODM”) in deciding how to allocate resources and in assessing performance. Our CODM is the Chief Executive Officer.

Under the provision of ASC 280, *Segment Reporting*, the Company has determined that it has one reportable segment related to acquiring, renovating, leasing, and operating single-family homes as rental properties, including single-family homes in planned unit developments. The CODM evaluates operating performance and allocates resources on a total portfolio basis. The CODM utilizes net operating income as the primary measure to evaluate performance of the total portfolio. The aggregation of individual homes constitutes the total portfolio. Decisions regarding acquisitions and dispositions of homes are made at the individual home level.

Non-GAAP Measures

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are supplemental, non-GAAP measures often utilized to evaluate the performance of real estate companies. We define EBITDA as net income or loss (computed in accordance with GAAP) before the following items: interest expense; income tax expense; and depreciation and amortization. Adjusted EBITDA is defined as EBITDA before the following items: noncash incentive compensation expense; impairment and other; acquisition costs; gain (loss) on sale of property; and interest income and other miscellaneous income and expenses. EBITDA and Adjusted EBITDA are used as supplemental financial performance measures by management and by external users of our financial statements, such as investors and commercial banks. Set forth below is additional detail on how management uses EBITDA and Adjusted EBITDA as measures of performance.

Our management uses EBITDA and Adjusted EBITDA in a number of ways to assess our combined and consolidated financial and operating performance, and we believe these measures are helpful to management and external users in identifying trends in our performance. EBITDA and Adjusted EBITDA help management identify controllable expenses and make decisions designed to help us meet our current financial goals and optimize our financial performance, while neutralizing the impact of capital structure on results. Accordingly, we believe these metrics measure our financial performance based on operational factors that management can impact in the short-term, namely our cost structure and expenses.

We believe that the presentation of EBITDA and Adjusted EBITDA in this prospectus provides information useful to investors in assessing our financial condition and results of operations. The GAAP measure most directly comparable to EBITDA and Adjusted EBITDA is net income or loss. EBITDA and Adjusted EBITDA are not used as measures of our liquidity and should not be considered alternatives to net income or loss or any other measure of financial performance presented in accordance with GAAP. Our EBITDA and Adjusted EBITDA may not be comparable to the EBITDA and Adjusted EBITDA of other companies due to the fact that not all companies use the same definitions of EBITDA and Adjusted EBITDA. Accordingly, there can be no assurance that our basis for computing these non-GAAP measures is comparable with that of other companies.

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The following table presents a reconciliation of net loss to EBITDA and Adjusted EBITDA as determined in accordance with GAAP on a historical basis for each of the periods indicated:

(\$ in thousands)	Nine Months Ended September 30,		Year Ended December 31,	
	2016	2015	2015	2014
	(unaudited)			
Net loss	\$ (51,590)	\$ (121,666)	\$ (160,208)	\$ (269,861)
Interest expense	209,165	204,130	273,736	235,812
Depreciation and amortization	198,261	186,448	250,239	215,808
EBITDA	355,836	268,912	363,767	181,759
Noncash incentive compensation expense (1)	13,023	22,267	27,924	24,335
Impairment and other	1,642	3,943	4,584	3,396
Acquisition costs	42	243	275	1,384
(Gain) loss on sale of property	(13,178)	(2,275)	(2,272)	235
Other (2)	983	309	2,846	607
Adjusted EBITDA	\$ 358,348	\$ 293,399	\$ 397,124	\$ 211,716

(1) For the nine months ended September 30, 2016 and 2015, \$12,724 and \$18,161 was recorded in general and administrative expense, respectively, and \$299 and \$4,106 was recorded in property management expense, respectively. For the years ended December 31, 2015 and 2014, \$23,758 and \$19,318 was recorded in general and administrative expense, respectively, and \$4,166 and \$5,017 was recorded in property management expense, respectively.

(2) Includes interest income and other miscellaneous income and expenses.

Net Operating Income

NOI is a non-GAAP measure often used to evaluate the performance of real estate companies. We define NOI for an identified population of homes as rental revenues and other property income less property operating and maintenance expense (which consists primarily of property taxes, insurance, HOA fees (when applicable), market-level personnel expenses, repairs and maintenance, leasing costs and marketing). NOI excludes: interest expense; depreciation and amortization; general and administrative expense; property management expense; impairment and other; acquisition costs; (gain) loss on sale of property; and interest income and other miscellaneous income and expenses.

We consider NOI to be a meaningful supplemental financial measure of our performance when considered with the financial statements determined in accordance with GAAP. We believe NOI is helpful to investors in understanding the core performance of our real estate operations. The GAAP measure most directly comparable to NOI is net income or loss. NOI is not used as a measure of liquidity and should not be considered as an alternative to net income or loss or any other measure of financial performance presented in accordance with GAAP. Our NOI may not be comparable to the NOI of other companies due to the fact that not all companies use the same definition of NOI. Accordingly, there can be no assurance that our basis for computing this non-GAAP measure is comparable with that of other companies.

We believe that Same Store NOI is also a meaningful supplemental measure of our operating performance for the same reasons as NOI and is further helpful to investors as it provides a more consistent measurement of our performance across reporting periods by reflecting NOI for homes in our Same Store portfolio.

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The following table presents a reconciliation of net loss to NOI for our total portfolio and NOI for our Same Store portfolio as determined in accordance with GAAP on a historical basis for each of the periods indicated:

(\$ in thousands)	Nine Months Ended September 30,		Year Ended December 31,	
	2016	2015	2015	2014
	(unaudited)			
Net loss	\$ (51,590)	\$ (121,666)	\$ (160,208)	\$ (269,861)
Interest expense	209,165	204,130	273,736	235,812
Depreciation and amortization	198,261	186,448	250,239	215,808
General and administrative (1)	49,579	59,534	79,428	88,177
Property management expense (2)	22,638	31,568	39,459	62,506
Impairment and other	1,642	3,943	4,584	3,396
Acquisition costs	42	243	275	1,384
(Gain) loss on sale of property	(13,178)	(2,275)	(2,272)	235
Other (3)	983	309	2,846	607
NOI (total portfolio)	417,542	362,234	488,087	338,064
Non-Same Store NOI	(92,418)	(59,507)	(278,588)	(157,127)
NOI (Same Store portfolio) (4)	\$ 325,124	\$ 302,727	\$ 209,499	\$ 180,937

- (1) Includes \$12,724 and \$18,161 of noncash incentive compensation expense for the nine months ended September 30, 2016 and 2015, respectively, and \$23,758 and \$19,318 for the years ended December 31, 2015 and 2014, respectively.
- (2) Includes \$299 and \$4,106 of noncash incentive compensation expense for the nine months ended September 30, 2016 and 2015, respectively, and \$4,166, and \$5,017 for the years ended December 31, 2015 and 2014, respectively.
- (3) Includes interest income and other miscellaneous income and expenses.
- (4) Same Store (consisting of homes which had commenced their initial post-renovation lease prior to October 3rd of the year prior to the first year of the comparison period) homes are 36,569 for the nine months ended September 30, 2016 and 2015 and 18,762 for the years ended December 31, 2015 and 2014.

Funds from Operations, Core Funds from Operations and Adjusted Funds from Operations

FFO, Core FFO and Adjusted FFO are supplemental, non-GAAP measures often utilized to evaluate the performance of real estate companies. FFO is defined by NAREIT as net income or loss (computed in accordance with GAAP) excluding gains or losses from sales of previously depreciated real estate assets, plus depreciation, amortization and impairment of real estate assets, and adjustments for unconsolidated partnerships and joint ventures.

We believe that FFO is a meaningful supplemental measure of the operating performance of our business because historical cost accounting for real estate assets in accordance with GAAP assumes that the value of real estate assets diminishes predictably over time, as reflected through depreciation and amortization. Because real estate values have historically risen or fallen with market conditions, management considers FFO an appropriate supplemental performance measure as it excludes historical cost depreciation and amortization, impairment on depreciated real estate investments, as well as gains or losses related to sales of previously depreciated homes, from GAAP net income or loss. By excluding depreciation and amortization and gains or losses on sales of real estate, management uses FFO to measure returns on its investments in homes. However, FFO excludes depreciation and amortization and captures neither the changes in the value of the homes that result from use or market conditions nor the level of capital expenditures to maintain the operating performance of the homes, all of which have real economic effect and could materially affect our results from operations, the utility of FFO as a measure of our performance is limited.

Management also believes that FFO, combined with the required GAAP presentations, is useful to investors in providing more meaningful comparisons of the operating performance of a company's real estate between

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periods or as compared to other companies. The GAAP measure most directly comparable to FFO is net income or loss. FFO is not used as a measure of our liquidity and should not be considered an alternative to net income or loss or any other measure of financial performance presented in accordance with GAAP. Our FFO may not be comparable to the FFO of other companies due to the fact that not all companies use the same definition of FFO. Accordingly, there can be no assurance that our basis for computing this non-GAAP measures is comparable with that of other companies.

We believe that Core FFO and Adjusted FFO are also meaningful supplemental measures of our operating performance for the same reasons as FFO and are further helpful to investors as they provide a more consistent measurement of our performance across reporting periods by removing the impact of certain items that are not comparable from period to period. We define Core FFO as FFO adjusted for amortization of deferred financing costs and discounts related to our financing arrangements, expenses related to this offering, noncash incentive compensation expense, severance expenses and acquisition costs, as applicable. We define Adjusted FFO as Core FFO less recurring capital expenditures that are necessary to help preserve the value of and maintain functionality of our homes. The GAAP measure most directly comparable to Core FFO and Adjusted FFO is net income or loss. Core FFO and Adjusted FFO are not used as measures of our liquidity and should not be considered alternatives to net income or loss or any other measure of financial performance presented in accordance with GAAP. Our Core FFO may not be comparable to the Core FFO and Adjusted FFO of other companies due to the fact that not all companies use the same definition of Core FFO and Adjusted FFO. Accordingly, there can be no assurance that our basis for computing this non-GAAP measures is comparable with that of other companies.

The following table presents a reconciliation of net loss to FFO, Core FFO and Adjusted FFO as determined in accordance with GAAP on a historical basis for each of the periods indicated:

(\$ in thousands)	Nine Months Ended September 30,		Year Ended December 31,	
	2016	2015	2015	2014
	(unaudited)			
Net loss	\$ (51,590)	\$ (121,666)	\$ (160,208)	\$ (269,861)
Add (deduct) adjustments from net loss to derive FFO:				
Depreciation and amortization on real estate assets	194,630	183,167	245,666	212,434
Impairment on depreciated real estate investments	1,595	1,448	1,448	423
(Gain) loss on sale of previously depreciated investments in real estate	(13,178)	(2,275)	(2,272)	235
FFO	131,457	60,674	84,634	(56,769)
Noncash interest expense related to amortization of deferred financing costs and mortgage loan discounts	41,481	52,737	69,849	64,566
Noncash incentive compensation expense ⁽¹⁾	13,023	22,267	27,924	24,335
Offering related expenses	4,081	—	—	—
Severance expense	2,285	6,536	7,547	15,558
Acquisition costs	42	243	275	1,384
Core FFO	192,369	142,457	190,229	49,074
Recurring capital expenditures	(35,454)	(40,065)	(49,773)	(56,952)
Adjusted FFO	\$ 156,915	\$ 102,392	\$ 140,456	\$ (7,878)

(1) For the nine months ended September 30, 2016 and 2015, \$12,724 and \$18,161 was recorded in general and administrative expense, respectively, and \$299 and \$4,106 was recorded in property management expense, respectively. For the years ended December 31, 2015 and 2014, \$23,758 and \$19,318 was recorded in general and administrative expense, respectively, and \$4,166 and \$5,017 was recorded in property management expense, respectively.

Quantitative and Qualitative Disclosures about Market Risk

Our future income, cash flows, and fair values relevant to financial instruments are dependent upon prevalent market interest rates. Market risk refers to the risk of loss from adverse changes in interest rates, seasonality, market prices, commodity prices, and inflation. The primary market risks to which we are exposed are interest rate risk and seasonality. We may in the future use derivative financial instruments to manage, or hedge, interest rate risks related to any borrowings we may have. We may enter into such contracts only with major financial institutions based on their credit ratings and other factors.

Interest Rate Risk

A primary market risk to which we believe we are exposed is interest rate risk, which may result from many factors, including government monetary and tax policies, domestic and international economic and political considerations, and other factors that are beyond our control. We may incur additional variable rate debt in the future, including additional amounts that we may borrow under our credit facilities. In addition, decreases in interest rates may lead to additional competition for the acquisition of single-family homes, which may lead to future acquisitions being more costly and resulting in lower yields on single-family homes targeted for acquisition. Significant increases in interest rates may also have an adverse impact on our earnings if we are unable to acquire single-family homes with rental rates high enough to offset the increase in interest rates on our borrowings.

As of December 31, 2015 and 2014, the total outstanding balance of our variable-rate debt was comprised of borrowings on our credit facilities of \$2,355.9 million and \$3,409.4 million, respectively, our mortgage loans of \$5,305.9 million and \$2,947.3 million, respectively, and our warehouse loans from our Sponsor of \$114.0 million and \$270.7 million, respectively. Total outstanding variable-rate debt increased 17.3% from December 31, 2014 to December 31, 2015. All borrowings under our credit facilities and warehouse loans bear interest at LIBOR plus a spread, while borrowings under our mortgage loans bear interest at LIBOR plus the applicable spread. Assuming no change in the outstanding balance of our existing variable rate debt, the following table illustrates the projected effect of a 100 basis point increase or decrease in the LIBOR rate on our annual interest expense as of December 31, 2015 and 2014:

(\$ in thousands)	Change in Interest Expense	
	As of December 31, 2015	As of December 31, 2014
Rate increase of 1% (1)	\$ 77,759	\$ 62,913
Rate decrease of 1% (2)	\$ (28,473)	\$ (4,684)

- (1) Calculation of additional projected annual interest expense as a result of a 100 basis point increase considers the potential impact of our interest rate cap agreements as of December 31, 2015.
- (2) Calculation of projected decrease in annual interest expense as a result of a 100 basis point decrease is reflective of any LIBOR floors or minimum interest rates stated in the agreements of the respective borrowings.

This analysis does not consider the effects of the reduced level of overall economic activity that could exist in such an environment. Further, in the event of a change of such magnitude, we may consider taking actions to further mitigate our exposure to the change. However, because of the uncertainty of the specific actions that would be taken and their possible effects, the sensitivity analysis assumes no changes in our capital structure.

Seasonality

Our business and related operating results have been, and we believe that they will continue to be, impacted by seasonal factors throughout the year. In particular, we have experienced higher levels of resident move-outs during the summer months, which impacts both our rental revenues and related turnover costs. Further, our property operating costs are seasonally impacted in certain markets by increases in expenses such as HVAC repairs, costs to re-resident, and landscaping expenses during the summer season.

INDUSTRY OVERVIEW

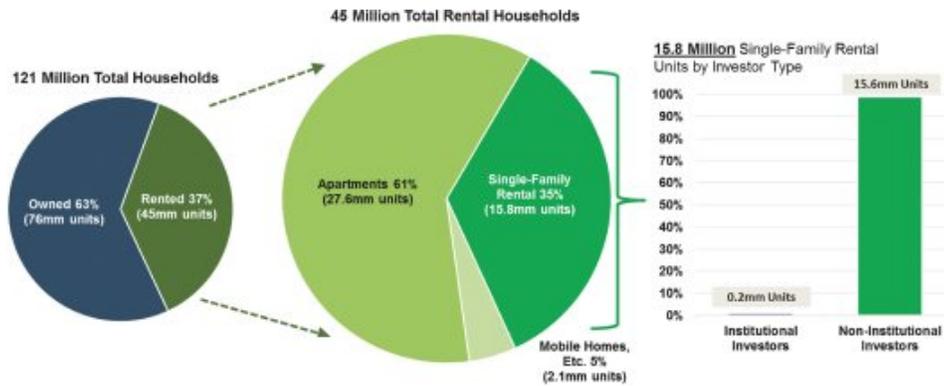
Unless otherwise indicated, all information in this Industry Overview section is derived from a market study prepared for us in connection with the offering as of January 6, 2017 by John Burns Real Estate Consulting, LLC, or JBREC, a real estate consulting firm, and the projections and beliefs of JBREC stated herein are as of that date. You should read the following discussion together with the information under the caption "Risk Factors."

Residential Industry Overview

Residential housing is the largest real estate asset class in the United States, with 121 million total housing units and a total value of more than \$22.0 trillion, according to the Federal Reserve Flow of Funds report for the second quarter of 2016. The single-family rental market has grown in recent years as the homeownership rate has declined following the global financial crisis. The number of single-family rental units increased 35% from 11.7 million as of September 30, 2006 to 15.8 million as of September 30, 2016 as the homeownership rate fell from a high of 69.2% as of December 31, 2004 to 63.5% as of September 30, 2016.

Prior to 2012, the single-family rental sector primarily consisted of smaller, non-institutional owners and managers, but larger institutional investors and managers have emerged in recent years. Despite this growth, it is estimated that institutional owners only represent approximately 207,000 units or 1% of all single-family rental units. Operating metrics for institutionally managed single-family rentals are most comparable to traditional multifamily properties as single-family rental properties exhibit similar occupancy levels to multifamily properties with lower turnover rates. In addition, the single-family housing market is the most liquid real estate asset class in the United States, with an average of 5.3 million sales of existing homes per year from 2000-2015.

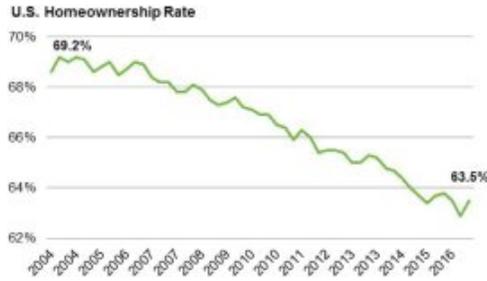
U.S. Housing Inventory



Sources : US Census Bureau, Rent Range, John Burns Real Estate Consulting, LLC.

Note: Single-family rentals include detached, attached, and condominium units. Percentages are rounded.

U.S. Homeownership Rate and Single-Family Rental Households



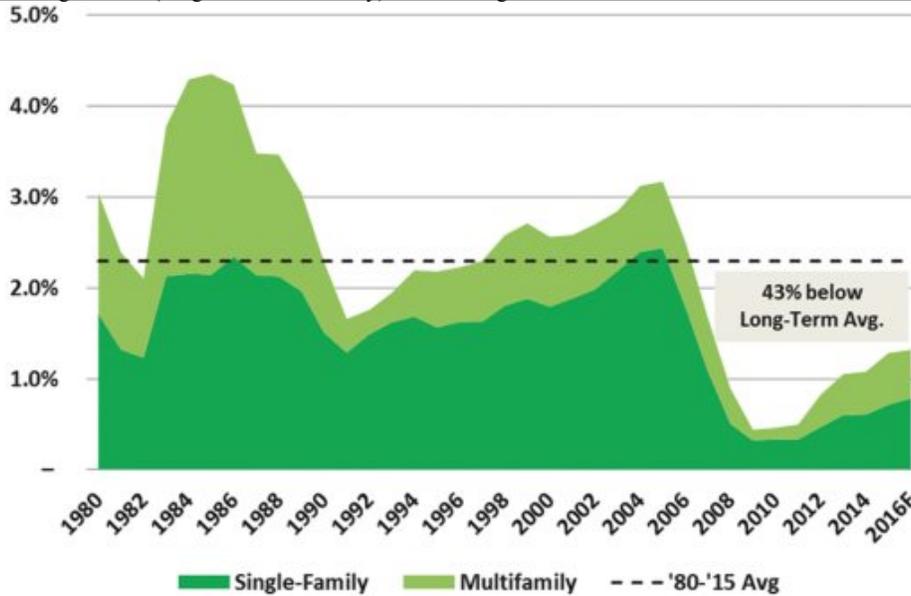
Sources : Homeownership Rate: US Census Bureau (Data: 3Q16); Single-Family Rentals: John Burns Real Estate. Consulting, LLC estimates using Census data; (Data: 3Q16).

Supply: Historically Low and Favorable Conditions Are Expected to Continue

New housing permits (single and multifamily) for the United States in 2016 are expected to total 1.0% of existing households or 1.19 million units, compared to an average of 1.3% of households annually from 1980-2015, a 27% decline. This quantity of new permits is 21% below the 1.5 million new units demanded from the combination of 1.15 million new households formed and 354,000 housing units becoming obsolete.

Low supply conditions in the United States have persisted since the start of the housing crisis in 2007, with an average of 0.8% permits added per year over that time, 43% below the 1980-2015 average. This decline in supply has been even more pronounced in Invitation Homes' markets: new housing permits for 2016 and 2007-2015 were 43% below and 60% below the 1980-2015 averages, respectively.

Housing Permits (Single and Multifamily) as Percentage of Households in Invitation Homes' Markets



Sources : U.S. Census Bureau; John Burns Real Estate Consulting, LLC (Data: Sep-2016).

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This decline in supply has primarily been caused by factors such as limited debt and equity capital available for new construction, rising costs of land, labor and materials, and increased costs for developers as a result of additional requirements to invest in local infrastructure. These trends have caused homebuilders to focus on larger, higher-end homes, which are more profitable to build. This has resulted in a decreased supply of new entry-level housing, which is the most likely alternative for single-family rental residents. Notably, the share of new homes 1,800 square feet or smaller (the typical size of entry-level homes) has fallen from 34% on average in 1999-2004 (prior to the housing downturn) to 21% in 2015, a nearly 40% decline.

JBREC believes that the typical single-family rental resident prefers single-family homes over apartments due to lifestyle differences (e.g., families with children, space requirements, private outdoor areas, and quality of schools). Single-family construction activity is expected to remain low over the near and intermediate term. When combined with forecast demand growth, this limited new supply should drive increased occupancy and rental rates for single-family rental homes.

The level of existing homes for sale also remains historically low, with the current months of supply of existing homes for sale 35% below the average from 1983 through 2015 and close to record low levels.

U.S. Existing Homes for Sale: Months of Supply



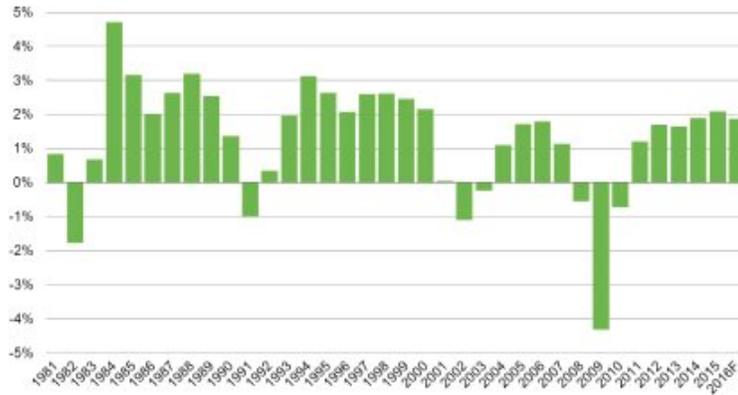
Sources : National Association of Realtors; John Burns Real Estate Consulting, LLC (Data: Sep-2016).

Note : Long-term average represents 1983-2015 average.

Demand: Steady Job Growth and Household Formations Supported by Strong Demographic Trends

Job growth has continuously improved since 2011 and household formation is accelerating. Thirteen million total new jobs have been added since that time, or 2.6 million jobs per year on average through 2015 (1.8% annual job growth). According to JBREC forecasts, growth is expected to total approximately 2.6 million jobs again in 2016.

U.S. Employment Annual Growth Rates



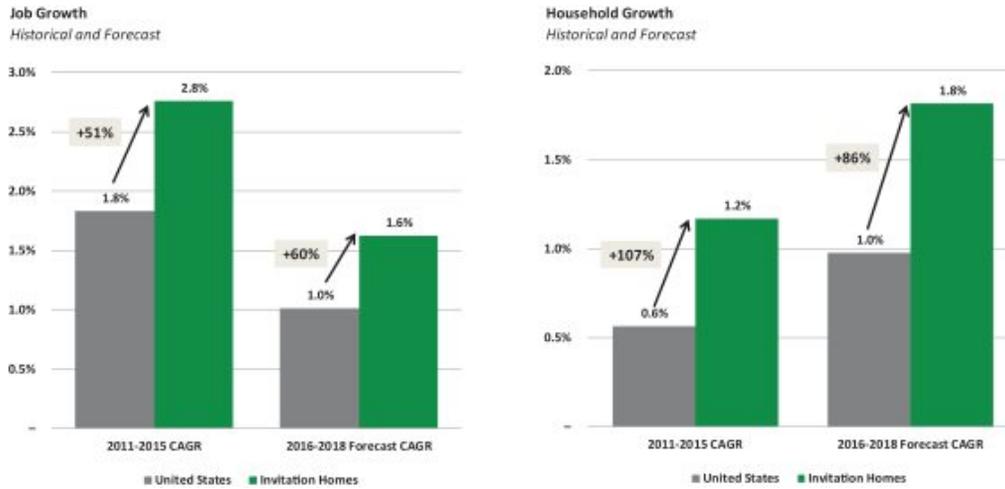
Sources : Bureau of Labor Statistics, John Burns Real Estate Consulting, LLC forecasts (Data: Oct-2016).

With the economy adding jobs, JBREC forecasts that an estimated 4.8 million net new households will be formed from 2017 to 2020, or 1.2 million annually. This pace is similar to that experienced in other post-recessionary periods. The majority of these new households are expected to be renter households, which would increase single-family rental demand. JBREC also expects favorable demographics will contribute to this future household growth. In addition, demographic shifts are forecast to increase the 35-44 year old cohort (a primary driver of household formation) by 5.4 million people from 2015-2025. This cohort's rentership rate has increased from 31% to 42% over the past decade.

The severe decline in home prices during the 2007-2012 housing crisis and the wave of foreclosures that followed was the initial driver of the decline in the homeownership rate from 69.2% as of December 31, 2004 to 63.5% as of September 30, 2016, but a number of other factors have also contributed to the decline in the homeownership rate and these trends are expected to continue. The propensity to rent has increased for every age group amidst a delaying of major life events, increasing student loan burdens, and reduced availability of mortgage credit. Some simply prefer to rent due to the optionality and flexibility it offers. Consequently, the national rentership rate, which is the inverse of the homeownership rate, reached 37% in the third quarter of 2016, a level not seen since 1973. The rentership rate is forecast by JBREC to continue to climb through 2025.

While the United States as a whole is expected to continue to experience strong job and household growth, trends in Invitation Homes' markets have been more favorable than the U.S. average and this outperformance is expected to continue. Job growth in Invitation Homes' markets from 2011-2015 averaged 2.8% annually compared to the U.S. average of 1.8%, while household growth in Invitation Homes' markets over that time averaged 1.2% annually compared to 0.6% for the United States on average. In 2016, forecasted job growth in Invitation Homes' markets is expected to be 2.5% versus 1.9% in the United States overall. JBREC expects Invitation Homes' markets to maintain stronger growth over 2016-2018, with Invitation Homes' markets forecast to experience 60% and 86% higher job and household growth, respectively, than the U.S. average. Household growth in the United States and Invitation Homes' markets is expected to outpace job growth due to pent up household demand from the prior recession period and the large number of millennials advancing into household-forming age. Superior growth fundamentals in Invitation Homes' markets have contributed to new lease net effective rental rate growth of 6.2% for the nine months ended September 30, 2016 based on data provided by Invitation Homes on its portfolio, compared to 4.1% for the United States on average over the same time period. For the three months ended September 30, 2016, Invitation Homes generated 6.5% new lease rental rate growth compared to the U.S. average of 3.9%.

Historical and Forecast Job and Household Growth (Invitation Homes Markets vs. U.S. Average)



Source : US Census Bureau, Bureau of Economic Analysis, Forecasts: John Burns Real Estate Consulting, LLC.

Rising Interest Rates May Increase Single-Family Rental Demand

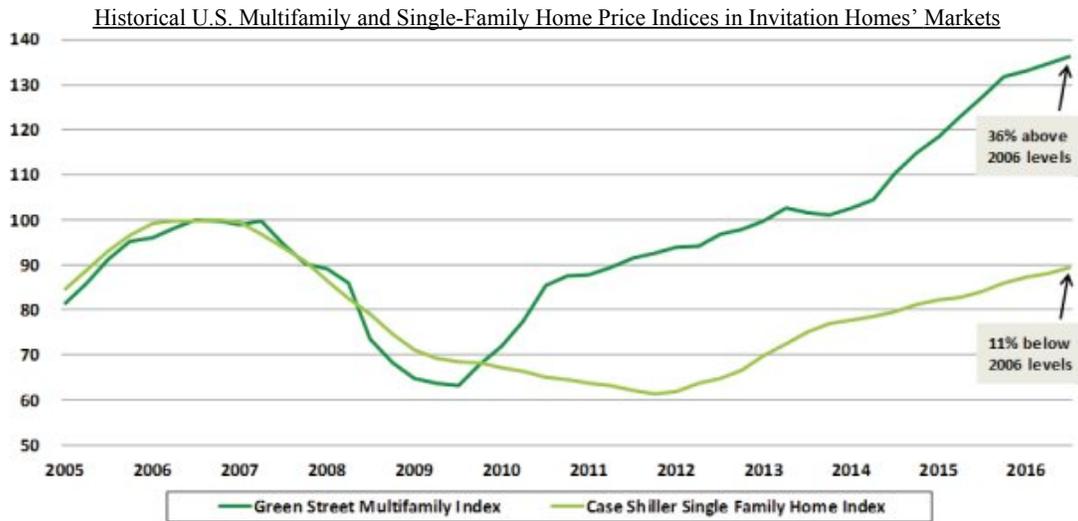
If interest rates continue to rise and push mortgage rates higher, potential home buyers may be impacted by rising homeownership costs and may instead choose to rent.

The health of the economy has historically had a greater impact on home values than changes in mortgage rates. The demand created by a growing economy (increased jobs, income growth, and increased consumer confidence) has historically offset the increased cost of housing caused by rising mortgage rates. Importantly, while rising interest rates increase the cost of homeownership, rising rates have not historically been linked to falling home prices, especially during periods of economic growth and wage growth.

Home Prices Remain Below Prior Cycle High with Price Appreciation Expected to Continue

Home prices in Invitation Homes’ markets are still 11% below 2006 pricing levels as measured by the Case Shiller Index, while multifamily property prices are 36% above 2006 levels in these same markets based on the Green Street Advisors Apartment Commercial Property Price Index. Home price appreciation remains steady at 5.3% growth year-over-year for the United States on average as of August 2016, while home prices in Invitation Homes’ markets grew at 6.3% on average for the same period. Due to continued favorable housing fundamentals, JBREC expects home price appreciation to continue over the near term.

Invitation Homes believes that the value of its portfolio represents a significant discount to the replacement cost of a comparable portfolio today. JBREC estimates that the total New Home Replacement Cost of Invitation Homes’ portfolio of 48,431 homes is approximately \$15.4 billion, or \$318,500 per home, as of December 30, 2016. Invitation Homes believes it will continue to experience below-average levels of new housing supply in its markets which will support future rental rate growth and home price appreciation.



Source : Green Street Advisors – Commercial Property Outlook (September 2016) and Case Shiller.

Fundamentals in Invitation Homes' Markets

The below tables provide primary supply and demand characteristics, along with home price appreciation, in each of the Invitation Homes' markets. Invitation Homes' markets on average are forecast by JBREC to experience more favorable housing supply and demand fundamentals as compared to the United States on average for the 2016-2018 period, including:

- 2016-2018 forecast household growth of 1.8% annually vs. U.S. average of 1.0% annually
- 2016-2018 forecast employment growth of 1.6% annually vs. U.S. average of 1.0% annually

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Market	Demand				Home Price Appreciation			Current % vs. Prior Cycle High
	Employment Growth		Household Growth		'11-'15 % CAGR	Aug-16 YoY		
	'11-'15 % CAGR	'16F-'18F % CAGR	'11-'15 % CAGR	'16F-'18F % CAGR				
Southern California	2.5%	1.4%	0.6%	1.0%	10.7%	5.5%	(9.9%)	
Northern California	2.5%	1.5%	0.9%	1.6%	11.9%	7.3%	(18.4%)	
Seattle	2.9%	1.6%	1.6%	1.7%	9.3%	11.3%	8.0%	
Phoenix	2.7%	2.0%	1.7%	2.6%	11.7%	5.3%	(22.0%)	
Las Vegas	3.2%	1.9%	1.6%	2.9%	12.5%	6.2%	(32.6%)	
Western United States Subtotal	2.7%	1.6%	1.1%	1.7%	10.9%	7.1%	(11.4%)	
South Florida	2.9%	1.3%	1.1%	1.9%	10.6%	6.8%	(19.7%)	
Tampa	2.7%	2.0%	1.1%	1.9%	8.8%	7.4%	(22.0%)	
Orlando	3.6%	2.7%	2.1%	2.9%	9.6%	5.5%	(28.2%)	
Jacksonville	2.5%	1.9%	1.4%	2.3%	6.8%	5.3%	(17.9%)	
Florida Subtotal	2.9%	1.8%	1.3%	2.1%	9.5%	6.6%	(21.8%)	
Atlanta	2.8%	1.6%	1.3%	2.1%	7.4%	5.1%	1.5%	
Charlotte	3.1%	1.6%	1.6%	2.3%	5.3%	5.4%	5.9%	
Southeast United States Subtotal	2.9%	1.6%	1.4%	2.1%	6.8%	5.2%	2.8%	
Chicago	1.7%	1.0%	0.0%	0.3%	4.7%	4.0%	(15.5%)	
Minneapolis	1.9%	1.0%	0.8%	1.1%	6.0%	5.1%	(5.7%)	
Midwest United States Subtotal	1.7%	1.0%	0.2%	0.5%	5.0%	4.3%	(12.9%)	
Invitation Homes Average (1)	2.8%	1.6%	1.2%	1.8%	9.1%	6.3%	(12.7%)	
United States Average	1.8%	1.0%	0.6%	1.0%	6.7%	5.3%	(1.6%)	

(1) Calculated based on the percentage of revenue contribution by each of the Invitation Homes markets for the twelve months ended September 30, 2016.

Market	Supply (Permits)			
	Total Housing Permits % of Households			
	'80-'15 Average	Current Sep-16	Current vs. '80-'15 Avg.	'16F-'18F Avg.
Southern California	1.2%	0.7%	(44.0%)	0.7%
Northern California	2.0%	0.8%	(59.6%)	0.9%
Seattle	1.9%	1.7%	(10.2%)	1.5%
Phoenix	3.3%	1.6%	(52.0%)	1.6%
Las Vegas	4.8%	1.7%	(65.2%)	1.8%
Western United States Subtotal	2.1%	1.2%	(45.3%)	1.2%
South Florida	2.0%	0.9%	(54.5%)	0.8%
Tampa	2.1%	1.4%	(35.4%)	1.4%
Orlando	3.7%	2.5%	(31.8%)	2.4%
Jacksonville	2.6%	1.9%	(26.2%)	1.9%
Florida Subtotal	2.4%	1.5%	(39.8%)	1.4%
Atlanta	3.1%	1.7%	(45.7%)	1.7%
Charlotte	2.6%	2.2%	(18.7%)	2.0%
Southeast United States Subtotal	3.0%	1.8%	(38.6%)	1.8%
Chicago	0.9%	0.5%	(40.9%)	0.5%
Minneapolis	1.7%	0.9%	(47.2%)	0.9%
Midwest United States Subtotal	1.1%	0.6%	(43.4%)	0.6%
Invitation Homes Average (1)	2.3%	1.3%	(42.6%)	1.3%
United States Average	1.3%	1.0%	(27.2%)	1.0%

(1) Calculated based on the percentage of revenue contribution by each of the Invitation Homes markets for the twelve months ended September 30, 2016.

BUSINESS

We are a leading owner and operator of single-family homes for lease in the United States. Our portfolio of nearly 50,000 high quality homes is wholly owned and is concentrated in attractive in-fill submarkets of major MSAs. We have selected locations with strong demand drivers, high barriers to entry and high rent-growth potential. We are highly concentrated in the Western United States and Florida, with 72% of our revenues generated in those regions and 54% of revenues coming from California and Florida alone during the three months ended September 30, 2016. Through disciplined market and asset selection, we designed our portfolio to capture the operating benefits of local density as well as economies of scale that we believe cannot be readily replicated. Since our founding in 2012, we have built a proven, vertically integrated operating platform that allows us to effectively and efficiently acquire, renovate, lease, maintain and manage our homes. We believe that the investments we make, and the high standard to which we renovate our homes, improve our local communities both by offering residents choice and access to a superior quality of living and by driving local employment. Our world-class portfolio and differentiated, vertically integrated platform have enabled us to achieve strong operating results and we believe create significant opportunities for future growth.

We invest in markets that we expect will exhibit lower new supply, stronger job and household formation growth and superior NOI growth relative to the broader U.S. housing and rental market. Within our 13 markets, we target attractive neighborhoods in in-fill locations with multiple demand generators, such as proximity to major employment centers, desirable schools and transportation corridors. More than 95% of our revenue for the three months ended September 30, 2016 was earned in markets where we have at least 2,000 homes, driving significant operational efficiency. Our homes average approximately 1,850 square feet with three bedrooms and two bathrooms and an average monthly rent of \$1,623 for the three months ended September 30, 2016, appealing to a resident base that we believe is less transitory than the typical multifamily resident. We have made approximately \$1.2 billion of upfront renovation investment in the homes in our portfolio, representing approximately \$25,000 per home, in order to address capital needs, reduce ongoing maintenance costs and drive resident demand. As a result, our portfolio benefits from high occupancy and low turnover rates, and we are well positioned to drive strong rent growth, attractive margins and predictable cash flows.

Through our disciplined operating and investment expertise, we:

- generated \$905 million in total revenues for the twelve months ended September 30, 2016;
- increased net effective rental rates on leases signed in the quarter ended September 30, 2016 by 6.1% over the prior lease rates;
- achieved average occupancy of 96.1% for our 36,569 home Same Store portfolio (consisting of homes which had commenced their initial post-renovation lease prior to October 3, 2014) for the nine months ended September 30, 2016;
- grew total revenues for our Same Store portfolio by 5.0% for the nine months ended September 30, 2016 as compared to the nine months ended September 30, 2015;
- grew NOI for our Same Store portfolio by 7.4% for the nine months ended September 30, 2016 as compared to the nine months ended September 30, 2015; and
- experienced home price appreciation of 6.3% in our markets for the twelve months ended August 31, 2016 (weighted by revenue contribution) based on the August 2016 Case Shiller Index, outpacing growth in the broader U.S. market by 18%.

We believe we are well positioned to achieve organic growth through a combination of rent increases driven by strong market fundamentals (including demographic shifts), new ancillary revenue opportunities and increasing operational efficiencies. We continue to identify and implement new opportunities to drive revenue in the near and longer term by applying proven approaches of multifamily rental providers. We also see opportunities to expand margins by centralizing additional support and administrative functions and continuing to optimize our platform. In addition, we intend to capitalize on a highly fragmented market by utilizing our proven acquisition capability and flexible balance sheet to make attractive investments.

Our Portfolio

The following tables provide summary information regarding our total and Same Store portfolios (consisting of homes which had commenced their initial post-renovation lease prior to October 3, 2014) as of and for the periods indicated.

Market	Number of Homes (1)	Average Occupancy (2)	Average In-Place Monthly Rent (3)	Average Monthly Rent PSF (3)	% of Revenue (4)
Western United States					
Southern California	4,633	94.8%	\$ 2,148	\$ 1.27	12.4%
Northern California	2,892	96.4%	1,680	1.07	6.7%
Seattle	3,177	94.2%	1,847	0.97	7.9%
Phoenix	5,636	95.0%	1,112	0.71	8.2%
Las Vegas	940	95.2%	1,417	0.74	1.8%
Western United States Subtotal	<u>17,278</u>	95.1%	1,638	0.97	<u>37.0%</u>
Florida					
South Florida	5,588	94.9%	2,118	1.10	14.7%
Tampa	4,997	94.9%	1,540	0.79	9.8%
Orlando	3,734	95.1%	1,465	0.76	7.0%
Jacksonville	2,018	94.8%	1,536	0.77	3.9%
Florida Subtotal	<u>16,337</u>	94.9%	1,719	0.89	<u>35.4%</u>
Southeast United States					
Atlanta	7,537	94.0%	1,336	0.65	12.5%
Charlotte	3,123	94.4%	1,348	0.68	5.3%
Southeast United States Subtotal	<u>10,660</u>	94.2%	1,339	0.66	<u>17.8%</u>
Midwest United States					
Chicago	2,973	92.3%	1,997	1.18	7.2%
Minneapolis	1,183	94.0%	1,734	0.87	2.6%
Midwest United States Subtotal	<u>4,156</u>	92.8%	1,922	1.08	<u>9.8%</u>
Total / Average	<u>48,431</u>	94.6%	\$ 1,623	\$ 0.88	<u>100.0%</u>
Same Store Portfolio Total / Average	<u>36,569</u>	96.1%	\$ 1,623	\$ 0.87	<u>76.5%</u>

(1) As of September 30, 2016.

(2) Represents average occupancy for the nine months ended September 30, 2016.

(3) Represents average rent for the three months ended September 30, 2016.

(4) Represents the percentage of revenue generated in each market for the three months ended September 30, 2016.

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Market	Number of Same Store Homes (1)	Same Store Total Revenue (2)	Same Store Total Expense (2)	Same Store Total NOI (2)	Same Store Core NOI Margin (2)
Western United States					
Southern California	3,614	\$ 67,372	\$ 21,363	\$ 46,009	68.4%
Northern California	2,167	34,416	12,408	22,008	69.1%
Seattle	2,002	35,329	13,567	21,762	66.0%
Phoenix	4,151	43,582	12,826	30,756	70.6%
Las Vegas	843	10,867	3,328	7,539	70.6%
Western United States Subtotal	12,777	191,566	63,492	128,074	68.8%
Florida					
South Florida	3,648	68,884	32,530	36,354	52.8%
Tampa	3,933	54,108	23,625	30,483	56.4%
Orlando	3,116	40,591	16,933	23,658	58.3%
Jacksonville	1,624	22,476	9,073	13,403	59.7%
Florida Subtotal	12,321	186,059	82,161	103,898	55.9%
Southeast United States					
Atlanta	5,766	68,733	25,137	43,596	63.5%
Charlotte	2,315	27,467	9,418	18,049	65.7%
Southeast United States Subtotal	8,081	96,200	34,555	61,645	64.1%
Midwest United States					
Chicago	2,344	39,831	18,815	21,016	52.9%
Minneapolis	1,046	16,346	5,855	10,491	66.5%
Midwest United States Subtotal	3,390	56,177	24,670	31,507	56.8%
Same Store Portfolio Total	36,569	\$ 530,002	\$ 204,878	\$ 325,124	62.1%

(1) As of September 30, 2016.

(2) For the nine months ended September 30, 2016.

Market	Average Occupancy (1)	Average In-Place Monthly Rent (2)	Annualized Turnover Rate (3)	Average Net Effective Rental Rate Growth (4)		
				New Leases	Renewal Leases	Blended
Western United States						
Southern California	96.4%	\$ 2,132	32.1%	7.7%	7.1%	7.4%
Northern California	97.4%	1,668	32.3%	9.3%	7.2%	8.0%
Seattle	96.4%	1,858	38.7%	9.7%	7.5%	8.4%
Phoenix	96.9%	1,132	37.3%	10.2%	6.0%	7.6%
Las Vegas	96.0%	1,427	35.6%	4.9%	4.4%	4.6%
Western United States Subtotal	96.7%	1,638	35.1%	8.8%	6.8%	7.5%
Florida						
South Florida	95.7%	2,167	36.0%	5.2%	4.5%	4.7%
Tampa	96.1%	1,548	39.4%	5.5%	4.5%	4.9%
Orlando	96.6%	1,454	40.3%	5.9%	4.8%	5.3%
Jacksonville	95.4%	1,563	42.3%	4.1%	3.7%	3.9%
Florida Subtotal	96.0%	1,708	39.0%	5.3%	4.5%	4.8%
Southeast United States						
Atlanta	96.4%	1,353	36.2%	5.7%	5.4%	5.5%
Charlotte	95.7%	1,343	38.9%	5.4%	5.0%	5.2%
Southeast United States Subtotal	96.2%	1,350	37.0%	5.6%	5.3%	5.4%
Midwest United States						
Chicago	93.2%	1,995	39.7%	1.7%	5.0%	3.7%
Minneapolis	94.6%	1,748	39.3%	3.5%	5.7%	4.7%
Midwest United States Subtotal	93.6%	1,918	39.6%	2.2%	5.2%	4.0%
Same Store Portfolio Total / Average	96.1%	\$ 1,623	37.2%	6.1%	5.5%	5.7%

(1) Represents average occupancy for the nine months ended September 30, 2016.

(2) Represents average rent for the three months ended September 30, 2016.

(3) Represents annualized turnover rate for the nine months ended September 30, 2016.

(4) Represents average net effective rental rate growth for the nine months ended September 30, 2016.

Our Platform

Our vertically integrated, scalable platform allows greater influence over the experience of our residents while enabling us to better control operating costs and continuously share best practices across functional areas of the business. Our differentiated platform is built upon:

- *Resident-centric focus* . Our high-touch business model enables us to continuously solicit and integrate resident feedback into our operations and tailor our approach to address their preferences, providing a superior living experience and fostering customer loyalty. We believe this, in turn, drives rent growth, occupancy and low turnover rates and will enable us to develop significant brand equity in the longer term.
- *Local presence and expertise* . We employ a differentiated “Community Model” whereby in-market managers oversee the operations of local leasing management, property management and maintenance teams, enabling us to provide outstanding resident service, leverage local expertise in managing rental, occupancy rates and turnover rates, and improve cost and oversight over renovations and ongoing maintenance. As a result of our concentrated footprint within our markets, our regional managers and in-market teams are able to realize local-operator advantages, while still benefiting from significant economies of scale.
- *Scalable, centralized infrastructure* . We support local market operations with national strategy, infrastructure and standards to drive efficiency, consistency and cost savings. We utilize our extensive scale to ensure the consistent quality of our resident experience and maximize cost efficiencies and purchasing power. On a national level we are also able to standardize resident leases, employ a consistent approach to resident screening and leasing operations, and utilize dynamic, rules-based pricing tools informed by local market conditions.

Our approach to asset management similarly combines local presence and expertise with national oversight. Our investment and asset management teams are located in-market and apply their local market knowledge within the framework of a proprietary and consistent underwriting methodology. Through the integration of investment management and property management functions, our platform enables our asset management teams to incorporate real time information regarding leasing activity, property operations, maintenance and capital spending into asset selection. We believe the advantages of our integrated acquisition platform and local market expertise have driven the quality of our existing portfolio of 48,431 homes as of September 30, 2016, over 94% of which were acquired in single-asset transactions. We believe that employing experienced, in-house acquisitions teams at the local level gives us a competitive advantage in selectively acquiring homes that will maximize risk-adjusted total return.

Our Competitive Strengths

We believe our position as a leading single-family residential owner and operator is founded on the following competitive strengths:

Large vertically integrated owner and operator with unmatched scale in attractive markets

We own and operate the largest portfolio of single-family homes for lease in the United States based on revenue. Our extensive scale enhances diversification, predictability of cash flows and cost savings. Over 95% of our portfolio, on a revenue basis for the three months ended September 30, 2016, is located in markets where we have at least 2,000 homes. This local density and scale allows us to achieve greater operational efficiency, reduce operating costs and gain superior local market knowledge. In addition, this scale increases our ability to optimize our portfolio through the selective disposition of non-core assets without impacting our ability to operate efficiently. Across markets, we leverage preferred national and local vendors to ensure consistent quality and maximize purchasing power, employ standardized resident screening practices and leases, control our leasing approach through the use of exclusive broker arrangements, and adhere to dynamic, rules-based pricing tools informed by our community presence. Our integrated, scalable platform offers in-house capability at every phase

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of our business, including acquisition underwriting and execution, upfront capital investment and renovation, ongoing leasing and maintenance operations, and dispositions. We believe this allows us greater ability to control and improve our residents' experience and manage operating costs, while providing detailed market intelligence that we utilize to drive occupancy, low turnover rates and rent growth.

Quality homes located in high growth markets with low new supply

We have selected markets that we believe will experience strong population, household formation and employment growth and exhibit constrained levels of new home construction. As a result, we believe our markets have and will continue to outperform the broader U.S. housing and rental market in rent growth and home price appreciation. As measured by the August 2016 Case Shiller Index, home price appreciation in our markets was 6.3% for the twelve months ended August 31, 2016, outpacing growth in the broader U.S. market over the same period by 18%. We believe home price appreciation is a leading indicator of future rental growth. Within our markets, we have focused on highly desirable in-fill locations with multiple demand drivers, such as proximity to major employment centers, attractive schools and transportation corridors. We have largely avoided bulk portfolio acquisitions, choosing instead to construct our portfolio mainly through individual acquisitions by our local teams, who seek to identify the assets in our markets with the strongest demand and return profiles according to our rigorous underwriting criteria.

When we acquire a home, we make disciplined capital investments designed to enhance its desirability and minimize the need for ongoing maintenance. Since our inception in 2012, we have made upfront renovation investments in our portfolio totaling more than \$1.2 billion, or an average of \$25,000 per home. Through our disciplined market focus and differentiated approach to acquisitions and renovations, we believe we have assembled a portfolio of single-family homes for lease that cannot be readily replicated by new entrants, commands premium rents per square foot and which positions us well for future internal growth.

Proven asset management and portfolio optimization capabilities

Our portfolio was strategically assembled by in-house property acquisition teams operating locally in each of our markets with national oversight. Our acquisition teams have acquired 94% of our 48,431 homes as of September 30, 2016 in single-asset acquisitions. Today, we have a 25-member asset management team, 22 of whom operate in our local markets and source and underwrite acquisition opportunities by applying local expertise within the parameters of a disciplined and proprietary underwriting methodology. In evaluating acquisitions, we analyze 64 factors, including neighborhood desirability, proximity to employment centers, schools, transportation corridors, community amenities, construction type and the extent of ongoing capital needs, among others. We have developed an extensive network of local market relationships, which coupled with our ability to provide speed and certainty of closing to sellers, affords us enhanced access to acquisition opportunities across multiple channels, including local and national brokers, banks, contractors, homebuilders and other single-family home rental operators. The depth and breadth of our local broker networks, our deep understanding of local markets and our ability to effectively leverage technology to gather and analyze market data have enabled us to underwrite more than one million individual homes since our inception, from which we have assembled our high quality portfolio of nearly 50,000 homes.

We also maintain a sophisticated process to identify and efficiently dispose of homes that no longer fit our investment objectives. We believe we have a proven ability to maximize sales prices while reducing time to sale and selling costs by utilizing multiple distribution channels, including bulk portfolio sales, our new "Resident First Look" program, which facilitates home sales to our current residents, direct-to-market sales and MLS. As of September 30, 2016, we have sold 2,491 properties in 589 individual transactions across these channels.

Superior property management and resident-centric approach drive strong performance

We believe our Community Model, supported by national infrastructure and standards, offers residents a differentiated value proposition and provides us enhanced control and efficiency in operating our portfolio. Our

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Community Model is a localized approach to property management that seeks an optimal balance between operating scale and local control and expertise. In order to monitor their satisfaction and improve service, we maintain regular contact with our residents through our in-market maintenance teams, property management personnel and resident polling. We have achieved an “A+” rating with the Better Business Bureau. We believe our high resident satisfaction has driven strong occupancy and low turnover rates. For the nine months ended September 30, 2016, our Same Store portfolio (consisting of homes which had commenced their initial post-renovation lease prior to October 3, 2014) experienced 96.1% average occupancy and an annualized turnover rate of 37.2%, as compared to the average Multifamily REIT Comparison Set same store occupancy rate and same store annualized turnover rate of 96.1% and 55.2%, respectively, for the same period. In addition, by responding to maintenance requests primarily with in-house technicians, we believe we can more effectively control the cost and time of maintenance. In 2015, more than 50% of our maintenance calls were addressed with in-house technicians. To support and guide our community teams, we have developed robust national infrastructure and standards to drive consistency, efficiency and cost savings. We believe our operating platform enables us to drive NOI growth and margins in our portfolio. For the nine months ended September 30, 2016, we grew NOI of our 36,569 home Same Store portfolio by 7.4%, as compared to the nine months ended September 30, 2015.

Experienced management team leading an industry innovator

We are led by a seasoned management team with extensive residential and public company leadership experience whose interests are highly aligned with those of our stockholders. We have been a pioneer in the institutional single-family rental industry since its emergence and have taken a leadership role in its evolution. We helped develop the financing and securitization markets for the asset class by executing the first single-family rental securitized financing. In addition, we were a founding member of the National Rental Home Council, the single-family rental industry trade association, which is currently led by our President and Chief Executive Officer.

We have received a number of industry awards, including *International Financing Review's* 2013 Structured Finance Deal of the Year, IMN's 2016 Commercial Real Estate Award for “Innovation in Property Management,” and Satisfacts' 2015 “Superior Resident Satisfaction” company award.

Our Business and Growth Strategies

Our primary objective is to offer our residents a superior living experience by combining high-quality homes with outstanding resident service, creating a differentiated value proposition whose success inures to the benefit of our stockholders. We believe we can achieve our goal to create value for our residents and investors through the following business and growth strategies:

Drive revenue growth and capitalize on attractive fundamentals in our markets

We believe our markets will continue to exhibit lower new supply, stronger job and household formation growth and superior NOI growth relative to the broader U.S. housing and rental markets. We intend to capitalize on these favorable market dynamics to drive growth by optimizing rents while maintaining occupancy and growing complementary revenue streams. We believe we can outperform market rental growth by continuing to develop and implement sophisticated revenue management processes and systems to produce and analyze more insightful market intelligence. In addition, given our high-touch, resident-centric approach to property management, we believe we can offer tailored revenue-enhancing capital investment and other upgrades in exchange for rent premiums. We also continue to identify and implement complementary income opportunities, including preferred vendor and referral arrangements for the provision of various residential services, such as telephone, cable and internet service, landscaping, security systems and renters insurance.

Further expand margins by enhancing our operational efficiency

We believe we can continue to expand margins not only by capitalizing on our significant revenue growth opportunities, but also through continuing efforts to improve efficiency and reduce cost. Our extensive portfolio size and local market density create significant opportunities for us to capture additional economies of scale and operational efficiencies to drive profitability. We will seek to continue to reduce the time and cost of maintenance and resident turnover through proven initiatives, such as the optimization of pre-leasing programs, preventative maintenance and the use of more durable products like hard flooring instead of carpet. We will continue to standardize our leasing process by leveraging best practices developed from executing more than 136,500 leases since our inception. In addition, we believe we can achieve additional cost reductions while maintaining the quality and consistency of the resident experience by continuing to centralize select administrative functions, such as leasing and maintenance call centers and lease administration and procurement operations. Finally, we see opportunities for cost savings through improved property management technology, such as systems to more efficiently process maintenance requests.

Continue to grow and optimize our portfolio through disciplined acquisitions and selective dispositions

With the experience and expertise gained through over 45,000 single-asset acquisitions, we have developed and implemented an investment strategy designed to maximize risk-adjusted total return. Within markets where we see rent growth potential, we focus on in-fill locations with multiple demand drivers, such as proximity to major employment centers, attractive schools and transportation corridors. We select high quality homes with appeal for broad segments of rental demand, averaging approximately 1,850 square feet with three bedrooms and two bathrooms and an average monthly rent of \$1,623 for the three months ended September 30, 2016. Leveraging our market density, relationships, local knowledge and scale, we intend to continue to execute this strategy to grow our portfolio in our markets. The single-family rental market is highly fragmented with only one percent of the approximately 15.8 million single-family rental units in the United States owned by institutional owners, according to JBREC. We believe we are well positioned to be a consolidator given our position as the largest owner of single-family homes for lease, proven capital allocation strategies and financial flexibility. Since our inception, we have also disposed of approximately 2,500 homes that did not meet our long term investment criteria, demonstrating our ability to employ multiple disposition channels to optimize our portfolio and redeploy capital into more attractive investment opportunities without relinquishing the benefits of in-market scale.

Maintain a strong and flexible capital structure to support our growth

As a publicly traded company, we believe we will have enhanced access to multiple forms of cost-efficient capital, further enhancing our ability to effectively manage our balance sheet and financial profile. Since our inception, we have built strong relationships with numerous lenders, investors and other capital providers. We believe these relationships, coupled with our demonstrated financing track record, will provide us with significant financial flexibility and capacity to fund future growth. We intend to be disciplined with our financial management and continue to enhance our financial flexibility through the ongoing reduction of our debt over time.

Our Business Activities

Since our founding in 2012, we have built a proven, vertically integrated operating platform that allows us to effectively and efficiently acquire, renovate, lease, maintain and manage our homes. Our differentiated approach, which combines a resident-centric focus, local market presence and expertise, and national strategy, infrastructure and standards, informs all areas of our operations.

Property Acquisitions

Acquisition Strategy

We have a disciplined acquisition platform that assembled our current portfolio and is capable of deploying capital across multiple acquisition channels and markets simultaneously. We selected our 13 current markets based on a robust market selection process utilizing an analysis of housing and rental market supply and demand fundamentals, macroeconomic and demographic trends and risk-adjusted total return potential. Specifically, the process we use to select our markets ranks these markets based on relative weightings of factors that include, but are not limited to, forecast population and employment growth, household formation, historical and forecast deliveries of new residential housing supply, discounts to replacement cost for single-family residential housing, size of the addressable market, volume of new and existing home sales, potential yields implied by the relationship between market rental rates and the price of single-family residential housing, forecast home price appreciation and forecast rental rate growth.

We have amassed significant scale within our 13 markets. In these markets, our acquisition strategy has been and will continue to be focused on buying, renovating and operating high quality single-family homes for lease that we believe will appeal to and attract a high quality resident base, experience robust long-term demand and benefit from capital appreciation. Our homes average approximately 1,850 square feet with three bedrooms and two bathrooms, appealing to a resident base that we believe is less transitory than the typical multifamily resident, with an average monthly rent of \$1,623 for the three months ended September 30, 2016. Homes in our portfolio have a median year of construction of 1996 and an average gross book value of approximately \$204,000 as of September 30, 2016. In evaluating acquisitions, we analyze 64 factors, including neighborhood desirability, proximity to employment centers, schools, transportation corridors, community amenities, construction type and required ongoing capital needs, among others.

We target submarkets and neighborhoods in undersupplied high-growth markets, and leverage our in-house acquisition and operations teams' local market expertise to acquire homes in in-fill locations that we believe will experience above average rental rate growth and home price appreciation. Our in-house acquisition teams comprise 22 dedicated professionals located in our 13 markets and 3 professionals located at our corporate headquarters in Dallas, Texas, who provide strategic direction and overall oversight. Our acquisition teams have significant local market experience and expertise in single-family investments and sales, which enables us to target specific submarkets, neighborhoods, individual streets and homes that meet our selection and underwriting criteria. To date, we have underwritten over one million individual homes which gives us a substantial, proprietary database on which we can draw as we evaluate future acquisition opportunities in our markets. The number of homes underwritten represents the total number of acquisition opportunities that we have considered and conducted preliminary analysis of, including acquisition opportunities that were ultimately not pursued or completed. As a result of our selective and disciplined investment approach, we have analyzed and considered a far greater number of potential acquisitions than the number of homes we have actually acquired. As a result of our large existing portfolio and volume of acquisitions to date, we believe we have a high degree of visibility into rental rates and fixed and controllable operating expenses, which allows us to more accurately underwrite expected net yields of homes prior to acquisition. We also collaborate with local real estate brokers and others, and leverage these relationships to source off-market acquisition opportunities. Within our markets, our approach allows us to screen broadly and rapidly to identify potential acquisitions in highly targeted submarkets at the neighborhood and street levels. Our in-house team of acquisition professionals coordinate with our in-house renovation, maintenance and property management teams to ensure that feedback from historical acquisitions is shared across functions so that our ongoing investment activities are informed by, and benefit from, insight from prior experience. We continue to identify attractive opportunities to invest in our markets and generate strong risk-adjusted returns, and we acquired 1,860 homes during the twelve months ended September 30, 2016.

[Table of Contents](#)*Acquisition Channels*

We purchase properties through a variety of acquisition channels, including through MLS, broker sales and bulk portfolio sales, among others. To date, broker sales (primarily MLS and short sales) and auction sales have historically represented the most attractive channels to access a significant supply of quality homes at attractive prices.

While our acquisition strategy with respect to distressed acquisitions is not meaningfully driven by industry foreclosure volume nor has it been a material factor in our acquisition strategies, we note that foreclosure-related activity peaked in 2009 and has since declined. According to loan count data from the Mortgage Bankers Association, the percentage of loans with payments 90 days or more past due or in the process of foreclosure declined from a peak of 9.67% in the fourth quarter of 2009 to 2.96% in the third quarter of 2016.

For the 48,431 homes in our portfolio as of September 30, 2016, the following table sets forth the percentage of those homes acquired through various channels in the time periods outlined.

Acquisition Channel	Twelve Months Ended September 30, 2016	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	Year Ended December 31, 2015	Year Ended December 31, 2014
Bulk Sale	0%	0%	7%	6%	4%
Distressed (1)	37	37	46	44	52
Non-Distressed	63	63	47	50	44
Total	100%	100%	100%	100%	100%

(1) Includes auction, real estate owned and short sale acquisitions.

Over 94% of the homes in our portfolio have been acquired in individual transactions, although our acquisition teams also possess capabilities to underwrite a large volume of homes offered in bulk portfolio sales of single-family properties by institutions or competitors.

For the 48,431 homes in our portfolio as of September 30, 2016, the following table sets forth the number of those homes acquired through bulk acquisitions and the total number of bulk acquisitions in which those homes were acquired in the time periods outlined.

	Twelve Months Ended September 30, 2016	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	Year Ended December 31, 2015	Year Ended December 31, 2014
Number of Bulk Acquisitions	—	—	3	3	14
Number of Homes Acquired in Bulk Acquisitions	—	—	211	211	259

The homes acquired in such bulk acquisitions were comprised of single-family residences in our selected markets according to the criteria described above under “—Acquisition Strategy.” We are presented bulk acquisition opportunities from banks and other financial institutions, government-sponsored enterprises, other single-family rental investors, investment banks and real estate brokers.

Portfolio Optimization

We maintain a sophisticated process to identify and efficiently dispose of homes that no longer fit our investment objectives. We believe we have a proven ability to optimize sales prices while reducing time to sale and selling costs by utilizing multiple distribution channels, including bulk portfolio sales, our new “Resident

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First Look” program, which facilitates home sales to our current residents, direct-to-market sales and MLS. We believe the significant local density of our portfolio, which averages over 3,725 homes per market as of September 30, 2016, allows us to selectively sell properties without sacrificing the operating efficiency of our concentrated scale. As of September 30, 2016, we have sold 2,491 homes in 589 individual transactions across these channels.

Property Renovations

We have an in-house team of dedicated personnel located in our markets who oversee our upfront property renovation process and the ongoing maintenance of our homes. This team works in collaboration with our in-house acquisitions and property management teams to maximize the total return of our upfront investment and minimize ongoing maintenance costs. To this end, our professionals evaluate: the structural needs of a property (e.g., examining roofs, HVAC systems and siding); other maintenance-reducing improvements and repairs (e.g., installing durable hard-surface flooring, removing carpet from high-traffic areas, and testing plumbing and pipes both in the home and out to the street); and the level of fit and finish required to maintain consistency with our brand standards and maximize rental demand (e.g., selecting cabinet and countertop finishes and appliances designed to improve resident demand).

In general, before a home is acquired or when an acquired home first becomes vacant, our in-house teams begin the renovation process by preparing a detailed renovation budget and scope of work based on an assessment of each property’s major systems and structural features. These include HVAC, roofs, pools, and plumbing and electrical systems. In addition, we also evaluate other features of our homes’ fit and finish, including appliances, landscaping, decks and/or patios and fixtures. During our initial assessment we also determine the potential for, and potential return on, any value-additive upgrades that may reduce future operating costs or enhance rental demand and, by extension, our ability to realize more attractive rental rates, occupancy or turnover rates.

Through local oversight by in-house personnel of the entire process of renovating our homes, we are able to drive cost efficiencies. Each property’s detailed budget and scope of work prepared by our in-house team of renovation professionals is reviewed and vetted by our in-house asset management and operations teams, and in the case of work we contract directly, presented for bid to one or more of our pre-approved vendor partners in each of our markets. In the case of work for which we rely upon general contractors, we set prices based on the scope of work involved. By establishing and enforcing best practices and quality consistency, and through a constant process of evaluating and grading our vendor partners, we believe that we are able to reduce the costs of both materials and labor. For example, we have negotiated discounts and extended warranties for products that we regularly use during the renovation process, including appliances, HVAC systems and components, carpet and flooring, and paint, among others. We are also able to reduce general contractor fees by working directly with vendors. We believe this approach results in both a larger proportion of our upfront renovation expenditures going toward actual investment in our homes as well as lower overall expenditures than if we were to outsource all elements of vendor selection and oversight to third party general contractors.

For initial Invitation Homes leases starting in the nine months ended September 30, 2016, the average time from acquisition to initial lease start was 94 days, with 56 days on average between acquisition and renovation completion, and 38 days on average between renovation completion and initial lease start. For initial Invitation Homes leases starting in the nine months ended September 30, 2015, the average time from acquisition to initial lease start was 113 days, with 60 days on average between acquisition and renovation completion, and 53 days on average between renovation completion and initial lease start.

Property Operations

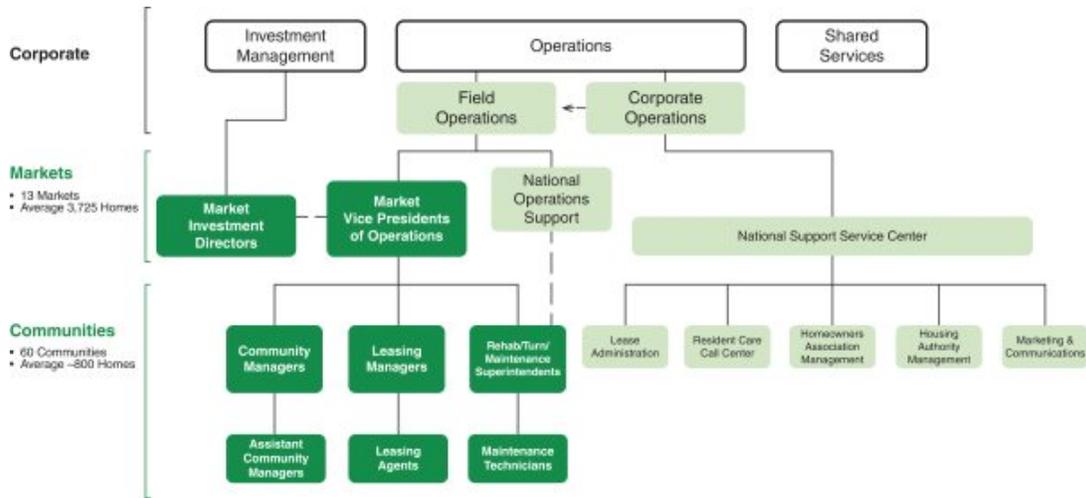
Property operations encompasses the local market management and execution of marketing, leasing, resident relations, and maintenance functions. We have an in-house property operations team of 762 dedicated personnel, 717 of whom are located in our markets, responsible for our property operations functions. We have

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developed and employ a highly scalable, vertically integrated, resident-centric property management platform. All of our property management functions have been internally managed since our founding in 2012, and we have developed an extensive in-house property management infrastructure, including systems, dedicated in-market personnel and local offices in each of our markets. All of our in-house, local market personnel are supported by our centralized national infrastructure, which allows us to deploy best practices and standardization where appropriate. The combination of our local market presence and national infrastructure enables us to exercise greater control over our property management platform, allowing us to enhance the experience of our residents, better manage operating costs and share best practices across various functional areas of our business.

We have organized our in-house property management personnel and operating structure according to a “Community Model” whereby Vice Presidents of Operations (“VPOs”) in each of our markets are responsible for the operations of local leasing management, property management and maintenance teams. We believe our “Community Model” differentiates our approach to local market operations and enables us to provide superior, high-touch resident service, maximize the effectiveness of our in-market personnel in managing rental rates, occupancy and turnover rates, and improve our cost management and oversight over both upfront renovations and ongoing maintenance.

Illustrative “Community Model” Structure



Marketing and Leasing

Marketing and Leasing of Homes

Our in-house personnel are responsible for establishing rental rates, marketing and leasing properties and collecting and processing rent. We establish rental rates based on a dynamic, rules-based pricing tool that is informed by local market conditions, including a competitive analysis of market rents for institutional single-family rental properties, growth in single-family and multifamily market rents since a specific home’s last lease commenced, the size, fit and finish, and location of the home, the number of applications received and/or showings a property has experienced since becoming available and the number of days a home has been available on the market, as well as qualitative factors, such as neighborhood characteristics, community amenities and proximity to employment centers, desirable schools, transportation corridors and local services.

We typically begin pre-marketing properties 30 to 60 days in advance of their becoming vacant to maintain high occupancy rates and reduce vacancy losses. We advertise available properties through multiple channels,

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including our website, RENTCafé, internet listing services (such as Zillow, Trulia and HotPads) syndicated through RENTCafé, MLS, yard signs, social media and local brokers. We own internal brokerages to serve each state in which we operate and utilize leasing agents who work with us to lease our homes. In some markets, we also utilize a network of local real estate agents to show homes to prospective residents and offer those agents limited co-broker fees.

Prospective residents may submit an application through our website, the RENTCafé platform or in person. In order to maintain brand consistency and better track compliance with leasing requirements, we utilize a standardized online application, national lease agreement, move-in and move-out documents, resident communications and other ancillary documents. We evaluate prospective residents in a standardized manner through the use of a third party resident screening vendor partner. Our resident screening process includes obtaining appropriate identification, a thorough evaluation of credit history and household income, a review of the applicant's rental history, and a background check for criminal activity. Although we require a minimum income to rent ratio, many additional factors are also taken into consideration during the resident evaluation process, including eviction history, criminal history and rental and other payment history. Based on the monthly incomes reported by residents who moved into our homes between January 1, 2016 and September 30, 2016, we estimate that the residents in our occupied homes as of September 30, 2016 had an average annual household income of approximately \$97,000 (from an average of 2.0 incomes per household), which was approximately 4.8 times the average annual rent of their leases.

Our disciplined investment strategy and local, in-market approach have given us scale and density of homes in desirable neighborhoods, enabling us to execute demographic and geo-targeted digital advertising. We believe this will increase our likelihood of capturing and retaining qualified residents whose lifestyle and purchasing power enhance our opportunity to develop and market other programs and services.

Our designated leasing specialists strive to respond to any potential resident notifications of interest within the same day, and we are generally able to complete our application and evaluation process the same day the prospective resident submits a rental application. When renewing existing resident leases we update the lease to utilize our current standardized lease form, which may update the lease terms to include the offering of new add-on products or services (such as renters' insurance) or notify residents of new regulations or fees (such as a monthly pet fee).

As of September 30, 2016, our Same Store portfolio of 36,569 homes (consisting of homes which had commenced their initial post-renovation lease prior to October 3, 2014) had an average lease term of 15 months and an average remaining lease term of 8 months (excluding homes on month-to-month leases).

We collect the majority of rent electronically via Automated Clearing House transfer or direct debit to a resident's checking account via a secure resident portal on our website. An auto-pay feature is offered to facilitate rent payment. Residents' charges and payment history are available online through our resident portal.

Resident delinquency is tracked daily through our general ledger, and late fees are assessed according to the terms of the lease (typically between the third and fifth calendar day of the month). Statutes vary by state, but late notices and notices to "pay or quit" are typically sent between the fifth and tenth calendar day of the month. Historically, our bad debt expense has been low. For the nine months ended September 30, 2016, our uncollectible rental amounts were 0.51% of our total rental revenues.

Digital Marketing Initiatives and Branding

We encourage meaningful community interaction across our digital platforms by continuously refreshing the content of our website, blog and social media accounts with articles, home maintenance advice, contests and incentives designed to enrich the lives of our residents and protect our homes. For example, we alert our residents to prepare for storms, incentivize them to pay their rent online and encourage them to submit photos of their family events and pets. We average approximately 2.4 million annual visits to our website, which generate an average of 19 million page views annually, and we have nearly 40,000 followers on social media.

Our mission statement, “Together with you, we make a house a home,” and our logo, which symbolizes our growth “from a home, to a neighborhood, to a community,” are based on a survey we conducted of more than 4,000 prospective, current and previous residents and employees. Based on that research and the experience of our associates, we seek to promote a resident-centric culture, which both understands the leasing lifestyle and actively engages with our residents and the communities in which they live. We believe our significant scale and local density, combined with our local knowledge of, and presence, in our markets, will help grow and enhance the Invitation Homes business model and brand.

Resident Relations and Property Maintenance

Our in-house personnel in each of our markets are also responsible for property repairs and maintenance and resident relations. We offer a 24/7 emergency line to handle after hours maintenance issues on an expedited basis as needed, and our residents can also contact us through our online resident portal, our call centers or our local property management office. As part of our ongoing property management process, we seek to conduct routine repairs and maintenance in a timely manner as appropriate by appointment at the resident’s convenience. We seek to utilize quality materials to minimize the recurrence of maintenance requests and maximize long-term rental income and cash flows from our portfolio.

We typically utilize our in-house maintenance personnel in each of our markets to provide ordinary course, “handyman” services, and outsource more complex or extensive repairs, such as roofing, HVAC, and plumbing and electrical work to vetted, pre-approved third party vendor partners. A majority of our maintenance calls are addressed by our in-house maintenance technicians, but in cases where we outsource more complex or extensive repairs, our in-house maintenance personnel provide oversight to ensure quality control and cost effectiveness. In addition, our in-house property management personnel conduct periodic visits to our properties to help foster positive, long-term relationships with our residents, track and report maintenance needs effectively, conduct preventative maintenance, and ensure compliance with lease terms, local laws, and HOA rules and regulations.

We have developed a number of policies and programs designed to improve the efficiency of our property maintenance practices and maximize resident satisfaction with our service model. When a new resident moves into one of our homes, our in-house personnel conduct a resident orientation, during which we revisit the terms of the lease, outline what aspects of the home’s upkeep are the resident’s responsibility, walk through all of the home’s major systems in order to familiarize the resident with their safe and proper operation and inform the resident that we will be conducting a 45-day post move-in maintenance visit. During the move-in orientation each resident is provided with a “refrigerator list” and encouraged to keep a record of any non-emergency service items noted after moving into the home. At the time of the 45-day post move-in maintenance visit, our in-house property maintenance personnel will address any service needs the resident has noted. We believe this process has a number of benefits. First, by conducting an in-person move-in orientation, we are able to ensure that residents understand their obligations under the terms of their lease, as well as how to safely and properly operate the home’s systems, reducing both the likelihood of misaligned expectations and unnecessary wear and tear on the property. Second, by scheduling a 45-day post move-in maintenance visit, we are able to address multiple service requests in a single visit, improving the resident experience by avoiding the inconvenience of multiple service appointments and improving the efficiency and productivity of our in-house property maintenance personnel. Finally, the 45-day post move-in maintenance visit allows us to more quickly identify residents who may not be adhering to the terms of their lease or may be subjecting the home to undue wear and tear and/or damages as a result of their treatment of the property.

In addition to the regularly scheduled 45-day post move-in maintenance visit described above, our in-house property maintenance personnel in each of our markets also conduct preventative maintenance visits, which are scheduled approximately every six months. During preventative maintenance visits, our in-house property maintenance personnel inspect the home’s systems, paying particular attention to potential safety hazards as well as potential causes of damage that could cause us to incur significant maintenance costs if left unaddressed. Examples of areas of focus for preventative maintenance visits include smoke and radon detectors, air filters, hot water heaters, toilet valves, under-sink plumbing and garbage disposals, among others.

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We also conduct pre move-out inspections 15 to 30 days prior to scheduled resident move-outs. These inspections allow us to notify residents of any repairs they may need to undertake prior to moving out of the property, such as carpet cleaning or landscaping maintenance, in order to avoid forfeiture of part or all of their security deposit. In addition, these inspections allow our in-house property maintenance personnel to begin preparing a scope of work and budget for the turnover work we undertake between residents to prepare our homes to be re-leased to a new resident. These inspections also increase our ability to pre-market our homes.

Regardless of the purpose or timing of the visit, our in-house property maintenance personnel are required to conduct a general property condition assessment (“GPCA”) every time they visit one of our homes. The GPCA requires our in-house property maintenance personnel to assess and document interior and exterior condition, whether the resident is adhering to the terms of their lease, as well as any potential safety hazards or potential causes of damage that could cause us to incur significant maintenance costs if left unaddressed.

Corporate Responsibility

Our mission statement is, “Together with you, we make a house a home.” We recognize that the vitality of our business is directly linked to the vitality of the communities in which we operate. To date, we have invested over \$1.2 billion in the upfront renovation of our properties, or an average of \$25,000 per home. We believe that the investments we make and the high standards to which we renovate and maintain our homes benefit our communities, creating jobs and improving the overall quality of life for our residents and their neighbors. We believe such investments improve our relationships with local communities and HOAs and enhance our brand recognition and loyalty. By offering quality homes in attractive neighborhoods, we believe we give residents the choice to rent a home in a community that may not have otherwise been attainable.

Risk Management

We face various forms of risk in our business ranging from broad economic, housing market and interest rate risks, to more specific factors, such as credit risk related to our residents, re-leasing of properties and competition for properties. We believe that the systems and processes developed by our experienced executive team since commencing our operations allow us to monitor, manage and ultimately navigate these risks. For example, we seek to minimize bad debt expense through our robust, standardized resident screening process (which includes credit checks, evaluations of household income and criminal background checks), as well as by utilizing Automated Clearing House, which includes an auto-pay feature, to facilitate the collection of the majority of our rental payments. In addition, we track resident delinquency on a daily basis and assess any late fees promptly in accordance with the terms of our lease (typically between the third and fifth calendar day of the month).

Insurance

We maintain property, liability and corporate-level insurance coverage related to our business, including crime and fidelity, directors’ and officers’ liability and fiduciary liability, cyber liability, employment practice liability and workers’ compensation insurance. We believe the policy specifications and insured limits under our insurance program are appropriate and adequate for our business and properties given the relative risk of loss, the cost of the coverage and industry practice. However, our insurance coverage is subject to deductibles and carve-outs, and we are self-insured up to the amount of such deductibles and carve-outs. See “Risk Factors—Risks Related to Our Business and Industry—We may suffer losses that are not covered by insurance.”

Systems and Technology

Effective systems and technology are essential components of our business. We have made significant investments in our lease management, property and corporate accounting and asset management systems. These systems have been designed to be scalable to accommodate continued growth in our portfolio of single-family homes for lease. Our website is fully integrated into our resident accounting and leasing system. From our website, which is accessible from mobile devices, prospective residents can browse homes available for rent,

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request additional information and apply to rent a specific home. Through our online resident portal, existing residents can set up automatic payments. Our system is designed to handle the accounting requirements of residential property accounting, including accounting for security deposits and paying property-level expenses. The system also interfaces with our third party resident screening vendor partner to expedite evaluations of prospective resident rental applications. We have worked with a search engine optimization firm to ensure we place high in search engine lists and will continue to monitor our placement on search engines. In addition, sponsored key words are generally purchased in selected markets as needed.

Competition

We face competition from different sources in each of our two primary activities: acquiring properties and renting our properties. We believe our competitors in acquiring properties are individual investors, small private investment partnerships looking for one-off acquisitions of investment properties that can either be rented or restored and sold, and larger investors, including private equity funds and other REITs, that are seeking to capitalize on the same market opportunity that we have identified. Our primary competitors in acquiring portfolios include large and small private equity investors, public and private REITs and other sizeable private institutional investors. These same competitors may also compete with us for residents. Competition may increase the prices for properties that we would like to purchase, reduce the amount of rent we may charge for our properties, reduce the occupancy of our portfolio and adversely impact our ability to achieve attractive total returns. However, we believe that our acquisition platform, our extensive in-market property operations infrastructure and local expertise in our markets provide us with competitive advantages.

Regulation

General

Our properties are subject to various covenants, laws and ordinances. We believe that we are in material compliance with such covenants, laws, ordinances and rules, and we also require that our residents agree to comply with such covenants, laws, ordinances and rules in their leases with us.

Fair Housing Act

The Fair Housing Act (“FHA”) and its state law counterparts, and the regulations promulgated by the U.S. Department of Housing and Urban Development and various state agencies, prohibit discrimination in housing on the basis of race or color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women and people securing custody of children under the age of 18), handicap or, in some states, financial capability. We train our associates on a regular basis regarding such laws and regulations and we believe that our properties are in compliance with the FHA and other such regulations.

Homeowners’ Associations

Certain of our properties are subject to the rules of the various HOAs where such properties are located. HOA rules and regulations are commonly referred to as “covenants, conditions and restrictions,” or CC&Rs, and typically consist of various restrictions or guidelines regarding use and maintenance of the property, including, among others, noise restrictions or guidelines as to how many cars may be parked on the property.

Broker Licensure

We own internal brokerages to serve each state in which we operate, and utilize leasing agents who work with us to lease our homes. Our internal brokerages are subject to numerous federal, state and local laws and regulations that govern the licensure of real estate brokers and affiliate brokers and set forth standards for and prohibitions on the conduct of real estate brokers. Such standards and prohibitions include, among others, those

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relating to fiduciary and agency duties, administration of trust funds, collection of commissions, and advertising and consumer disclosures, as well as compliance with federal, state and local laws and programs for providing housing to low-income families. Under applicable state law, we generally have a duty to supervise and are responsible for the conduct of our internal brokerages.

Environmental Matters

As a current or prior owner of real estate, we are subject to various federal, state and local environmental laws, regulations and ordinances, and we could be liable to third parties as a result of environmental contamination or noncompliance at our properties, even if we no longer own such properties. We are not aware of any environmental matters that would have a material adverse effect on our financial position. See “Risk Factors—Risks Related to Our Business and Industry—Contingent or unknown liabilities could adversely affect our financial condition, cash flows and operating results.”

Legal Proceedings

We are subject to various allegations, claims and legal actions arising in the ordinary course of business. While it is impossible to determine with certainty the ultimate outcome of any of these proceedings, lawsuits and claims, management believes that adequate provisions have been made and insurance secured for all currently pending proceedings so that the ultimate outcomes will not have a material adverse effect on our financial position. We are not involved in any legal or regulatory proceedings that we expect would have a material adverse effect on our business, results of operations or financial condition.

Employees

As of September 30, 2016, we had 907 dedicated full-time personnel, which we supplement with temporary and contract resources. None of our personnel are covered by a collective bargaining agreement.

MANAGEMENT

Directors and Officers

The following table sets forth the names, ages and positions of our directors and officers.

<u>Name</u>	<u>Age</u>	<u>Position(s)</u>
John B. Bartling Jr.	59	President, Chief Executive Officer and Director
Bryce Blair	58	Executive Chairman and Director Nominee
Nicholas C. Gould	58	Vice Chairman and Director Nominee
Kenneth A. Caplan	43	Director Nominee
Jonathan D. Gray	46	Director Nominee
Robert G. Harper	38	Director Nominee
John B. Rhea	51	Director Nominee
David A. Roth	50	Director Nominee
John G. Schreiber	70	Director Nominee
Janice L. Sears	56	Director Nominee
William J. Stein	54	Director Nominee
Ernest M. Freedman	45	Executive Vice President and Chief Financial Officer
G. Irwin Gordon	66	Executive Vice President and Chief Revenue Officer
Bruce A. Lavine	61	Executive Vice President, Operations and Chief Operations Officer
Mark A. Solls	60	Executive Vice President and Chief Legal Officer
Dallas B. Tanner	36	Executive Vice President and Chief Investment Officer

John B. Bartling Jr. has served as our President and Chief Executive Officer and on the boards of directors of IH Holding Entities since November 2014 and on the board of directors of Invitation Homes Inc. since its formation. Prior to joining Invitation Homes, Mr. Bartling served as Senior Partner and as a member of the Management Committee of Ares Management LLC (“Ares”), a global alternative asset and private equity manager from September 2010 to October 2014. Prior to his role with Ares, Mr. Bartling was the Managing Partner of AllBridge Investments, LLC (“AllBridge”), a portfolio company of Ares Capital Corporation, owner of WMC Management Company, LLC (“WMC”), a privately held real estate operating company, and President and CEO of Walden Residential. Prior to WMC, Mr. Bartling served as President and CEO of Lexford Residential Trust, Inc. (“Lexford”), a publicly-held multifamily REIT and, before Lexford, Mr. Bartling served as Director of the Real Estate Products Group of Credit Suisse First Boston. Prior to Credit Suisse First Boston, Mr. Bartling served as an Executive Vice President of NHP Incorporated and also held positions at Trammell Crow Residential and Mellon Bank, NA. Mr. Bartling is the current President of the National Rental Home Council (the “NRHC”) and former Finance Chair of the National Multi Housing Council (NMHC). He served on the Board of Governors of Commercial Real Estate (CRE) Finance Council, and has served as a director for Lexford, Walden Residential, Arnold Palmer Golf Management (APGM), as well as the Chairman of the Board of Ares Commercial Real Estate. Mr. Bartling has also served on philanthropic boards, including the Children’s Hospital Research for Ohio State University, and the Harvard Joint Center for Housing Studies: Leadership Forum on Pension Fund and Endowment Investments in Domestic Emerging Markets.

Bryce Blair has served on the boards of directors of IH Holding Entities since September 2013 and as Executive Chairman thereof since November 2014 and is expected to join the board of directors of Invitation Homes Inc. prior to the completion of this offering. Mr. Blair also serves on the board of Pulte Homes, one of the largest home builders in the U.S., where he chairs the Finance and Investment Committee. Additionally, he serves on the board of Regency Centers, one of the largest owners of shopping centers in the U.S., where he chairs the Nominating and Governance Committee. Mr. Blair also serves on the Advisory Board of the MIT Center for Real Estate, the Advisory Board of the Boston College Center for Real Estate and Urban Action and the Advisory Board of Home Start, a non-profit focused on ending homelessness in the greater Boston area. Mr. Blair is the former Chairman and CEO of AvalonBay Communities, a REIT focused on the development,

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acquisition and management of multifamily apartments throughout the United States, where he served as Chief Executive Officer from 2001 to 2012 and Chairman from 2002 through 2013. Prior to his role as Chief Executive Officer and Chairman, he had previously served as President, Chief Operating Officer, Chief Investment Officer and Senior Vice President of Development, Acquisitions and Construction. He has overseen the development, construction, acquisition and management of over \$15 billion of multifamily assets. Prior to the formation of Avalon Properties in 1993, Mr. Blair was a Partner with Trammell Crow Residential. Mr. Blair also previously served as a Senior Advisor to McKinsey and Co. and previously served as a part time faculty member at Boston College. Mr. Blair is the past chairman of NAREIT, where he also served on the Executive Committee and on the Board of Governors. He is a past member of the Urban Land Institute (ULI), where he served as a Trustee and was past chairman of the Multi-Family Council. Mr. Blair is a past member of the Young Presidents Organization (YPO) and a former member of the World Presidents Organization (WPO).

Nicholas C. Gould has served on the boards of directors of IH Holding Entities since October 2012 and is expected to join the board of directors of Invitation Homes Inc. as Vice Chairman and Director prior to the completion of this offering. Mr. Gould was a founding member of our business. He served as Chief Executive Officer of Invitation Homes from October 2012 to November 2014. Mr. Gould has over thirty years' experience in residential real estate investment in both the United States and United Kingdom, building and investing in large institutional platforms. For over twenty years he has been the owner and executive chairman of Regis Group Plc, one of the largest private owners of residential freehold properties in the United Kingdom. He served as founder and joint chairman of Riverstone Residential Group from June 2006 to May 2014, growing it to the second largest third party multifamily manager in the United States, with over 170,000 units under management. In May 2014 he led its successful merger with Greystar, creating the largest third party multifamily manager in the United States. He is and remains the founder of R4 Capital, a major LIHTC (Low Income Housing Tax-Credit) syndication business headquartered in New York, which has deployed over \$1 billion of equity since its launch. Mr. Gould is also the Chairman and founder of B2R Finance, a Blackstone-owned business that provides real estate loans for investors in the United States.

Kenneth A. Caplan is expected to join our board of directors prior to completion of this offering. Mr. Caplan joined The Blackstone Group in 1997 and is a Senior Managing Director and Global Chief Investment Officer of Blackstone's Real Estate Group. Previously, Mr. Caplan served as the Head of Real Estate Europe at Blackstone. Before joining Blackstone, Mr. Caplan worked for Lazard Frères & Co. Mr. Caplan currently serves as a Director for Hilton Grand Vacations Inc. and on the Board of Trustees of Prep for Prep.

Jonathan D. Gray has served on the boards of directors of IH Holding Entities since October 2012 and is expected to join the board of directors of Invitation Homes Inc. prior to the completion of this offering. Mr. Gray has served as global head of real estate for Blackstone since January 2012 and as a member of the board of directors of Blackstone since February 2012. He also sits on Blackstone's management committee. Prior to being named global head of real estate at Blackstone, Mr. Gray served as a senior managing director and co-head of real estate from January 2005 to December 2011. Since joining Blackstone in 1992, Mr. Gray has helped build the largest private equity real estate platform in the world with nearly \$102 billion in investor capital under management as of September 30, 2016. He currently serves as chairman of the board and a director of Hilton Worldwide Holdings Inc., and as a board member of Brixmor Property Group Inc., Nevada Property 1 LLC (The Cosmopolitan of Las Vegas) and Trinity School and is Chairman of the Board of Harlem Village Academies. Mr. Gray and his wife, Mindy, have established the Bassler Research Center at the University of Pennsylvania School of Medicine, which focuses on the prevention and treatment of certain genetically caused breast and ovarian cancers.

Robert G. Harper is expected to join our board of directors prior to the completion of this offering. Mr. Harper currently serves as the head of U.S. asset management for the Blackstone real estate group. Since joining Blackstone in 2002, Mr. Harper has been involved in analyzing Blackstone's real estate equity and debt investments in all property types. Mr. Harper has previously worked for Blackstone in Los Angeles and London, where he served as Head of Europe for the Blackstone Real Estate Debt Strategies business. Mr. Harper also currently serves as a director of ESH Hospitality, Inc., where he serves on the compensation committee, and as a

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director of Park Hotels & Resorts Inc. following its spin-off from Hilton Worldwide Holdings Inc. Prior to joining Blackstone, Mr. Harper worked for Morgan Stanley's real estate private equity group in Los Angeles and San Francisco.

John B. Rhea has served on the boards of directors of IH Holding Entities since October 2015 and is expected to join the board of directors of Invitation Homes Inc. prior to the completion of this offering. Mr. Rhea is Managing Partner of RHEAL Capital Management, LLC, a real estate development and investment firm he founded in March 2014, specializing in multifamily rental housing and mixed-use projects. Mr. Rhea has served as a Senior Advisor to The Boston Consulting Group, a worldwide management consulting firm, since July 2014. From May 2009 to January 2014, Mr. Rhea was a senior appointee of Michael R. Bloomberg, Mayor of the City of New York, where he served as Chairman and Chief Executive Officer of the New York City Housing Authority. Prior to the Bloomberg Administration, Mr. Rhea was Managing Director and Co-Head of Consumer and Retail investment banking at Barclays Capital (and its predecessor firm Lehman Brothers) from May 2005 to April 2009. Previously, Mr. Rhea served as Managing Director at JPMorgan Chase & Co. from May 1997 to April 2005. Earlier in his career, Mr. Rhea worked at PepsiCo, Inc. and The Boston Consulting Group. Mr. Rhea has served on and chaired several non-profit boards and is currently a director of Red Cross Greater New York and University of Detroit Jesuit High School.

David A. Roth has served on the boards of directors of IH Holding Entities since October 2012 and is expected to join the board of directors of Invitation Homes Inc. prior to the completion of this offering. Mr. Roth currently serves as senior managing director of Blackstone's real estate group. Since joining Blackstone in 2006, Mr. Roth has been involved in sourcing and analyzing Blackstone's real estate investments in several markets and types of property. Before joining Blackstone, Mr. Roth was a principal in the acquisitions group at Walton Street Capital, where he was involved in numerous real estate transactions. Mr. Roth is also a Certified Financial Analyst Charterholder.

John G. Schreiber has served on the boards of directors of IH Holding Entities since October 2012 and is expected to join the board of directors of Invitation Homes Inc. prior to the completion of this offering. Mr. Schreiber is the President of Centaur Capital Partners, his family investment office. Mr. Schreiber was a Partner and Co-Founder of Blackstone Real Estate Advisors ("BREA") from 1992 until his retirement in 2015. Prior to his retirement, Mr. Schreiber oversaw all Blackstone real estate investments for 23 years as Co-Chairman of the BREA Investment Committee, during which time Blackstone invested over \$75 billion of equity in a wide variety of real estate transactions. Previously, Mr. Schreiber served as Chairman and CEO of JMB Urban Development Co. and Executive Vice President of JMB Realty Corp. During his twenty-year career at JMB, Mr. Schreiber was responsible for over \$10 billion of firm and client real estate investments and had overall responsibility for the firm's shopping center development activities. Mr. Schreiber is a past board member of Urban Shopping Centers, Inc., Host Hotels & Resorts, Inc., The Rouse Company, AMLI Residential Properties Trust and General Growth Properties and he currently serves on the board of JMB Realty Corp., Brixmor Property Group and Hilton Worldwide, Inc., and is currently a director/trustee of the mutual funds managed by T. Rowe Price Associates and a Trustee of Loyola University of Chicago.

Janice L. Sears is expected to join our board of directors prior to the completion of this offering. Ms. Sears serves as a Director and Audit Committee Chair of Essex Property Trust Inc., a fully integrated REIT, and as the Board Chair of The Swig Company, a corporate owner of office properties nationwide. Previously, Ms. Sears served as a Director and as the Audit Committee Chair of Biomed Realty Trust, Inc. and held the position of Managing Director, Western Region Head in the Real Estate, Gaming & Lodging Investment Banking Group at Banc of America Securities. She was concurrently the San Francisco Market President for Bank of America. Prior to 1999, Ms. Sears was Head of Client Management for Bank of America's Commercial Real Estate Group in California, where she oversaw client relationships with REITs, homebuilders and opportunity funds. Prior to 1988, Ms. Sears was a Real Estate Economist at both Chemical Bank and Citicorp in New York. Her professional activities have included NAREIT, Urban Land Institute (ULI) and the National Association of Corporate Directors. Ms. Sears is the Past President and Past Treasurer of the San Francisco Chapter of the National Charity

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League and most recently sat on the boards of the San Francisco Chamber of Commerce, the San Francisco Economic Development Council and Leadership San Francisco. She acts as an advisor to the Audit Committee of the San Francisco Art Institute.

William J. Stein has served on the boards of directors of IH Holding Entities since October 2012 and is expected to join the board of directors of Invitation Homes Inc. prior to the completion of this offering. Mr. Stein has been a senior managing director of Blackstone since January 2006 and serves as global head of asset management in Blackstone's real estate group. Since joining Blackstone in 1997, Mr. Stein has been involved in the direct asset management and asset management oversight of Blackstone's global real estate assets. Mr. Stein also serves as a director of Hilton Worldwide Holdings Inc., Nevada Property 1 LLC (The Cosmopolitan of Las Vegas), where he serves on the audit committee, and Extended Stay America, Inc., where he serves on the nominating and corporate governance committee. He previously served as a board member of La Quinta Holdings Inc. and Brixmor Property Group Inc. Before joining Blackstone, Mr. Stein was a Vice President at Heitman Real Estate Advisors and JMB Realty Corp.

Ernest M. Freedman has served as our Executive President and Chief Financial Officer since October 2015. Mr. Freedman previously served as Executive Vice President and Chief Financial Officer of the Apartment Investment and Management Company, or Aimco, from 2009 to 2015. Mr. Freedman joined Aimco in 2007 as Senior Vice President of Financial Planning and Analysis and served as Senior Vice President of Finance from February 2009 to November 2009, where he was responsible for financial planning, tax, accounting and related areas. From 2004 to 2007, Mr. Freedman served as Chief Financial Officer of HEI Hotels and Resorts. From 2000 to 2004, Mr. Freedman was at GE Real Estate in a number of capacities, including operations controller and finance manager for investments and acquisitions. From 1993 to 2000, Mr. Freedman was with Ernst & Young, LLP, including one year as a senior manager in the real estate practice. Mr. Freedman is a certified public accountant.

G. Irwin Gordon has served as our Executive Vice President and Chief Revenue Officer since July 2016. Mr. Gordon commenced his Invitation Homes career as Chief Marketing Officer in December 2015. Mr. Gordon is a founder and the Managing Director of The Trion Group LLC, which has provided marketing and strategic management consulting services since 2001. Prior to joining Invitation Homes, from September 2012 to July 2015, Mr. Gordon served as the Chief Executive Officer of Landes Foods LLC, a co-pack manufacturer and distributor of tortilla and tortilla products. Prior to that, from July 2000 to August 2001 Mr. Gordon served as President and Chief Executive Officer at Gruma Corporation, the global leader in corn and flour tortilla products under the brand Mission Foods. Previously, he served as President and Chief Operating Officer of Suiza Foods (now Dean Foods) and also as Suiza Foods' Chief Marketing officer. Earlier in his career, Mr. Gordon served as President and General Manager of several international Frito-Lay companies before becoming Senior Vice President of marketing, sales and technology for Frito-Lay. Before joining PepsiCo's Frito-Lay, he served in various capacities at the Kellogg Company. He served on the board of Horizon Organic until it was acquired, and currently serves as a director of Heska Corporation, where he chairs the compensation committee.

Bruce A. Lavine has served as our Executive Vice President, Operations and Chief Operations Officer since February 2016. In addition to his current role, Mr. Lavine was previously a Divisional President from January 2014 to February 2016, where he directly oversaw multiple markets. Mr. Lavine comes to Invitation Homes with more than 30 years of property management experience in the multifamily industry. Prior to joining Invitation Homes, from November 1995 to September 2013, he served as Senior Vice President at Equity Residential, a real estate investment trust with a portfolio of high-quality properties in the U.S. growth markets, where he was responsible for the Northwest Region.

Mark A. Solls has served as our Executive President and Chief Legal Officer since August 2015. Mr. Solls previously served as Senior Vice President and General Counsel of DentalOne Partners, Inc., a dental service management organization, from August 2012 to July 2015. From April 2011 to July 2012, Mr. Solls served as a Legal Consultant to Susan G. Komen for the Cure Breast Cancer Foundation. Mr. Solls served as Executive Vice President and General Counsel of Concentra Inc., a healthcare management company, from August 2006 to January 2011. From September 2002 to May 2006, Mr. Solls served as Executive Vice President and General

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Counsel for Wyndham International, Inc., a leading hotel company. From 1998 to 2002, Mr. Solls served as Vice President and General Counsel of DalTile International Inc., a leading manufacturer and distributor of ceramic tile.

Dallas B. Tanner was a founding member of our business and has served as our Executive Vice President and Chief Investment Officer and on our board of directors since April 2012. Mr. Tanner is not expected to remain on our board of directors following completion of this offering. He has over 15 years of real estate experience through the establishment of numerous real estate platforms prior to Invitation Homes. In 2005, he founded Treehouse Group, for which he privately sourced funds for platform investments, including single-family homes, multifamily properties, manufactured housing, residential land, bridge financing and property management. In addition, Mr. Tanner was a partner in a successful acquisition of First Scottsdale Bank of Arizona. He continues to serve on the board of Treehouse Group's Pathfinder Ventures, a Southwest-focused commercial real estate fund established in 2011. Mr. Tanner served on the Maricopa County Flood Control board in Phoenix, Arizona and on the advisory board of First Scottsdale Bank. He is actively involved in American Indian Services and served as a missionary in the Netherlands and Belgium.

Our Corporate Governance

We have structured our corporate governance in a manner we believe closely aligns our interests with those of our stockholders. Notable features of our corporate governance include:

- our Sponsor has advised us that, when it ceases to own a majority of the shares of common stock of Invitation Homes Inc. entitled to vote generally in the election of our directors, it will ensure that Blackstone employees will no longer constitute a majority of our board of directors;
- our board of directors is not classified and each of our directors is subject to re-election annually, and we cannot classify our board of directors in the future without the approval of the stockholders of Invitation Homes Inc.;
- we will have a fully independent audit committee and independent director representation on our compensation and nominating and governance committees immediately at the time of the offering, and our independent directors will meet regularly in executive sessions without the presence of our corporate officers or non-independent directors;
- at least one of our directors will qualify as an “audit committee financial expert” as defined by the SEC;
- we will opt out of the Maryland business combination and control share acquisition statutes, and in the future cannot opt in without stockholder approval; and
- we do not have a stockholder rights plan, and we will not adopt a stockholder rights plan in the future without stockholder approval.

Blackstone has advised us that it does not intend to vote in favor of the classification of our board of directors, an opt-in to the Maryland business combination statute or control share acquisition statute or the adoption of a stockholder rights plan.

Composition of the Board of Directors after this Offering

Upon completion of this offering, our charter and bylaws will provide that our board of directors will consist of such number of directors as may from time to time be fixed by our board of directors, but may not be more than 15 or fewer than the minimum number permitted by Maryland law, which is one. So long as our pre-IPO owners and their affiliates together continue to beneficially own at least 5% of the shares of our common stock entitled to vote generally in the election of directors, we will agree to nominate individuals designated by our Sponsor for election as our directors as specified in our stockholders' agreement and our Sponsor must consent to any change to the number of our directors. Each director will serve until our next annual meeting of stockholders and until his or her successor is duly elected and qualifies or until the director's earlier death, resignation or removal. For a description of our board of directors and our Sponsor's right to require us to nominate its designees, see “Certain Provisions of Maryland Law and of Our Charter and Bylaws—Election and Removal of Directors” and “Certain Relationships and Related Person Transactions—Stockholders' Agreement.”

Background and Experience of Directors

When considering whether directors and director nominees have the experience, qualifications, attributes and skills, taken as a whole, to enable our board of directors to satisfy its oversight responsibilities effectively in light of our business and structure, the board of directors focused primarily on each person's background and experience as reflected in the information discussed in each of the directors' individual biographies set forth above. We believe that our directors provide an appropriate mix of experience and skills relevant to the size and nature of our business. In particular, the members of our board of directors considered the following important characteristics, among others:

- Mr. Bartling—our board of directors considered Mr. Bartling's extensive familiarity with our business and portfolio and his thorough knowledge of our industry as a result of his over 30 years of experience in the real estate sector, serving in various senior and executive capabilities, including his prior role as President of the NRHC and his public company experience at Ares and Lexford.
- Mr. Blair—our board of directors considered Mr. Blair's experience in real estate development and investment, including his having spent over 10 years as chairman and chief executive officer of a public real estate investment trust, experience managing day to day operations and preparation and review of complex financial reporting statements as chief executive officer of AvalonBay Communities, Inc., his experience as the Chairman of NAREIT and his prior director positions.
- Mr. Gould—our board of directors considered Mr. Gould's extensive familiarity with our portfolio and business as one of its founding members and his thorough knowledge of our industry as a result of his over 30 years of experience in the real estate sector, serving in various senior and executive capabilities.
- Mr. Caplan—our board of directors considered Mr. Caplan's affiliation with Blackstone, experience as the Global Chief Investment Officer of Blackstone's Real Estate Group and in working with companies controlled by private equity sponsors, particularly in the real estate industry, and global work experience and perspective.
- Mr. Gray—our board of directors considered Mr. Gray's affiliation with Blackstone, significant experience in working with companies controlled by private equity sponsors, particularly in the real estate industry, experience in working with the management of various other companies owned by Blackstone's funds, experience with real estate investing and extensive financial background.
- Mr. Harper—our board of directors considered Mr. Harper's affiliation with Blackstone, significant experience in working with companies controlled by private equity sponsors, particularly in the real estate industry, experience with real estate investing and extensive financial background.
- Mr. Rhea—our board of directors considered Mr. Rhea's significant experience in our industry, including in the development and regulation, his prior senior positions at real estate companies and regulatory bodies, including as Chairman and CEO of the New York City Housing Authority, and other companies.
- Mr. Roth—our board of directors considered Mr. Roth's affiliation with Blackstone, significant experience in working with companies controlled by private equity sponsors, particularly in the real estate and hospitality industry, experience in working with the management of various other companies owned by Blackstone's funds, experience with real estate investing and extensive financial background.
- Mr. Schreiber—our board of directors considered Mr. Schreiber's past affiliation with Blackstone, significant experience in working with companies controlled by private equity sponsors, particularly in the real estate industry, experience in working with the management of various other companies owned by Blackstone's funds, experience with real estate investing and extensive financial background.
- Ms. Sears—our board of directors considered Ms. Sears' knowledge of capital markets and accounting methods and principles, as well as her extensive financial background and experience working in the commercial real estate and REIT industry.

- Mr. Stein—our board of directors considered Mr. Stein’s tenure with Blackstone involving the direct asset management and asset management oversight of Blackstone’s global real estate assets, extensive financial background and experience as an asset manager focusing on real estate investments.

Controlled Company Exception

After the completion of this offering, affiliates of our Sponsor who are party to the stockholders’ agreement will continue to beneficially own shares representing more than 50% of the voting power of our shares eligible to vote in the election of directors. As a result, we will be a “controlled company” within the meaning of the NYSE corporate governance standards. Under the NYSE corporate governance standards, a company of which more than 50% of the voting power is held by an individual, group or another company is a “controlled company” and may elect not to comply with certain corporate governance standards, including the requirements (1) that a majority of our board of directors consist of independent directors, (2) that our board of directors have a compensation committee that is comprised entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities and (3) that our board of directors have a nominating and corporate governance committee that is comprised entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities. Accordingly, to the extent and for so long as we utilize these exemptions, you will not have the same protections afforded to stockholders of companies that are subject to all of these corporate governance requirements. In the event that we cease to be a “controlled company” and our shares of common stock continue to be listed on the NYSE, we will be required to comply with these provisions within the applicable transition periods.

Committees of the Board of Directors

Prior to the completion of this offering, our board of directors will establish an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee and an Investment and Finance Committee.

Audit Committee

Upon the completion of this offering, we expect to have an Audit Committee, consisting of Messrs. Rhea and Schreiber and Ms. Sears. Messrs. Rhea and Schreiber and Ms. Sears qualify as independent directors under the NYSE corporate governance standards and the independence requirements of Rule 10A-3 of the Exchange Act. The purpose of the Audit Committee will be, among other things, to assist our board of directors in overseeing and monitoring (1) the quality and integrity of our financial statements, (2) our compliance with legal and regulatory requirements, (3) the selection of our independent registered public accounting firm, (4) the independent registered public accounting firm’s qualifications and independence and (5) the performance of the independent registered public accounting firm. The Audit Committee will also be responsible for preparing the Audit Committee report that is included in our annual proxy statement.

Compensation Committee

Upon the completion of this offering, we expect to have a Compensation Committee, consisting of Messrs. Blair, Harper, Rhea and Stein. The Compensation Committee will be responsible for approving, administering and interpreting our compensation and benefit policies, including our executive officer incentive programs, among other things. It will review and make recommendations to our board of directors aimed to ensure that our compensation and benefit policies are consistent with our compensation philosophy and corporate governance guidelines. The Compensation Committee will also be responsible for establishing the compensation of our executive officers.

Nominating and Corporate Governance Committee

Upon the completion of this offering, we expect to have a Nominating and Corporate Governance Committee, consisting of Messrs. Blair, Gould, Harper and Stein and Ms. Sears. The purpose of the Nominating

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and Corporate Governance Committee will be, among other things, to oversee our governance policies, nominate directors (other than Sponsor Directors) for election by stockholders, recommend committee chairpersons and, in consultation with the committee chairpersons, recommend directors for membership on the committees of the board. In addition, the Nominating and Corporate Governance Committee will assist our board of directors with the development of our Corporate Governance Guidelines.

Investment and Finance Committee

Upon the completion of this offering, we expect to have an Investment and Finance Committee, initially consisting of Messrs. Bartling, Blair, Gould, Caplan, Roth and Schreiber. The purpose of the Investment and Finance Committee will be, among other things, to assist the board of directors with fulfilling its oversight responsibilities with respect to: investments in real estate assets proposed by our management; the performance of our assets; our capital raising and other financing activities; and periodic review of our investment policies and procedures.

Code of Business Conduct and Ethics

We will adopt a Code of Business Conduct and Ethics that will apply to all of our directors, officers and employees, including our principal executive officer, principal financial officer and principal accounting officer. Our Code of Business Conduct and Ethics will be available on our website upon the completion of this offering.

Executive Compensation

Introduction

This section provides an overview of the compensation for our principal executive officer and the two other most highly compensated persons serving as executive officers as of December 31, 2016. We refer to these individuals as our named executive officers (our “NEOs”) for fiscal 2016. These NEOs included: John B. Bartling Jr., President and Chief Executive Officer; Ernest M. Freedman, Executive Vice President and Chief Financial Officer; and Dallas B. Tanner, Executive Vice President and Chief Investment Officer.

Summary Compensation Table

The following table sets forth all compensation paid to or accrued by our NEOs for services rendered to us during the fiscal year presented. Based on the compensation he earned during 2015 following his commencement of service with the Company in October 2015, Mr. Freedman was not an NEO for fiscal 2015 and, accordingly, his compensation for that period is not included in the table below.

Name and Principal Position	Year	Salary (\$)⁽¹⁾	Bonus (\$)⁽²⁾	Stock Awards (\$)⁽³⁾	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)⁽⁶⁾	Total (\$)
John B. Bartling Jr. (President and Chief Executive Officer)	2016	\$875,000	—	\$ 795,414	—	(4)	—	\$ 10,600	\$1,681,014
	2015	\$875,000	\$ 17,500	\$4,235,336	—	\$ 857,500	—	\$ 9,865	\$5,995,201
Ernest M. Freedman (Executive Vice President and Chief Financial Officer)	2016	\$558,846	—	\$ 906,453	—	(4)	—	\$ 143,010	\$1,608,309
Dallas B. Tanner (Executive Vice President and Chief Investment Officer)	2016	\$450,000	\$450,000	\$ 563,419	—	(4)	—	\$ 47,833	\$1,511,252
	2015	\$387,156	\$147,941	\$3,970,869	—	\$ 302,059	—	\$ 54,248	\$4,862,273

(1) Represents the salary earned during the fiscal year presented. Effective June 1, 2016, Mr. Freedman’s salary was increased from \$500,000 to \$600,000.

(2) For 2016, amount reported represents a discretionary cash bonus awarded to Mr. Tanner in respect of his 2016 service.

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- (3) Incentive Units (as defined below) granted in the Promote Partnerships (as defined below) included time-vesting units and exit-vesting units. See “—Narrative to Summary Compensation Table—Long-Term Incentive Compensation.”

Incentive Units in IH1 were granted to employees of a subsidiary of IH1 and, as such, the grant date fair value of the Incentive Units in IH1 was calculated in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification 718, *Compensation-Stock Compensation* (“ASC Topic 718”), using the assumptions discussed in Note 9 to the audited combined and consolidated financial statements included elsewhere in this prospectus. The grant date fair value of the exit-vesting portion of the Incentive Units granted in IH1 was computed based upon the probable outcome of the performance conditions as of the grant date in accordance with FASB ASC Topic 718. Achievement of the performance conditions for these Incentive Units was not deemed probable on the grant date and, accordingly, no value is included in the table for this portion of the awards pursuant to the SEC’s disclosure rules. Assuming achievement of the performance conditions, the grant date fair value of the exit-vesting Incentive Units in IH1 granted in 2016 would have been \$26,227 for Mr. Freedman (the only NEO who was granted exit-vesting Incentive Units in IH1 in 2016).

Incentive Units in the IH2 Promote Partnerships, IH3, IH4 and IH5 (each as defined below) were granted to non-employees of the issuing entities and, as such, the grant date fair value of the Incentive Units in the IH2 Promote Partnerships, IH3, IH4 and IH5 (measured as of the initial grant date and reported in the table above) was calculated in accordance with FASB ASC 505, *Equity* (“ASC Topic 505”), using the assumptions discussed in Note 9 to the audited combined and consolidated financial statements included elsewhere in this prospectus. The grant date fair value of the exit-vesting portion of the Incentive Units granted in the IH2 Promote Partnerships, IH3, IH4 and IH5 was computed based upon the probable outcome of the performance conditions as of the grant date. Achievement of the performance conditions for these Incentive Units was not deemed probable on the grant date and, accordingly, no value is included in the table for this portion of the awards pursuant to the SEC’s disclosure rules. Assuming achievement of the performance conditions, the initial grant date fair value of the exit-vesting Incentive Units in the IH2 Promote Partnerships, IH3 and IH4 granted in 2016 would have been: \$100,959 for Mr. Freedman, and the initial grant date fair value of the exit-vesting Incentive Units in IH5 granted in 2016 would have been \$198,854 for Mr. Bartling and \$99,427 for Mr. Freedman. All of Mr. Tanner’s Incentive Units granted in 2016 are time-vesting.

As described under “—Narrative to Summary Compensation Table—Long-Term Incentive Compensation,” in connection with this offering, in December 2016, we waived the vesting conditions of all of Mr. Tanner’s unvested Incentive Units whereby all of such Incentive Units were immediately vested. There was no incremental fair value calculated in accordance with FASB ASC Topic 718 and FASB ASC Topic 505, as applicable, in connection with this waiver and accelerated vesting.

- (4) Amounts earned under the 2016 AIP (as defined below) are not calculable through the latest practicable date. We expect to determine amounts payable thereunder in the first quarter of 2017 after our audited financials for fiscal 2016 have been completed. Pursuant to Instruction 1 to Item 402(c)(2) of Regulation S-K, we will disclose by 8-K the non-equity incentive plan compensation earned by our NEOs in respect of 2016 once such amounts have been determined.
- (5) We have no nonqualified defined contribution or other nonqualified deferred compensation plans for our executive officers.
- (6) All Other Compensation for 2016 represents: for Mr. Bartling, the Company’s 401(k) matching contribution; for Mr. Freedman, the Company’s 401(k) matching contribution and reimbursement for costs incurred in connection with his relocation to Company headquarters in Dallas, Texas; and for Mr. Tanner, the Company’s 401(k) matching contribution and reimbursement for costs incurred in connection with his relocation to Company headquarters in Dallas, Texas.

Narrative to Summary Compensation Table

Employment Agreements

Each of Messrs. Bartling, Freedman and Tanner has entered into an employment agreement, setting forth elements of the executive’s terms of employment and compensation. The material provisions of these agreements are described below.

Mr. Bartling’s Employment Agreement. Mr. Bartling is party to an employment agreement, dated November 25, 2014, pursuant to which he serves as our President and Chief Executive Officer and, at the request of our board of directors, a member of the board for which he receives no additional compensation. The employment agreement has an initial term that ends on November 25, 2017 and extends automatically for one-year periods unless we or Mr. Bartling elects not to extend the term. The employment agreement also provides that Mr. Bartling is eligible to receive (1) a minimum base salary of \$875,000, subject to periodic increases as determined by our board of directors, and (2) an annual bonus award equal to 75% of his base salary if minimum performance objectives are achieved, 100% of his base salary if target performance objectives are achieved and up to a maximum of 125% of his base salary for top performance. Mr. Bartling is also entitled to

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participate in all Company employee benefit plans on the same basis as those made available to our other senior executives and is entitled to equity incentive awards in IH1, the IH2 Promote Partnerships, IH3, IH4 and IH5 on terms substantially similar to our other senior executives. Mr. Bartling's employment agreement provides for severance benefits in connection with qualifying events of termination, which benefits are contingent upon Mr. Bartling's execution of a general release of claims and compliance with specified post-termination restrictive covenants, as further described under "—Termination and Change in Control Provisions."

Mr. Freedman's Employment Agreement. Mr. Freedman is party to an employment agreement, dated September 4, 2015, pursuant to which he serves as Executive Vice President and Chief Financial Officer. The employment agreement has an initial term that ends on September 4, 2018 and extends automatically for one-year periods unless we or Mr. Freedman elects not to extend the term. The employment agreement also provides that Mr. Freedman is eligible to receive (1) a minimum base salary of \$500,000, subject to periodic increases as determined by our board of directors, and (2) an annual bonus award equal to 150% of his base salary if target performance objectives are achieved and no annual bonus award if minimum performance objective are not achieved. Mr. Freedman is also entitled to participate in all Company employee benefit plans on the same basis as those made available to our other senior executives. The employment agreement provides that Mr. Freedman be granted equity interests in the Promote Partnerships on terms substantially similar to our other senior executives, with the intention that the Incentive Units granted to Mr. Freedman have an aggregate target exit value of \$5 million. Mr. Freedman's employment agreement further provides for reimbursement of reasonable costs incurred in connection with his relocation to Dallas, Texas, including reimbursement of purchase costs for a primary residence in Dallas in an amount equal to up to 3% of the purchase price and reimbursement of closing costs in connection with the sale of his existing residence in an amount equal to up to 6% of the sales price. Mr. Freedman's employment agreement provides for severance benefits in connection with qualifying events of termination, which benefits are contingent upon Mr. Freedman's execution of a general release of claims and compliance with specified post-termination restrictive covenants, as further described under "—Termination and Change in Control Provisions."

Mr. Tanner's Employment Agreement. Mr. Tanner is party to an employment agreement, dated November 9, 2015, pursuant to which he serves as our Executive Vice President and Chief Investment Officer and as a member on our board of directors. The employment agreement has an initial term that ends on November 9, 2018 and extends automatically for one-year periods unless we or Mr. Tanner elects not to extend the term. The employment agreement also provides that Mr. Tanner is eligible to receive (1) a minimum base salary of \$450,000, subject to increase but not decrease, as determined by our board of directors, and (2) an annual bonus award equal to 125% of his base salary if target performance objectives are achieved, with no annual bonus award if minimum performance objectives are not achieved. Mr. Tanner is also eligible to participate in our employee benefit plans on the same basis as the benefits are generally made available to our other senior executives and was entitled to a grant of 850 Incentive Units in IH5. The employment agreement modified the vesting terms of his Incentive Units to provide that all of his Incentive Units were scheduled to vest on the earlier of (1) the vesting schedule set forth in the applicable equity award agreement and (2) November 9, 2017. Mr. Tanner's employment agreement further provides for reimbursement of reasonable costs incurred in connection with his relocation to Dallas, Texas, including reimbursement of purchases costs for a primary residence in Dallas in an amount equal to up to 3% of the purchase price. Mr. Tanner's employment agreement provides for severance benefits in connection with a qualifying events of termination, which benefits are contingent upon Mr. Tanner's execution of a general release of claims and compliance with specified post-termination restrictive covenants, as further described under "—Termination and Change in Control Provisions."

Annual Cash Incentive Compensation

Our annual cash incentive compensation plan for the fiscal year ended December 31, 2016 (the "2016 AIP") compensated and rewarded successful achievement of financial and non-financial goals aligned with the goals of the Company and incorporated a mix of operational and financial performance objectives, as well as departmental goals, corporate priorities and individual goals. The operational and financial objective components

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of the award opportunity consisted of: Net Operating Income Growth (defined as the percentage year-over-year change in Net Operating Income in our Same Store portfolio where Net Operating Income is defined as set forth under “Management Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Measures”); EBITDA Margin (defined as EBITDA as a percentage of total revenue of our total portfolio, where EBITDA is defined as set forth under “Management Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Measures” as further adjusted for impairment expense; expenses related to the initial public offering; and gain (loss) on the sale of property); and Net Cash Flow (defined as Net Operating Income, minus property capital expenditures, minus leasing commissions paid, plus lease cost amortization). Of Mr. Bartling’s total award opportunity under the 2016 AIP, 40% of the award was based on Net Operating Income Growth, 20% was based on EBITDA Margin, 20% was based on Net Cash Flow, 10% was based on corporate priorities and 10% was based on individual goals. Of Mr. Freedman’s total award opportunity under the 2016 AIP, 30% of the award was based on Net Operating Income Growth, 15% was based on EBITDA Margin, 15% was based on Net Cash Flow, 20% was based on departmental goals, 10% was based on corporate priorities and 10% was based on individual goals. Of Mr. Tanner’s total award opportunity under the 2016 AIP, 15% of the award was based on Net Operating Income Growth, 7.5% was based on EBITDA Margin, 7.5% was based on Net Cash Flow, 50% was based on departmental goals, 10% was based on corporate priorities and 10% was based on individual goals.

Each NEO was eligible to receive a payout under the 2016 AIP based on the level of the actual achievement of the above-described performance measures, and payouts were expressed as a percentage of the NEO’s base salary earned for 2016 (“eligible earnings”). Each NEO’s target bonus opportunity was established under the terms of his employment agreement as may have been subsequently adjusted. Accordingly, for fiscal 2016, Mr. Bartling’s target bonus opportunity was 100% of his eligible earnings, Mr. Freedman’s was 150% and Mr. Tanner’s was 125%.

At the beginning of the 2016 AIP performance period, each performance measure was assigned a scale that, based on actual achievement at the end of the performance period, yielded a bonus score. The resulting bonus score for each performance measure was then multiplied by the percentage of the total award opportunity that performance measure represented to arrive at an achievement factor. The sum of the achievement factors was then multiplied by the executive’s award opportunity payable at target to determine the payout amount such executive was entitled to receive under the 2016 AIP.

For the year ended December 31, 2016, the scale for the Net Operating Income Growth performance measure provided for a bonus score of 50% if the Net Operating Income Growth achieved was 300 basis points below the target level, a bonus score of 100% if the target level was achieved and a 150% bonus score if the Net Operating Income Growth was 300 or more basis points above the target level. The scale for the EBITDA Margin performance measure provided for a 50% bonus score if the EBITDA Margin achieved was 200 basis points below the target level, a 100% bonus score if the target level was achieved and a 150% bonus score if the EBITDA Margin achieved was 200 or more basis points above the target level. The scale for the Net Cash Flow performance measure provided for a 50% bonus score if the Net Cash Flow achieved was 4% below the target level, a 100% bonus score if the target level was achieved and a 150% bonus score if the Net Cash Flow achieved was 4% or more above the target level. Bonus scores were interpolated on a straight line basis based on actual achievement between the threshold, target and maximum levels with no payout for any performance measure that did not achieve the threshold level.

As mentioned above, amounts earned under the 2016 AIP are not calculable through the latest practicable date. We expect to determine amounts payable thereunder in the first quarter of 2017 after our audited financials for fiscal 2016 have been completed. Pursuant to Instruction 1 to Item 402(c)(2) of Regulation S-K, we will disclose by 8-K the non-equity incentive plan compensation earned by our NEOs in respect of 2016 once such amounts have been determined.

In addition to amounts that may be payable under the 2016 AIP, we also determined to award Mr. Tanner a discretionary bonus in the amount of \$450,000. This bonus amount is reported in the “Bonus” column of the Summary Compensation Table.

Long-Term Incentive Compensation

Pursuant to our long-term promoted interest incentive plan, our NEOs have been granted long-term incentive awards in the form of equity interests (the “Incentive Units”) in each of IH1, Preeminent Parent L.P. and Invitation Homes 2-A L.P. (collectively, the “IH2 Promote Partnerships”), IH3, IH4 and IH5 (collectively, the “Promote Partnerships”). These Incentive Units are intended to be treated as “profits interests” for U.S. tax purposes and have economic characteristics similar to stock appreciation rights. Therefore, the Incentive Units only have value to the extent there is an appreciation in the value of the applicable Promote Partnership from and after the applicable grant date and, as to some of the awards, the appreciation exceeds a specified threshold. Unless the context suggests otherwise, terms defined in this paragraph shall apply only to this “Management” section.

The Incentive Units granted to our NEOs include “time-vesting” awards subject to vesting terms based on the executive’s continued employment through the applicable vesting date, as well as “exit-vesting” awards subject to vesting terms based on the first to occur of (x) the date Blackstone ceases to be the beneficial owner of at least 15% of the outstanding equity capital of the applicable Promote Partnership (or, following this offering, the date Blackstone and its affiliates cease to own 15% or more of our common stock) and (y) if an initial public offering (including this offering) has occurred, the date that is 18 months after the consummation of the initial public offering (each an “exit event”).

As to the Incentive Units granted to Mr. Bartling, 80% of such units are time-vesting and vest in equal annual installments on each of the first four anniversaries of a specified vesting reference date, subject to his continued employment through the applicable vesting date. The remaining 20% of his Incentive Units are exit-vesting and vest upon the occurrence of an exit event, subject to his continued employment through such date. In 2016, we agreed to modify the vesting terms of Mr. Bartling’s Incentive Units to provide that, in addition to the foregoing, all of his time-vesting Incentive Units will vest upon the completion of a public offering (including this offering), and all of his Incentive Units in a Promote Partnership will vest upon a dissolution of such Promote Partnership.

As to the Incentive Units granted to Mr. Freedman, 80% of such units are time-vesting and vest in equal annual installments on each of the first four anniversaries of a specified vesting reference date, subject to his continued employment through the applicable vesting date. The remaining 20% of his Incentive Units are exit-vesting and vest upon the occurrence of an exit event subject to his continued employment through such date. In addition to the foregoing, all of his time-vesting Incentive Units will vest upon the completion of a public offering (including this offering), and all of his Incentive Units in a Promote Partnership will vest upon a “dissolution” (as defined in the agreement governing such Incentive Units) of such Promote Partnership, subject, in each case, to his continued employment through such date.

As to the Incentive Units initially granted to Mr. Tanner, 75% of such units were time-vesting and were scheduled to vest in equal annual installments on each of the first three anniversaries of a specified vesting reference date, subject to his continued employment through the applicable vesting date. The remaining 25% of his Incentive Units were exit-vesting and were scheduled to vest upon the occurrence of an exit event, subject to his continued employment through such date. The foregoing described vesting terms of Mr. Tanner’s Incentive Units were modified by his November 2015 employment agreement, whereby all of his unvested Incentive Units were time-vesting and were scheduled to vest on the earlier of (x) the vesting schedule set forth in the applicable Incentive Unit agreement and (y) November 9, 2017, in each case, whether or not Mr. Tanner remained employed on such date. As described below, in December 2016, we waived the vesting conditions of all of Mr. Tanner’s unvested Incentive Units whereby all of such Incentive Units were immediately vested. In addition to his Incentive Units, Mr. Tanner also purchased Class A units in the Promote Partnerships for cash and at fair value. This equity has economic characteristics that are similar to those of shares of common stock in a corporation and has no vesting schedule.

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Prior to the completion of this offering, we also expect to grant to management, including our NEOs, long-term incentive awards, consisting of Incentive Units in Invitation Homes 6 L.P. (“IH6”) and bonus payments (“IH6 Bonus Awards”). The Incentive Units in IH6 are expected to consist of time-vesting awards subject to vesting terms based on the executive’s continued employment through the applicable vesting date and exit-vesting units subject to vesting upon an exit event. The time-vesting and exit-vesting Incentive Units in IH6 to be awarded to Messrs. Bartling, Freedman and Tanner will be subject to the same vesting and other terms as their Incentive Units in IH5, as such vesting terms for Messrs. Bartling’s and Tanner’s Incentive Units in IH5 were subsequently modified, and will be based on a vesting reference date set forth in the agreement governing such Incentive Units in IH6. The IH6 Bonus Awards are expected to consist of a bonus award in an amount equal to \$500 multiplied by the total number of Incentive Units in IH6 granted to the executive. The IH6 Bonus Awards are scheduled to vest on the earlier to occur of an (x) initial public offering (including this offering) or (y) a “sale transaction” (defined as a sale or disposition of all or substantially all of the assets of IH6 or the date Blackstone ceases to be the beneficial owner of at least 15% of the outstanding equity capital of IH6). Under the proposed terms of the IH6 Bonus Awards, these awards may be paid in stock or in cash and, in the event of an initial public offering (including this offering), are expected to be paid in shares of our common stock. In such case, the shares are expected to be issued six months following the completion of the initial public offering and will be fully vested when issued.

In connection with this offering, we expect to convert all of the Incentive Units held by our executive officers (other than Mr. Tanner) into shares of our common stock. The number of shares received in this conversion will be determined in a manner intended to replicate the respective economic value associated with the corresponding Incentive Units converted based on the valuation derived from the initial public offering price. The vesting and other terms of the shares delivered in the conversion will be subject to the same vesting and other terms (including the provisions described under “—Termination and Change in Control Provisions”) applicable to the corresponding Incentive Units converted. Accordingly, shares received in respect of vested Incentive Units will be shares of vested common stock, and shares received in respect of unvested time-vesting and exit-vesting Incentive Units will be shares of unvested time-vesting and exit-vesting restricted stock. As to Mr. Tanner, in December 2016, we waived the vesting conditions of all of his unvested Incentive Units whereby all of such Incentive Units were immediately vested (and we expect to do the same with Mr. Tanner’s Incentive Units in IH6). There was no incremental fair value calculated in accordance with FASB ASC Topic 718 and FASB ASC Topic 505, as applicable, in connection with this waiver and accelerated vesting. Mr. Tanner is expected to receive in respect of his Incentive Units in IH1, the IH2 Promote Partnerships, IH3, IH4 and IH5 similar vested limited partner interests in partnerships that will hold shares of our common stock, and Mr. Tanner’s Incentive Units in IH6 will be converted into shares of our common stock in the same manner as that for our other executives as described above. We also expect that holders of Class A units in the Promote Partnerships will receive shares of our common stock upon conversion of such units.

The following table sets forth the assumed number and value of shares of vested common stock and shares of unvested restricted stock that Messrs. Bartling and Freedman will receive in exchange for all of their Incentive Units in the Promote Partnerships (including IH6), and the assumed number and value of shares of vested common stock Mr. Tanner will receive in exchange for his Incentive Units in IH6, in each case, based on an assumed initial public offering price of \$ per share (the midpoint of the estimated price range set forth on the cover page of this prospectus).

Name	Vested Common Stock Received in Exchange for Vested Incentive Units		Unvested Restricted Stock Received in Exchange for Unvested Incentive Units	
	(#)	(\$)	(#)	(\$)
John B. Bartling Jr.				
Ernest M. Freedman.				
Dallas B. Tanner			—	—

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Retirement Benefits

We maintain a tax-qualified 401(k) plan, under which we match each employee’s contributions dollar-for-dollar up to 3% of such employee’s eligible earnings, and we match 50% on the next 2% of each employee’s eligible earnings contributed. All of our matching contributions are fully vested, and each NEO participated in the 401(k) plan in 2016.

Outstanding Equity Awards at 2016 Fiscal Year End

The following table provides information regarding outstanding equity awards held by each of our NEOs as of December 31, 2016.

Name	Grant Date	Promote Partnership	Stock Awards			
			Number of Shares or Units of Stock That Have Not Vested (#) (1)(2)(5)	Market Value of Shares or Units of Stock That Have Not Vested (\$) (3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (2)(4)(5)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) (3)
John B. Bartling Jr.	05/19/2015	IH1	92.00	\$ 972,460	46.00	\$ 471,243
	05/19/2015	IH2	28.00	\$ 108,970	14.00	\$ 105,321
	05/19/2015	IH3	70.00	\$ 253,064	35.00	\$ 126,587
	05/19/2015	IH4	660.00	\$ 885,515	330.00	\$ 355,683
	08/03/2016	IH5	600.00	\$ 397,707	300.00	\$ 198,854
Ernest M. Freedman.	6/13/2016	IH1	6.00	\$ 78,682	2.00	\$ 26,227
	6/13/2016	IH3	58.50	\$ 219,678	19.50	\$ 73,226
	6/13/2016	IH4	60.00	\$ 83,200	20.00	\$ 27,733
	6/13/2016	IH5	300.00	\$ 198,854	150.00	\$ 99,427
Dallas B. Tanner	10/11/2012	IH1	—	—	—	—
	06/03/2013	IH2	—	—	—	—
	10/11/2013	IH3	—	—	—	—
	10/29/2014	IH4	—	—	—	—
	03/02/2016	IH5	—	—	—	—

- (1) Reflects the time-vesting Incentive Units in the Promote Partnerships that had not vested as of December 31, 2016. These Incentive Units are scheduled to vest as follows:
- (a) as to Mr. Bartling, 80% of his Incentive Units in IH1, the IH2 Promote Partnerships, IH3 and IH4 are scheduled to vest in four equal annual installments on each anniversary of a November 25, 2014 vesting reference date; and 80% of his Incentive Units in IH5 are scheduled to vest in four equal annual installments on each anniversary of an August 22, 2014 vesting reference date, subject, in each case, to his continued employment through the applicable vesting date;
 - (b) as to Mr. Freedman, 80% of his Incentive Units in IH1, the IH2 Promote Partnerships, IH3 and IH4 are scheduled to vest in four equal annual installments on each anniversary of a October 14, 2015 vesting reference date; and 80% of his Incentive Units in IH5 are scheduled to vest in four equal annual installments on each anniversary of an August 22, 2014 vesting reference date, subject, in each case, to his continued employment through the applicable vesting date; and
 - (c) as described under “—Narrative to Summary Compensation Table—Long-Term Incentive Compensation,” in connection with this offering, in December 2016, we waived the vesting conditions of all of Mr. Tanner’s unvested Incentive Units whereby all of such Incentive Units were immediately vested.

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In 2016, we agreed to modify the vesting terms of Mr. Bartling's Incentive Units to provide that, in addition to the foregoing, all of his time-vesting Incentive Units are scheduled to vest upon the completion of a public offering (including this offering), and all of his Incentive Units in a Promote Partnership are scheduled to vest upon a dissolution of such Promote Partnership, subject, in each case, to his continued employment through such date.

Additionally, all of Mr. Freedman's time-vesting Incentive Units are scheduled to vest upon the completion of a public offering (including this offering), and all of his Incentive Units in a Promote Partnership are scheduled to vest upon a dissolution of such Promote Partnership, subject, in each case, to his continued employment through such date.

- (2) For additional information on vesting upon specified termination events, see “—Termination and Change in Control Provisions.”
- (3) As of December 31, 2016, the value of the respective Promote Partnerships had appreciated to a level that would have created value in the time-vesting and exit-vesting Incentive Units. Therefore, amounts reported are based on the appreciation in value of the respective Promote Partnership from and after the applicable grant date through the most recent valuations available prior to December 31, 2016.
- (4) Reflects the exit-vesting Incentive Units in the Promote Partnerships that had not vested as of December 31, 2016. These Incentive Units vest on the earlier of (x) the date Blackstone ceases to be the beneficial owner of at least 15% of the outstanding equity capital of the applicable Promote Partnership and (y) if an initial public offering (including this offering) has occurred, the date that is 18 months after the consummation of the initial public offering. See also footnote (1) for circumstances that provide for vesting of Messrs. Bartling's and Freedman's exit-vesting Incentive Units.
- (5) As described above, in connection with this offering, all of Messrs. Bartling's and Freedman's unvested time-vesting and unvested exit-vesting Incentive Units are expected to be converted into shares of unvested time-vesting and unvested exit-vesting restricted stock that will, in each case, be subject to the same vesting and other terms applicable to the corresponding time-vesting and exit-vesting Incentive Units converted. Additionally, as described above, in connection with this offering, in December 2016, we waived the vesting conditions of all of Mr. Tanner's unvested Incentive Units whereby all of such Incentive Units were immediately vested.

Termination and Change in Control Provisions

Mr. Bartling

Pursuant to the terms of his employment agreement, upon Mr. Bartling's termination of his employment by us without “cause” (as defined in his employment agreement) or his voluntary resignation, including as a result of a “constructive termination” (as defined in his employment agreement and summarized below), Mr. Bartling is entitled to receive a lump sum cash severance payment (the “Bartling severance payment”) calculated as follows: if the sum of (x) the fair value of his vested Incentive Units and (y) all proceeds previously received in respect of all of his Incentive Units (such sum, the “Incentive Award Value”) is less than \$4 million, Mr. Bartling will receive an advance against his Incentive Units in an amount equal to \$4 million minus the Incentive Award Value (and we will repurchase the vested portion of his Incentive Units at their Incentive Award Value, less any proceeds previously received in respect of all Incentive Units), and, if the Incentive Award Value is equal to or greater than \$4 million, the Bartling severance payment will be equal to \$4 million less any proceeds previously received in respect of his Incentive Units (and Mr. Bartling will retain his then-vested Incentive Units). In addition, we agreed to pay the employer portion for Mr. Bartling's continued coverage under our medical and dental benefit plans for up to 12 months following his termination of employment. Upon a termination of employment as a result of death or “disability” (as defined in his employment agreement), Mr. Bartling or his estate (as the case may be) is entitled to the Bartling severance payment and a prorated bonus (based on the period number of days employed during the year of termination) equal to the greater of (1) Mr. Bartling's annual bonus payable at target for the year of termination and (2) Mr. Bartling's actual bonus earned for the year

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immediately preceding the year of termination. Mr. Bartling's employment agreement defines a "constructive termination" as, among other specified events, a material reduction in his annual base salary or target bonus opportunity, a failure to pay his compensation when due, a material and sustained diminution in his authority and duties, a relocation of his principal place of employment or if we elect not to renew his employment agreement.

Pursuant to the terms of the agreements governing his Incentive Units, upon Mr. Bartling's termination without "cause" or as a result of a "constructive termination" (each as defined in his employment agreement, and each a "qualifying termination"), Mr. Bartling's Incentive Units will vest in an amount equal to: 25% of his Incentive Units in IH1 and the IH2 Promote Partnerships; 50% of his Incentive Units in IH3; and 20% of his Incentive Units in IH4 and IH5. Upon an exit event, 20% of his Incentive Units will vest. If Mr. Bartling experiences a qualifying termination after an exit event, all of his Incentive Units in IH1, the IH2 Promote Partnerships and IH3 will vest and 20% of his Incentive Units in IH4 and IH5 will vest. If Mr. Bartling's employment is terminated prior to the fourth anniversary of the applicable vesting reference date due to death or disability, a prorated portion of 20% of his Incentive Units will vest.

Mr. Freedman

Pursuant to the terms of his employment agreement, upon Mr. Freedman's termination of his employment by us without "cause" (as defined in his employment agreement) or as a result of a "constructive termination" (as defined in his employment agreement and summarized below), Mr. Freedman is entitled to receive: (1) a lump sum cash severance payment in an amount equal to the sum of (x) one times his base salary and (y) his actual bonus earned for the year immediately preceding the year of termination or if he has not received an annual bonus for a full year, his annual bonus payable at target; and (2) a lump sum cash severance payment (the "Freedman severance payment") calculated as follows: if the sum of (x) the fair value of his vested Incentive Units and (y) all proceeds previously received in respect of all of his Incentive Units (such sum, the "Incentive Award Value") is less than \$3.5 million, Mr. Freedman will receive an advance against his Incentive Units in an amount equal to \$3.5 million minus the Incentive Award Value (and we will repurchase the vested portion of his Incentive Units at their Incentive Award Value, less any proceeds previously received in respect of all Incentive Units), and, if the Incentive Award Value is equal to or greater than \$3.5 million, the Freedman severance payment will be equal to \$3.5 million less any proceeds previously received in respect of all of his Incentive Units (and Mr. Freedman will retain his then-vested Incentive Units). In addition, we agreed to pay the employer portion for Mr. Freedman's continued coverage under our medical and dental benefit plans for up to 12 months following his termination of employment due to the above-described circumstances. In addition, upon a termination of employment by us without "cause" in connection with a "dissolution" (as defined in his employment agreement), Mr. Freedman is entitled to receive, in addition to all the foregoing payments and benefits, reimbursement for specified costs incurred in connection with Mr. Freedman's and his family's relocation, including any taxes incurred with such relocation. Upon a resignation of employment by Mr. Freedman following a dissolution other than as a result of a constructive termination, Mr. Freedman is entitled to receive the Freedman severance payment. Upon a termination of employment as a result of death or "disability" (as defined in his employment agreement), Mr. Freedman or his estate (as the case may be) is entitled to receive the Freedman severance payment and a prorated bonus (based on the number of days employed during the year of termination) equal to the greater of (1) Mr. Freedman's annual bonus payable at target for the year of termination and (2) Mr. Freedman's actual bonus earned for the year immediately preceding the year of termination. Mr. Freedman's employment agreement defines a "constructive termination" as, among other specified events, a material reduction in his annual base salary or target bonus opportunity, a failure to pay his compensation when due, a material and sustained diminution in his authority and duties, a relocation of his principal place of employment or if we elect not to renew his employment agreement.

Pursuant to the terms of the agreements governing his Incentive Units, upon Mr. Freedman's termination without "cause" or as a result of a "constructive termination" (each as defined in his employment agreement), Mr. Freedman's Incentive Units will vest in an amount equal to: 25% of his Incentive Units in IH1, the IH2 Promote Partnerships and IH5; 50% of his Incentive Units in IH3; and 20% of his Incentive Units in IH4. If

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Mr. Freedman's employment is terminated prior to the fourth anniversary of the applicable vesting reference date due to death or disability, a prorated portion of 20% of his Incentive Units will vest.

Mr. Tanner

Mr. Tanner's employment agreement provides that, upon a termination of his employment by us without "cause" (as defined in his employment agreement) or as a result of a "constructive termination" (as defined in his employment agreement and summarized below), Mr. Tanner is entitled to receive: (1) a lump sum cash severance payment in an amount equal to the sum of (x) one times his base salary, (y) his actual bonus earned for the year immediately preceding the year of termination and (z) a prorated portion, based on the number of days employed in the year of his termination, of the actual bonus earned for the year immediately preceding the year of termination; (2) if the termination of employment occurs prior to November 9, 2018, reimbursement of reasonable costs for Mr. Tanner and his family to relocate to a metropolitan area in the continental U.S., including a gross-up for any applicable income and employment taxes associated therewith; and (3) vesting of all of his then-unvested Incentive Units. In addition, we agreed to pay the employer portion for Mr. Tanner's continued coverage under our medical and dental benefit plans for up to 12 months following his termination of employment. Upon a termination of employment as a result of death or "disability" (as defined in his employment agreement), Mr. Tanner or his estate (as the case may be) is entitled to a prorated bonus (based on the period number of days employed during the year of termination) equal to the greater of (1) Mr. Tanner's annual bonus payable at target for the year of termination and (2) Mr. Tanner's actual bonus earned for the year immediately preceding the year of termination. Mr. Tanner's employment agreement defines a "constructive termination" as, among other specified events, a material reduction in his annual base salary or target bonus opportunity, a failure to pay his compensation when due, a material and sustained diminution in his authorities and duties, a relocation of his principal place of employment or if we elect not to renew his employment agreement.

Terms Applicable to Stock Received in the Conversion

As described under "Narrative to Summary Compensation Table—Long-Term Incentive Compensation," the vesting and other terms of the shares delivered in the conversion will be subject to the same terms applicable to the corresponding Incentive Units converted as described above.

Covenants

Each NEO is subject to restrictive covenants, including an indefinite confidentiality covenant and covenants regarding non-competition and non-solicitation of employees and current or prospective clients or customers, in each case, at all times during employment and for up to 12 months after termination of employment.

Actions Taken in Connection with the Offering

In connection with this offering, we waived the vesting conditions of all of Mr. Tanner's unvested Incentive Units whereby all of such Incentive Units were immediately vested, and we expect to convert Incentive Units held by our executive officers into shares of our common stock, as described above under "—Narrative to Summary Compensation Table—Long-Term Incentive Compensation."

In October 2016, we established a supplemental bonus plan for several key executives and employees, including our NEOs. The payment of a bonus under the plan is triggered upon specified events, including an initial public offering (including this offering). Under this supplemental bonus plan, we established a pool with an estimated minimum value of \$35 million, which amount is subject to increase based on the value of the Company in connection with this offering. Messrs. Bartling and Freedman were awarded a sharing percentage in this pool, and Mr. Tanner is entitled to receive a dollar-denominated amount if specified Company performance measures are met. In connection with this offering, we expect to replace the cash payable awards with awards of

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time-vesting restricted share units (“RSUs”) that will vest in three equal annual installments commencing on the completion of this offering and the first and second anniversaries thereafter, subject, in each case, to the award holder’s continued employment through such vesting date.

Director Compensation

The following table provides summary information regarding compensation paid to or accrued by our non-employee directors for services rendered to us during fiscal 2016. Our employee directors and Sponsor-affiliated directors receive no additional compensation for serving as a director. The compensation paid to Mr. Bartling as President and Chief Executive Officer and to Mr. Tanner as Executive Vice President and Chief Investment Officer is presented in the Summary Compensation Table and the related tables and narrative.

Director Compensation Table for Fiscal 2016

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)(2)	All Other Compensation (\$)(3)	Total (\$)
Nicholas C. Gould	\$ 250,000	\$1,074,456	\$ 60,199	\$1,384,655
Peter E. Gould	\$ 250,000	\$1,074,456	\$ 48,568	\$1,373,024
Bryce Blair	\$ 500,000	\$ 259,835	\$ 55,318	\$ 815,153
John B. Rhea	\$ 125,000	—	—	\$ 125,000
John G. Schreiber	\$ 125,000	—	—	\$ 125,000
Jonathan D. Gray	—	—	—	—
Devin Peterson	—	—	—	—
David Roth	—	—	—	—
William J. Stein	—	—	—	—

- (1) Amount represents the aggregate grant date fair value of Incentive Units in IH5 granted to Messrs. Nicholas and Peter Gould and Blair during fiscal 2016 calculated in accordance with FASB ASC Topic 505 and measured as of the initial grant date. The grant date fair value of the exit-vesting portion of these Incentive Units was computed based upon the probable outcome of the performance conditions as of the grant date. Achievement of the performance conditions for these Incentive Units was not deemed probable on the grant date and, accordingly, no value is included in the table for this portion of the awards pursuant to the SEC’s disclosure rules. Assuming achievement of the performance conditions was probable, the grant date fair value of the exit-vesting Incentive Units would have been: \$358,152 for Mr. Nicholas Gould; \$358,152 for Mr. Peter Gould; and \$64,959 for Mr. Blair.
- (2) As of December 31, 2016, Messrs. Nicholas and Peter Gould and Blair held 3,760, 3,760 and 482 unvested Incentive Units, respectively.
- (3) Amount reported for Nicholas Gould represents the Company-paid medical and dental premiums (both the employer and the participant portion of the premiums) for Mr. Gould and his family, a Company-paid airline travel card, Company-reimbursed personal travel expenses, Company-reimbursed cellphone service for Mr. Gould, his assistants and a family member, Company-reimbursed costs incurred by Mr. Gould for his personal attorney and Company-reimbursed costs for Mr. Gould’s personal electronic devices and media subscriptions. Amount reported for Peter Gould represents Company-reimbursed personal travel expenses, Company-reimbursed cellphone service for Mr. Gould, Company-paid medical and dental premiums (both the employer and the participant portion of the premiums) for Mr. Gould and his family, employer-reimbursed costs incurred by Mr. Gould for his personal attorney and Company-reimbursed costs for Mr. Gould’s media subscriptions. Amount reported for Mr. Blair represents the Company-reimbursed costs for Mr. Blair’s administrative assistant and Company-paid medical and dental premiums (the employer portion of the premiums) for Mr. Blair and his family.

Narrative to Director Compensation Table

This section contains a description of the material terms of our compensation arrangements in effect during 2016 for Messrs. Nicholas and Peter Gould, Blair, Rhea and Schreiber. As Messrs. Gray, Peterson, Roth and Stein are affiliates of Blackstone, they did not receive any compensation from us for their services on our board of directors during 2015. Each of our directors is entitled to reimbursement of reasonable out-of-pocket expenses (including travel) incurred in connection with such director's service on the board.

Messrs. Nicholas and Peter Gould. In 2016, each of Messrs. Nicholas and Peter Gould received an annual cash retainer of \$250,000 paid in quarterly installments. In addition, Messrs. Nicholas and Peter Gould received benefits as described in footnote 3 to the Director Compensation Table for Fiscal 2016. Each also received Incentive Units in each of the Promote Partnerships and contributed cash to the Promote Partnerships to offset non-U.S. tax obligations incurred with the grant of such Incentive Units. Of the Incentive Units granted to each of Messrs. Nicholas and Peter Gould, 75% are time-vesting and vest in equal annual installments on each of the first three anniversaries of a specified vesting reference date, subject to such person's continued availability to perform his duties through the applicable vesting date. The remaining 25% are exit-vesting incentive units. Upon an exit event, all of such person's time-vesting and exit-vesting Incentive Units will vest. Additionally, if Messrs. Nicholas or Peter Gould's service ceases prior to the third anniversary of the applicable vesting reference date due to his death or "disability" (as defined in the agreement governing such Incentive Units), 25% of his Incentive Units in IH1 will vest, and his Incentive Units in the IH2 Promote Partnerships, IH3, IH4 and IH5 will vest in an amount equal to (x) 25% of the Incentive Units plus (y) a prorated portion of 25% of the Incentive Units. Each of Messrs. Nicholas and Peter Gould is subject to restrictive covenants, including an indefinite confidentiality covenant and covenants regarding non-competition and non-solicitation of employees and current or prospective clients or customers, in each case, at all times during his service and prior to an exit event. In addition to the Incentive Units granted to Messrs. Nicholas and Peter Gould, each also purchased, through an entity they own, Class A units in the Promote Partnerships for cash and at fair value. This equity has economic characteristics that are similar to those of shares of common stock in a corporation and has no vesting schedule.

Mr. Blair. Mr. Blair serves as the Executive Chairman of our board of directors and is entitled to receive an annual cash retainer of \$500,000 payable in quarterly installments prorated for any partial service during any quarter. In 2016, Mr. Blair received benefits as described in footnote 3 to the Director Compensation Table for Fiscal 2016. Mr. Blair has also been granted Incentive Units in each of the Promote Partnerships, 75% of which are time-vesting and vest in equal annual installments on each of the first three anniversaries of a specified vesting reference date (except as to the Incentive Units in IH5, 80% of which are time-vesting and vest in equal annual installments on each of the first four anniversaries of a specified vesting reference date), subject to Mr. Blair's continued service through the applicable vesting date. The remaining 25% of Mr. Blair's Incentive Units in IH1, the IH2 Promote Partnerships, IH3 and IH4 are exit-vesting and vest upon the occurrence of an exit event, and the remaining 20% of Mr. Blair's Incentive Units in IH5 are exit-vesting and vest, together with any then-unvested time-vesting Incentive Units in IH5, upon an exit event. If Mr. Blair's service ceases due a termination without "cause" or a "constructive termination" (each as defined in the agreement governing such Incentive Units and each a "qualifying termination"), 25% of his Incentive Units in IH1 will vest, 50% of his Incentive Units in the IH2 Promote Partnerships, IH3 and IH4 will vest, and any then-unvested Incentive Units in IH5 will be forfeited. If Mr. Blair experiences a qualifying termination after an exit event, all of his Incentive Units IH1, the IH2 Promote Partnerships, IH3 and IH4 in will vest, and any then-unvested Incentive Units in IH5 will be forfeited. If Mr. Blair's service ceases prior to the third anniversary of the applicable vesting reference date due to his death or "disability" (as defined in the agreement governing such Incentive Units), a prorated portion of 25% of the Incentive Units in IH1, the IH2 Promote Partnerships, IH3 and IH4 will vest, and any then-unvested Incentive Units in IH5 will be forfeited. Mr. Blair is subject to restrictive covenants, including an indefinite confidentiality covenant and covenants regarding non-competition and non-solicitation of employees and current or prospective clients or customers, in each case, at all times during his directorship and for 12 months after such service ends.

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Messrs. Rhea and Schreiber. In 2016, Messrs. Rhea and Schreiber were each entitled to receive an annual cash retainer of \$125,000 payable in quarterly installments for serving on our board of directors, prorated for any partial service during any quarter.

In connection with the grant of Incentive Units in IH6 and the grant of the IH6 Bonus Awards described above under “Executive Compensation—Narrative to Summary Compensation Table—Long-Term Incentive Awards,” we expect to make grants of Incentive Units in IH6 to Messrs. Nicholas and Peter Gould and Blair. These Incentive Units are expected to be subject to the same vesting and other terms as the Incentive Units in IH5 held by such individual and will be based on a vesting reference date set forth in the agreement governing such Incentive Units in IH6. The IH6 Bonus Award for each of Messrs. Nicholas and Peter Gould and Blair are expected to be in an amount equal to \$500 multiplied by the number of Incentive Units in IH6 granted to such director and will be subject to vesting and settlement on the same terms as the IH6 Bonus Awards granted to members of management and described above under “Executive Compensation—Narrative to Summary Compensation Table—Long-Term Incentive Awards.”

Actions Taken in Connection with the Offering

In connection with this offering, we expect that all of Mr. Blair’s Incentive Units will be converted into shares of our common stock. Similar to our executives, the shares delivered in the conversion will be subject to the same vesting and other terms applicable to the corresponding Incentive Units surrendered. Accordingly, shares received in respect of vested Incentive Units will be shares of vested common stock, and shares received in respect of unvested time-vesting and exit-vesting Incentive Units will be shares of unvested time-vesting and exit-vesting restricted stock. The following table sets forth the assumed number and value of shares of vested common stock and shares of unvested restricted stock that Mr. Blair will receive in exchange for all of his Incentive Units in the Promote Partnerships (including IH6) based on an assumed initial public offering price of \$ _____ per share (the midpoint of the estimated price range set forth on the cover page of this prospectus).

<u>Name</u>	<u>Vested Common Stock Received in Exchange for Vested Incentive Units</u>		<u>Unvested Restricted Stock Received in Exchange for Unvested Incentive Units</u>	
	<u>(#)</u>	<u>(\$)</u>	<u>(#)</u>	<u>(\$)</u>
Bryce Blair				

Messrs. Nicholas and Peter Gould are expected to receive in respect of their Incentive Units (including those in IH6) similar limited partner interests in partnerships that will hold shares of our common stock, and such limited partner interests will be fully vested.

We also expect that holders of Class A units in the Promote Partnerships, including Messrs. Nicholas and Peter Gould, will receive shares of our common stock upon conversion of such units.

As of December 31, 2016, the members of the boards of directors of each of IH1, IH2, IH3, IH4, IH5 and IH6 consisted of Messrs. Bartling, Blair, Nicholas Gould, Peter Gould, Gray, Peterson, Rhea, Roth, Schreiber, Stein and Tanner. In connection with this offering, Messrs. Peter Gould, Peterson and Tanner are expected to step down, and Mr. Robert G. Harper is expected to fill one of the vacancies.

Non-Employee Director Compensation Following the IPO

We anticipate adopting new compensation arrangements, entitling each non-employee director (other than directors affiliated with Blackstone) to annual compensation to be determined.

Compensation Committee Interlocks and Insider Participation

During fiscal 2016, our compensation committee was composed of Messrs. Blair, Nicholas Gould, Rhea, Roth and Stein. Mr. Nicholas Gould was formerly an officer of the Company, and Messrs. Roth and Stein are affiliates of Blackstone.

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Related person transactions pursuant to Item 404(a) of Regulation S-K involving those who served on our compensation committee are described under “Certain Relationships and Transactions with Related Persons.” In addition, we are participants in transactions involving Blackstone, which are also described in the “Certain Relationships and Transactions with Related Persons” section of this prospectus.

During fiscal 2016, none of our executive officers served as a director or member of the compensation committee (or other committee serving an equivalent function) of any other entity whose executive officers served on our compensation committee or board of directors.

Invitation Homes Inc. 2017 Omnibus Incentive Plan

In connection with this offering, our board of directors expects to adopt, and our stockholders expect to approve, the Omnibus Incentive Plan prior to the completion of the offering.

Purpose

The purpose of the Omnibus Incentive Plan will be to provide a means through which to attract and retain key personnel and to provide a means whereby our directors, officers, employees, consultants and advisors can acquire and maintain an equity interest in us, or be paid incentive compensation, including incentive compensation measured by reference to the value of our common stock, thereby strengthening their commitment to our welfare and aligning their interests with those of our stockholders.

Administration

The Omnibus Incentive Plan will be administered by the compensation committee of our board of directors or such other committee of our board of directors to which it has properly delegated power, or if no such committee or subcommittee exists, the board of directors (as applicable, the “Committee”). The Committee will have the sole and plenary authority to establish the terms and conditions of any award consistent with the provisions of the Omnibus Incentive Plan and applicable law. The Committee will be authorized to interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in the Omnibus Incentive Plan and any instrument or agreement relating to, or any award granted under, the Omnibus Incentive Plan; establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Committee deems appropriate for the proper administration of the Omnibus Incentive Plan; adopt sub-plans; and to make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Omnibus Incentive Plan. Except to the extent prohibited by applicable law or the applicable rules and regulations of any securities exchange or inter-dealer quotation system on which our securities are listed or traded, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it in accordance with the terms of the Omnibus Incentive Plan. Any such allocation or delegation may be revoked by the Committee at any time. Unless otherwise expressly provided in the Omnibus Incentive Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Omnibus Incentive Plan or any award or any documents evidencing awards granted pursuant to the Omnibus Incentive Plan will be within the sole discretion of the Committee, may be made at any time and are final, conclusive and binding upon all persons or entities, including, without limitation, us, any holder or beneficiary of any award, and any of our stockholders.

Shares Subject to the Omnibus Incentive Plan

The Omnibus Incentive Plan will provide that the total number of shares of common stock that may be issued under the Omnibus Incentive Plan is (excluding those shares of common stock issued in the conversion of management interests in connection with this offering) all of which may be granted pursuant to incentive stock options; the maximum number of shares for which options or stock appreciation rights may be

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granted to any individual participant during any single fiscal year is _____; the maximum number of shares for which performance compensation awards denominated in shares may be granted (excluding those shares of common stock issued in the conversion of management interests in connection with this offering) to any individual participant in respect of a single fiscal year is _____ (or if any such awards are settled in cash, the maximum amount may not exceed the fair market value of such shares on the last day of the performance period to which such award relates); the maximum number of shares of common stock granted during a single fiscal year to any non-employee director, taken together with any cash fees paid to such non-employee director during the fiscal year, will not exceed \$ _____ in total value; and the maximum amount that may be paid to any individual for a single fiscal year under a performance compensation award denominated in cash is \$ _____. In the event any award (other than a substitute award, as described below) expires or is cancelled, forfeited, terminated, settled in cash, or is otherwise settled without delivery of the full number of shares subject to such award, including as a result of net settlement of the award for the payment of the exercise price or taxes, the undelivered or surrendered shares may be granted again under the Omnibus Incentive Plan. However, such shares will not become available for re-issuance under the Omnibus Incentive Plan if either (i) the shares are withheld or surrendered after the termination of the Omnibus Incentive Plan, or (ii) at the time of such withholding or surrender, such re-issuance would constitute a material revision of the Omnibus Incentive Plan subject to stockholder approval under any applicable then-current securities exchange rules. Awards may, in the sole discretion of the Committee, be granted in assumption of, or in substitution for, outstanding awards previously granted by an entity directly or indirectly acquired by us or with which we combine (referred to as “substitute awards”), and such substitute awards will not be counted against the total number of shares that may be issued under the Omnibus Incentive Plan, except that substitute awards intended to qualify as “incentive stock options” will count against the limit on incentive stock options described above. No award may be granted under the Omnibus Incentive Plan after the tenth anniversary of the effective date (as defined therein), but awards granted before such tenth anniversary may extend beyond that date.

Options

The Committee may grant non-qualified stock options and incentive stock options under the Omnibus Incentive Plan, with terms and conditions determined by the Committee that are not inconsistent with the Omnibus Incentive Plan; provided that all stock options granted under the Omnibus Incentive Plan are required to have a per share exercise price that is not less than 100% of the fair market value of our common stock underlying such stock options on the date an option is granted (other than in the case of options that are substitute awards), and all stock options that are intended to qualify as incentive stock options must be granted pursuant to an award agreement expressly stating that the option is intended to qualify as an incentive stock option, and will be subject to the terms and conditions that comply with the rules as may be prescribed by Section 422 of the Code.

The maximum term for stock options granted under the Omnibus Incentive Plan will be ten (10) years from the initial date of grant, or with respect to any stock options intended to qualify as incentive stock options, such shorter period as prescribed by Section 422 of the Code. However, if a non-qualified stock option would expire at a time when trading of shares of common stock is prohibited by the Company’s insider trading policy (or “blackout period” imposed by us), the term will automatically be extended to the 30th day following the end of such period. The purchase price for the shares as to which a stock option is exercised may be paid to us, to the extent permitted by law (1) in cash or its equivalent at the time the stock option is exercised, (2) in shares having a fair market value equal to the aggregate exercise price for the shares being purchased and satisfying any requirements that may be imposed by the Committee or (3) by such other method as the Committee may permit in its sole discretion, including, without limitation, (A) in other property having a fair market value on the date of exercise equal to the exercise price, (B) if there is a public market for the shares at such time, through the delivery of irrevocable instructions to a broker to sell the shares being acquired upon the exercise of the stock option and to deliver to us the amount of the proceeds of such sale equal to the aggregate exercise price for the shares being purchased, or (C) through a “net exercise” procedure effected by withholding the minimum number

of shares needed to pay the exercise price and all applicable required withholding taxes. Any fractional shares of common stock will be settled in cash.

Stock Appreciation Rights

The Committee may grant stock appreciation rights under the Omnibus Incentive Plan, with terms and conditions determined by the Committee that are not inconsistent with the Omnibus Incentive Plan. Generally, each stock appreciation right will entitle the participant upon exercise to an amount (in cash, shares or a combination of cash and shares, as determined by the Committee) equal to the product of (1) the excess of (A) the fair market value on the exercise date of one share of common stock, over (B) the strike price per share, times (2) the number of shares of common stock covered by the stock appreciation right. The strike price per share of a stock appreciation right will be determined by the Committee at the time of grant but in no event may such amount be less than the fair market value of a share of common stock on the date the stock appreciation right is granted (other than in the case of stock appreciation rights granted in substitution of previously granted awards). Stock appreciation rights granted independent of an option vest and become exercisable as determined by the Committee.

Restricted Shares and Restricted Stock Units

The Committee may grant restricted shares of our common stock or restricted stock units representing the right to receive, upon the expiration of the applicable restricted period, one share of common stock for each restricted stock unit, or, in its sole discretion of the Committee, the cash value thereof (or any combination thereof), which will vest as determined by the Committee. As to restricted shares of our common stock, subject to the other provisions of the Omnibus Incentive Plan, the participant generally will have the rights and privileges of a stockholder as to such restricted shares of common stock, including without limitation the right to vote such restricted shares of common stock (except, that if the lapsing of restrictions with respect to such restricted shares of common stock is contingent on satisfaction of performance conditions other than or in addition to the passage of time, any dividends payable on such restricted shares of common stock will be retained and delivered without interest to the holder of such shares when the restrictions on such shares lapse). Participants will have no rights or privileges as stockholders with respect to restricted stock units.

OP Unit Awards

The Committee may issue awards in the form of OP Units or other classes of partnership units in our Operating Partnership established pursuant to the Operating Partnership's agreement of limited partnership. OP Unit awards will be valued by reference to, or otherwise determined by reference to or based on, shares of our common stock. OP Unit awards may be (1) convertible, exchangeable or redeemable for other limited partnership interests in the Operating Partnership or shares of our common stock or (2) valued by reference to the book value, fair value or performance of the Operating Partnership.

For purposes of calculating the number of shares underlying an OP Unit award relative to the total number of shares of our common stock available for issuance under the Omnibus Incentive Plan, the Committee will establish in good faith the maximum number of shares to which a participant receiving an OP Unit award may be entitled upon fulfillment of all applicable conditions set forth in the relevant award documentation, including vesting conditions, partnership capital account allocations, value accretion factors, conversion ratios, exchange ratios and other similar criteria. If and when any such conditions are no longer capable of being met, in whole or in part, the number of shares of our common stock underlying such OP Unit award will be reduced accordingly by the Committee, and the number of shares available under the Omnibus Incentive Plan will be increased by one share for each share so reduced. The Committee will determine all other terms of an OP Unit award.

Other Equity-Based and Cash-Based Awards

The Committee may grant other equity-based or cash-based awards under the Omnibus Incentive Plan, with terms and conditions determined by the Committee that are not inconsistent with the Omnibus Incentive Plan.

Performance Compensation Awards

The Committee has the authority, at or before the time of grant of any award, to designate such award as a “performance compensation award” intended to qualify as “performance-based compensation” under Section 162(m) of the Code. The Committee has sole discretion to select the length of any applicable performance periods, the types of performance compensation awards to be issued, the applicable performance criteria and performance goals, and the kinds and/or levels of performance goals that are to apply. The performance criteria that will be used to establish the performance goals may be based on the attainment of specific levels of performance of the Company (and/or one or more affiliates, divisions or operational and/or business units, product lines, brands, business segments, administrative departments, or any combination of the foregoing) and will be limited to those set forth in the Omnibus Incentive Plan. Unless otherwise determined by the Committee at the time a performance compensation award is granted, the Committee will, during the first 90 days of a performance period (or, within any other maximum period allowed under Section 162(m) of the Code), or at any time thereafter to the extent the exercise of such authority at such time would not cause the performance compensation awards granted to any participant for such performance period to fail to qualify as “performance-based compensation” under Section 162(m) of the Code, specify adjustments or modifications to be made to the calculation of a performance goal for such performance period, based on and to appropriately reflect the applicable events laid out in the Omnibus Incentive Plan.

Following the completion of a performance period, the Committee will review and certify in writing whether, and to what extent, the performance goals for the performance period have been achieved and, if so, calculate and certify in writing that amount of the performance compensation awards earned for the period based upon the performance formula. In determining the actual amount of an individual participant’s performance compensation award for a performance period, the Committee has the discretion to reduce or eliminate the amount of the performance compensation award consistent with Section 162(m) of the Code. Unless otherwise provided in the applicable award agreement, the Committee does not have the discretion to (A) grant or provide payment in respect of performance compensation awards for a performance period if the performance goals for such performance period have not been attained; or (B) increase a performance compensation award above the applicable limitations set forth in the Omnibus Incentive Plan.

Effect of Certain Events on Omnibus Incentive Plan and Awards

In the event of (a) any dividend (other than regular cash dividends) or other distribution (whether in the form of cash, shares of common stock, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, split-off, spin-off, combination, repurchase or exchange of our shares of common stock or other securities, issuance of warrants or other rights to acquire our shares of common stock or other securities, or other similar corporate transaction or event (including, without limitation, a change in control, as defined in the Omnibus Incentive Plan) that affects the shares of common stock, or (b) unusual or nonrecurring events affecting us, including changes in applicable rules, rulings, regulations or other requirements (including an internal reorganization) that the Committee determines, in its sole discretion, could result in substantial dilution or enlargement of the rights intended to be granted, or available, under the Omnibus Incentive Plan (each, an “adjustment event”), such that in either case an adjustment or substitution is determined by the Committee in its sole discretion to be necessary or appropriate, then the Committee must make any such adjustments or substitutions in such manner as it may deem equitable, including, without limitation, any or all of: (A) the “Absolute Share Limit” (as defined in the Omnibus Incentive Plan), or any other limit applicable under the Omnibus Incentive Plan with respect to the number of awards which may be granted thereunder, (B) the number of shares of common stock or other of our securities (or number and kind of other securities or other property), which may be issued in respect of awards or with respect to which awards may be granted under the Omnibus Incentive Plan or any sub-plan, and (C) the terms of any outstanding award, including, without limitation: (1) the number of shares of common stock or other of our securities (or number and kind of other securities or other property) subject to outstanding awards or to which outstanding awards relate; (2) the exercise price or strike price with respect to any award; or (3) any applicable performance measures (including without limitation, performance criteria and performance goals); provided, that in the case of any “equity restructuring,” the

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Committee shall make an equitable or proportionate adjustment to outstanding awards to reflect such equity restructuring.

Without limiting the foregoing, in connection with any change in control (as defined in the Omnibus Incentive Plan), the Committee may, in its sole discretion, provide for any one or more of the following: (A) a substitution or assumption of awards, accelerating the vesting or exercisability of, lapse of restrictions on, or termination of awards or providing for a period of time for participants to exercise outstanding awards prior to the occurrence of such event; and (B) cancellation of any one or more outstanding awards and causing to be paid to the participants holding vested awards (including any awards that would vest as a result of the occurrence of such event but for such cancellation, or for which vesting is accelerated by the Committee in connection with such event) the value of such awards, if any, as determined by the Committee (which value, if applicable, may be based upon the price per share of common stock received or to be received by other stockholders of the Company in such event), including without limitation, in the case of options and stock appreciation rights, a cash payment equal to the excess, if any, of the fair market value of the shares of common stock subject to the option or stock appreciation right over the aggregate exercise price or strike price thereof.

For the avoidance of doubt, the Committee may cancel any stock option or stock appreciation right for no consideration if the fair market value of the shares subject to such option or stock appreciation right is less than or equal to the aggregate exercise price or strike price of such stock option or stock appreciation right.

Nontransferability of Awards

An award will not be transferable or assignable by a participant other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance will be void and unenforceable against us or any affiliate (unless such a transfer is specifically required pursuant to a domestic relations order or by applicable law). However, the Committee may, in its sole discretion, permit awards (other than incentive stock options) to be transferred, including transfers to a participant's family members, any trust established solely for the benefit of participant or such participant's family members, any partnership or limited liability company of which participant, or participant and participant's family members, are the sole member(s), and a beneficiary to whom donations are eligible to be treated as "charitable contributions" for tax purposes.

Amendment and Termination

The board of directors may amend, alter, suspend, discontinue, or terminate the Omnibus Incentive Plan or any portion thereof at any time; provided, that no such amendment, alteration, suspension, discontinuance or termination may be made without stockholder approval if (1) stockholder approval is necessary to comply with any regulatory requirement applicable to the Omnibus Incentive Plan or for changes in GAAP to new accounting standards, (2) it would materially increase the number of securities which may be issued under the Omnibus Incentive Plan (except for adjustments in connection with certain corporate events), or (3) it would materially modify the requirements for participation in the Omnibus Incentive Plan; provided, further, that any such amendment, alteration, suspension, discontinuance or termination that would materially and adversely affect the rights of any participant or any holder or beneficiary of any award will not to that extent be effective without such individual's consent. The Committee may, to the extent consistent with the terms of any applicable award agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any award granted or the associated award agreement, prospectively or retroactively, subject to the consent of the affected participant if any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination would materially and adversely affect the rights of any participant with respect to such award; provided, further, that without stockholder approval, except as otherwise permitted in the Omnibus Incentive Plan, (1) no amendment or modification may reduce the exercise price of any option or the strike price of any stock appreciation right, (2) the Committee may not cancel any outstanding option or stock appreciation right and replace it with a new option or stock appreciation right (with a lower exercise price or strike price, as

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the case may be) or other award or cash payment that is greater than the value of the cancelled option or stock appreciation right, and (3) the Committee may not take any other action which is considered a “repricing” for purposes of the stockholder approval rules of any securities exchange or inter-dealer quotation system on which our securities are listed or quoted.

Dividends and Dividend Equivalents

The Committee may, in its sole discretion, provide part of an award with dividends, dividend equivalents, or similar payments in respect of awards, on such terms and conditions as may be determined by the Committee in its sole discretion; provided, that no dividend equivalents will be payable in respect of outstanding (1) options or stock appreciation rights or (2) unearned performance compensation awards or other unearned awards subject to performance conditions (other than or in addition to the passage of time), although dividend equivalents may be accumulated in respect of unearned awards and paid within 15 days after such awards are earned and become earned, payable or distributable.

To the extent provided in the applicable award agreement, upon the payment by us of dividends on shares of common stock, a holder of outstanding restricted stock units will be entitled to be credited with dividend equivalent payments in cash (unless the Committee, in its sole discretion, elects to credit such payments in shares of common stock having a fair market value equal to the amount of such dividend) and interest may, at the sole discretion of the Committee, be credited on the amount of cash dividend equivalents at a rate and subject to such terms as determined by the Committee, which will be payable at the same time as the underlying restricted stock units are settled following the release of restrictions on such restricted stock units. To the extent provided in an OP Unit award, upon the payment by us of dividends on shares of common stock or distributions from the Operating Partnership, a holder of OP Units will be entitled to be credited with dividend or dividend equivalent payments in the form of, at the sole discretion of the Committee, cash, shares, or limited partnership interests having a fair market value equal to the amount of such dividend, and interest may, at the sole discretion of the Committee, be credited on the amount of cash dividend equivalents at a rate and subject to such terms as determined by the Committee, which will be payable at the same time as the underlying OP Units are settled following the release of restrictions on such OP Units.

Clawback/Repayment

All awards are subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with (1) any clawback, forfeiture, or other similar policy adopted by the board of directors or the Committee as in effect from time to time and (2) applicable law. Further, to the extent that the any award holder receives any amount in excess of the amount that such award holder should otherwise have received under the terms of the award for any reason (including, without limitation, by reason of a financial restatement, mistake in calculations or other administrative error), the award holder will be required to repay any such excess amount to the Company.

Detrimental Activity

If a participant has engaged in any detrimental activity, as defined in the Omnibus Incentive Plan and as determined by the Committee, the Committee may, in its sole discretion, provide for one or both of the following: (1) cancellation of any or all of such participant’s outstanding awards; or (2) forfeiture by the participant of any gain realized on the vesting or exercise of awards and prompt repayment to us of any such gain.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Pre-IPO Transactions

As described in greater detail in “Organizational Structure—Pre-IPO Transactions,” prior to this offering, we will effect the Pre-IPO Transactions whereby, among other things, Invitation Homes Inc. will acquire and contribute to our Operating Partnership all of the interests in the IH Holding Entities and/or their subsidiaries and our pre-IPO owners will acquire newly issued shares of common stock in Invitation Homes Inc. Members of our management hold incentive awards in the form of equity interests in these IH Holding Entities or affiliated entities, and in connection with the Pre-IPO Transactions, all or a portion of these equity interests may be exchanged for direct or indirect equity interests in us. See “Management—Executive Compensation.”

Stockholders’ Agreement

In connection with this offering, we intend to enter into a stockholders’ agreement with our Sponsor and its affiliates. This agreement will require us to nominate a number of individuals designated by our Sponsor for election as our directors at any meeting of our stockholders (each a “Sponsor Director”) such that, upon the election of each such individual, and each other individual nominated by or at the direction of our board of directors or a duly-authorized committee of the board, as a director of our company, the number of Sponsor Directors serving as directors of our company will be equal to: (1) if our pre-IPO owners and their affiliates together continue to beneficially own at least 50% of the shares of our common stock entitled to vote generally in the election of directors as of the record date for such meeting, the lowest whole number that is greater than 50% of the total number of directors comprising our board of directors; (2) if our pre-IPO owners and their affiliates together continue to beneficially own at least 40% (but less than 50%) of the shares of our common stock entitled to vote generally in the election of directors as of the record date for such meeting, the lowest whole number that is at least 40% of the total number of directors comprising our board of directors; (3) if our pre-IPO owners and their affiliates together continue to beneficially own at least 30% (but less than 40%) of the shares of our common stock entitled to vote generally in the election of directors as of the record date for such meeting, the lowest whole number that is at least 30% of the total number of directors comprising our board of directors; (4) if our pre-IPO owners and their affiliates together continue to beneficially own at least 20% (but less than 30%) of the shares of our common stock entitled to vote generally in the election of directors as of the record date for such meeting, the lowest whole number that is at least 20% of the total number of directors comprising our board of directors; and (5) if our pre-IPO owners and their affiliates together continue to beneficially own at least 5% (but less than 20%) of the shares of our common stock entitled to vote generally in the election of directors as of the record date for such meeting, the lowest whole number that is at least 10% of the total number of directors comprising our board of directors. For so long as the stockholders’ agreement remains in effect, Sponsor Directors may not be removed without the consent of our Sponsor. In the case of a vacancy on our board created by the removal or resignation of a Sponsor Director, the stockholders’ agreement will require us to nominate an individual designated by our Sponsor for election to fill the vacancy. As described more specifically in “Certain Provisions of Maryland Law and of Our Charter and Bylaws,” the stockholders’ agreement and our charter and bylaws will require that certain amendments to our charter and bylaws, and any change to the number of our directors, will require the consent of our Sponsor.

Our Sponsor has advised us that, when it ceases to own a majority of the total shares of our common stock entitled to vote generally in the election of directors, it will ensure that Blackstone employees will no longer constitute a majority of our board of directors.

The stockholders’ agreement will remain in effect until our Sponsor is no longer entitled to nominate a Sponsor Director pursuant to the stockholders’ agreement, unless our Sponsor requests that it terminate at an earlier date.

Registration Rights Agreement

In connection with this offering, we intend to enter into a registration rights agreement that will provide our Sponsor an unlimited number of “demand” registrations and customary “piggyback” registration rights. The registration rights agreement also provides that we will pay certain expenses relating to such registrations and indemnify the registration rights holders against certain liabilities which may arise under the Securities Act.

Indemnification Agreements

We intend to enter into indemnification agreements with our directors and executive officers. These agreements will require us to indemnify these individuals to the fullest extent permitted under Maryland law and our charter and bylaws against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors or executive officers, we have been informed that in the opinion of the SEC such indemnification is against public policy and is therefore unenforceable.

There is currently no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

Services Agreement

On October 1, 2012, THR Property Management L.P., a wholly owned subsidiary of Invitation Homes L.P., entered into a services agreement (the “Services Agreement”) with CAS Residential, LLC, an entity affiliated with certain of our pre-IPO owners, with respect to the provision of property accounting services. The Services Agreement provided for fees to be paid to CAS Residential, LLC based upon a full reimbursement of actual expenses incurred, as well as an additional 10.0% of compensation costs less any severance payments. The Services Agreement was terminated on October 31, 2014. For the year ended December 31, 2014, we incurred \$4.0 million of service fees pursuant to the terms of the Services Agreement.

Property Management Agreements

On December 31, 2012, THR Property Management L.P., our wholly owned subsidiary, entered into an agreement (the “Contribution Agreement”) with certain of our pre-IPO owners, including Mr. Dallas Tanner, our Executive Vice President and Chief Investment Officer. Pursuant to the Contribution Agreement, certain of our pre-IPO owners, including Mr. Tanner, assigned their interest in certain property management services agreements (the “assigned management agreements”) related to single-family rental properties owned by them to THR Property Management L.P. in exchange for equity interests in certain of the IH Holding Entities. Under the terms of such assignment, THR Property Management L.P. was entitled to 100% of the property management fees payable, including a 15% profit on reimbursed expenses, under the assigned management agreements in return for providing property management services thereunder. For the year ended December 31, 2013 and for the period from January 1, 2014 through July 8, 2014, we received management fees under the assigned management agreements of \$0.4 million and \$0.2 million, respectively. The assigned management agreements were terminated on July 8, 2014.

Warehouse Loans

From time to time certain of the IH Holding Entities have borrowed funds in the form of warehouse loans from affiliates of our Sponsor. Interest on amounts borrowed accrues at rates based on a spread to LIBOR ranging from 250 to 275 basis points, and any unpaid interest amounts are compounded into the remaining unpaid principal balance on a monthly basis. As of September 30, 2016, there was an aggregate principal amount outstanding under such warehouse loans of \$11.8 million. For the nine months ended September 30, 2016 and

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each of the three years ended December 31, 2015, the largest aggregate principal amount outstanding under such warehouse loans was \$114.3 million, \$270.7 million, \$483.1 million and \$509.0 million, respectively. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Warehouse Loans.”

As of December 29, 2016, we have repaid all outstanding borrowings under the warehouse loans and do not expect to obtain warehouse loans from our Sponsor in the future.

Loans to Directors and Executive Officers

In May 2014, we made a loan to Mr. Nicholas C. Gould, a member of our board of directors, pursuant to a promissory note in the principal amount of \$7.5 million. The note bears interest at a rate of 1.97% per annum, which is added to principal on each anniversary of the issue date, and is secured by equity interests held by Mr. Gould in Invitation Homes L.P. As of September 30, 2016, the note had an outstanding balance, including capitalized interest, of approximately \$7.6 million. On January 5, 2017, the note was cancelled. The transaction was accounted for as a distribution. See “Note 12—Subsequent Events” to our unaudited condensed combined and consolidated financial statements included elsewhere in this prospectus for additional information.

In November 2015, we made a loan to Mr. Dallas B. Tanner, our Executive Vice President and Chief Investment Officer, pursuant to a promissory note in the principal amount of \$1.5 million, in connection with Mr. Tanner’s relocation to Company headquarters in Dallas, Texas. The note bears interest at a rate of 1.57% per annum, which is added to principal on each anniversary of the issue date, and is secured by equity interests held by Mr. Tanner in Invitation Homes L.P. As of September 30, 2016, the note had an outstanding balance, including capitalized interest, of approximately \$1.5 million. In December 2016, we purchased approximately \$1.5 million of Incentive Units at fair value from Mr. Tanner, and following the purchase of such units, Mr. Tanner repaid the outstanding balance on the note.

Products and Services

From time to time we have purchased products and services from companies affiliated with Blackstone. We are party to a cyber security services agreement with Optiv Inc., an affiliate of Blackstone, pursuant to which Optiv Inc. provides us with certain cyber security services. In 2015 and 2014, the expenses we incurred for these services totaled \$0.7 million and \$0.2 million, respectively. We did not incur material expenses for these services in 2013 or during the nine months ended September 30, 2016.

Sponsor Exemption from Ownership Limit

In order for us to qualify as a REIT for U.S. federal income tax purposes, our stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of the outstanding shares of our stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities such as qualified pension plans) during the last half of a taxable year (other than the first year for which an election to be a REIT has been made).

Our charter will contain restrictions on the ownership and transfer of our stock. Subject to the exceptions described below, no person or entity may beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% (in value or by number of shares, whichever is more restrictive) of our outstanding common stock or 9.8% in value of our outstanding stock. We refer to these restrictions, collectively, as the “ownership limit.” We expect that, before the completion of this offering, our board of directors will grant an exemption from the ownership limit to our Sponsor and its affiliates. See “Description of Stock—Restrictions on Ownership and Transfer.”

Directed Share Program

At our request, the underwriters have reserved for sale, at the initial public offering price, up to 1% of the shares offered by this prospectus for sale to some of our directors, officers, employees and related persons as part of a directed share program. The directed share program will not limit the ability of such directors, officers and their family members, or holders of more than 5% of our capital stock, to purchase more than \$120,000 in value of our common stock. We do not currently know the extent to which these related persons will participate in our directed share program, if at all, or the extent to which they will purchase more than \$120,000 in value of our common stock.

Statement of Policy Regarding Transactions with Related Persons

Prior to the completion of this offering, our board of directors will adopt a written statement of policy regarding transactions with related persons, which we refer to as our “related person policy.” Our related person policy will require that a “related person” (as defined as in Item 404(a) of Regulation S-K, which includes security holders who beneficially own more than 5% of our common stock, including our Sponsor) must promptly disclose to our Chief Legal Officer any “related person transaction” (defined as any transaction that is anticipated would be reportable by us under Item 404(a) of Regulation S-K in which we were or are to be a participant and the amount involved exceeds \$120,000 and in which any related person had or will have a direct or indirect material interest) and all material facts with respect thereto. The Chief Legal Officer will then promptly communicate that information to our board of directors. No related person transaction will be executed without the approval or ratification of our board of directors or a duly authorized committee of our board of directors. It is our policy that directors interested in a related person transaction will recuse themselves from any vote on a related person transaction in which they have an interest.

POLICIES WITH RESPECT TO CERTAIN ACTIVITIES

The following is a discussion of certain of our investment, financing and other policies that will be in place following the completion of this offering. These policies have been determined by our board of directors and, in general, may be amended and revised from time to time at the discretion of our board of directors without notice to or a vote of our stockholders.

Our Investment Policies

The following is a discussion of our investment policies and our policies with respect to certain other activities, including financing matters and conflicts of interest. These policies may be amended or revised from time to time at the discretion of our board of directors without stockholder approval. We cannot assure you that our investment objectives will be attained.

Investment in Real Estate and Interests in Real Estate

We conduct substantially all of our investment activities through our operating partnership and its subsidiaries. Our investment objectives are to generate attractive, risk-adjusted returns for our stockholders through dividends and capital appreciation. We have not established a specific policy regarding the relative priority of these investment objectives. For a discussion of our business and growth strategies, see “Business—Our Business and Growth Strategies.”

We pursue our investment objectives primarily through the ownership by our operating partnership of single-family rental properties. Future investment activities will not be limited to any geographic area, property type or to a specified percentage of our assets. While we may diversify in terms of property locations, size and market, we do not have any limit on the amount or percentage of our assets that may be invested in any one property or any one geographic area. We intend to engage in such future investment activities in a manner that is consistent with the maintenance of our status as a REIT for U.S. federal income tax purposes. In addition, we may purchase or lease other income-producing properties for long-term investment or sell such properties, in whole or in part, when circumstances warrant.

We may also participate with third parties in property ownership through investment vehicles, including joint ventures, partnership arrangements or other types of co-ownership. These types of investments may permit us to own interests in larger portfolios of properties and, therefore, provide us with flexibility in structuring our portfolio. We may participate in these investment vehicles even if we have funds available for investment. We will not, however, enter into an investment vehicle that would not otherwise meet our investment policies, as established or modified by our board of directors from time to time.

The structure and terms of the investment vehicles may vary and will depend on market conditions. We will manage the residences owned by these investment vehicles.

We do not have a specific policy to acquire assets primarily for capital gain or primarily for income.

Investments in Real Estate Mortgages

Our business and growth strategies emphasize equity investments in single-family rental properties and we have no current intention to invest in mortgages or to engage in originating, servicing or warehousing mortgages or other mortgage activities. However, our investment policies will not restrict our ability to invest in mortgages, whether or not in single-family rental properties, or to engage in mortgage activities, including, without limitation, originating, servicing and warehousing mortgages. Accordingly, we may, at the discretion of our board of directors, invest in mortgages, including non-performing loans, and other types of real estate interests in the future, including, without limitation, participating in convertible mortgages; provided, in each case, that such investment is consistent with our qualification as a REIT. Investments in real estate mortgages run the risk that one or more borrowers may default under certain mortgages and that the collateral securing such mortgages may not be sufficient to enable us to recoup our full investment.

Investments in Securities of or Interests in Persons Primarily Engaged in Real Estate Activities and Other Issuers

Subject to the gross income and asset tests necessary for REIT qualification, we may invest in securities of other REITs, other entities engaged in real estate activities or securities of other issuers, including for the purpose of exercising control over such entities. We do not currently have any policy limiting the types of entities in which we may invest or the proportion of assets to be so invested, whether through acquisition of an entity's common shares, limited liability or partnership interests, interests in another REIT or entry into a joint venture. We do not intend to underwrite securities of other issuers.

Investments in Other Securities

Other than as described above, we do not intend to invest in any additional securities such as bonds, preferred shares or common shares.

Purchase and Sale of Investments

We expect to invest in our properties primarily for generation of current rental income and long-term capital appreciation. We may deliberately and strategically dispose of certain properties in the future and redeploy funds into new acquisitions that align with our strategic objectives.

Lending Policies

While we do not presently engage in any significant lending, we may consider seller financing in the future. We do not have a policy limiting our ability to make loans to other persons, although our ability to do so may be limited by applicable law, such as the Sarbanes-Oxley Act. Subject to tax rules applicable to REITs, we may choose to guarantee debt of certain joint ventures with third parties. Our board of directors may adopt a formal lending policy in the future without notice to or consent of our stockholders.

Issuance of Additional Securities

If our board of directors determines that obtaining additional capital would be advantageous to us, we may, without stockholder approval (unless such approval is required by applicable law, the terms of any other class or series of our stock or the rules of any stock exchange or automated quotation system on which any of our stock is traded), issue debt or equity securities, including causing our operating partnership to issue OP Units, retain earnings (subject to the REIT distribution requirements for U.S. federal income tax purposes) or pursue a combination of these methods. As long as our operating partnership is in existence, the proceeds of all equity capital raised by us will be contributed to our operating partnership.

We may offer shares of our common stock, OP Units, or other debt or equity securities in exchange for cash, real estate assets or other investment targets, and to repurchase or otherwise re-acquire our common stock, OP Units or other debt or equity securities. We may issue shares of preferred stock from time to time, in one or more classes or series, as authorized by our board of directors without the need for stockholder approval (unless such approval is required by applicable law, the terms of any other class or series of our stock or the rules of any stock exchange or automated quotation system on which any of our stock is traded). We have not adopted a specific policy governing the issuance of senior securities at this time.

Reporting Policies

We intend to make available to our stockholders (i) audited annual financial statements and annual reports and (ii) unaudited quarterly financial statements and quarterly reports. Upon completion of this offering, we will become subject to the information reporting requirements of the Exchange Act, pursuant to which we will file periodic reports, proxy statements and other information, including audited financial statements, with the SEC.

Investment Company Act of 1940

We intend to conduct our operations so that neither we nor any of our subsidiaries are required to register as an investment company under the Investment Company Act. Investments are also subject to our policy not to be treated as an investment company under the Investment Company Act.

Our Financing Strategy

We expect to employ leverage in our capital structure in amounts determined from time to time by our board of directors. Although our board of directors has not adopted a policy that limits the total amount of indebtedness that we may incur, it will consider a number of factors in evaluating our level of indebtedness from time to time, as well as the amount of such indebtedness that will be either fixed or variable rate. Our charter and bylaws that will be in effect following this offering will not limit the amount or percentage of indebtedness that we may incur nor will they restrict the form in which our indebtedness will be taken (including recourse or non-recourse debt, cross collateralized debt, etc.). Our board of directors may from time to time modify our debt policy in light of the then-current economic conditions, relative costs of debt and equity capital, market values of our properties, general market conditions for debt and equity securities, fluctuations in the market price of our common stock, growth and acquisition opportunities and other factors. To the extent our board of directors determines to obtain additional capital, we may, without stockholder approval, issue debt or equity securities (including, among others additional mortgage loans), retain earnings (subject to the REIT distribution requirements for U.S. federal income tax purposes) or pursue a combination of these methods. There can be no assurance that we will be able to access these financing sources on favorable terms or at all.

Conflict of Interest Policies

We have adopted certain policies designed to eliminate or minimize certain potential conflicts of interest. Specifically, we will adopt a Code of Business Conduct and Ethics that generally prohibits conflicts of interest between our officers and employees on the one hand, and our company on the other hand. Our Code of Business Conduct and Ethics will also generally limit our employees and officers from competing with our company or taking for themselves opportunities that are discovered through use of property or information of or position with our company. Waivers of our Code of Business Conduct and Ethics may be granted by the board of directors or a committee thereof. However, we cannot assure you these policies or provisions of law will always succeed in eliminating the influence of such conflicts. If they are not successful, decisions could be made that might fail to reflect fully the interests of all stockholders. In addition, our charter will, to the maximum extent permitted from time to time by Maryland law, renounce any interest or expectancy that we have in, or any right to be offered an opportunity to participate in, any business opportunities that are from time to time presented to or developed by our directors or their affiliates, other than to those directors who are employed by us or our subsidiaries, unless the business opportunity is expressly offered or made known to such person in his or her capacity as a director. See “Certain Provisions of Maryland Law and of Our Charter and Bylaws—Competing Interests and Activities of Our Non-Employees Directors.”

Policies with Respect to Certain Other Activities

We will have authority to offer common stock, preferred stock, options to purchase stock or other securities in exchange for property, repurchase or otherwise acquire our common stock or other securities in the open market or otherwise, and we may engage in such activities in the future. Our board of directors has no present intention of causing us to repurchase any common stock, although we may do so in the future. We may issue preferred stock from time to time, in one or more series, as authorized by our board of directors without the need for stockholder approval. See “Description of Stock.” We have not engaged in trading, underwriting or agency distribution or sale of securities of other issuers and do not intend to do so. At all times, we intend to make investments in such a manner as to qualify as a REIT, unless because of circumstances or changes in the Code or the Treasury regulations our board of directors determines that it is no longer in our best interest to qualify as a REIT. We may make loans to third parties, including, without limitation, to joint ventures in which we participate. We intend to make investments in such a way that we will not be treated as an investment company under the Investment Company Act.

PRINCIPAL STOCKHOLDERS

The following table sets forth information regarding the beneficial ownership of our common stock immediately following this offering by (1) each person known to us to beneficially own more than 5% of any class of the outstanding voting securities of Invitation Homes Inc., (2) each of our directors, director nominees and named executive officers and (3) all of our directors and executive officers as a group.

The information set forth below regarding the number of shares of our common stock beneficially owned by the identified persons gives effect to the acquisition by such persons of such shares pursuant to the Pre-IPO Transactions.

Beneficial ownership is determined in accordance with the rules of the SEC.

<u>Name of Beneficial Owner</u> ⁽¹⁾	<u>Number of Shares of Common Stock Beneficially Owned</u>	<u>Percentage of All Shares of Common Stock</u> ⁽¹⁾
Blackstone ⁽²⁾		%
John B. Bartling Jr.		
Bryce Blair		
Nicholas C. Gould		
Kenneth A. Caplan		
Jonathan D. Gray ⁽³⁾		
Robert G. Harper ⁽³⁾		
John B. Rhea		
David A. Roth ⁽³⁾		
John G. Schreiber		
Janice L. Sears		
William J. Stein ⁽³⁾		
Ernest M. Freedman		
Dallas B. Tanner		
All directors, director nominees and executive officers as a group (14 persons)		

* Less than 1%.

(1) Assumes _____ shares of our common stock outstanding immediately following this offering.

(2) Amounts beneficially owned reflect _____ directly held by Invitation Homes Parent L.P., _____ directly held by Preeminent Parent L.P., _____ directly held by Invitation Homes 2-A L.P., _____ directly held by Invitation Homes 3 Parent L.P., _____ directly held by Invitation Homes 4 Parent L.P., _____ directly held by Invitation Homes 5 Parent L.P. and _____ directly held by Invitation Homes 6 Parent L.P.

The general partner of Invitation Homes Parent L.P. is Invitation Homes Parent GP LLC. The sole member of Invitation Homes GP LLC is THR Investor LLC. THR Investor LLC is owned by Blackstone Family Real Estate Partnership VII-SMD L.P., Blackstone Real Estate Holdings VII-NQ L.P., Blackstone Real Estate Holdings VII-NQ-ESC L.P., Blackstone Real Estate Partners VII-NQ L.P., Blackstone Real Estate Partners VII.F-NQ (AV) L.P., Blackstone Real Estate Partners VII.TE.1-NQ L.P., Blackstone Real Estate Partners VII.TE.2-NQ L.P., Blackstone Real Estate Partners VII.TE.3-NQ L.P., Blackstone Real Estate Partners VII.TE.4-NQ L.P., Blackstone Real Estate Partners VII.TE.5-NQ L.P., Blackstone Real Estate Partners VII.TE.6-NQ L.P., Blackstone Real Estate Partners VII.TE.7-NQ L.P. and Blackstone Real Estate Partners VII.TE.8-NQ L.P. The general partner of Blackstone Family Real Estate Partnership VII-SMD L.P. is Blackstone Family GP L.L.C., which is, in turn, wholly owned by Blackstone’s senior managing directors and controlled by its founder, Stephen A. Schwarzman. The general partner of Blackstone Real Estate Holdings VII-NQ L.P. and Blackstone Real Estate Holdings VII-NQ-ESC L.P. is BREP VII-NQ Side-by-Side GP L.L.C. The general partner of Blackstone Real Estate Partners VII-NQ L.P., Blackstone Real Estate

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Partners VII.F-NQ (AV) L.P., Blackstone Real Estate Partners VII.TE.1-NQ L.P., Blackstone Real Estate Partners VII.TE.2-NQ L.P., Blackstone Real Estate Partners VII.TE.3-NQ L.P., Blackstone Real Estate Partners VII.TE.4-NQ L.P., Blackstone Real Estate Partners VII.TE.5-NQ L.P., Blackstone Real Estate Partners VII.TE.6-NQ L.P., Blackstone Real Estate Partners VII.TE.7-NQ L.P. and Blackstone Real Estate Partners VII.TE.8-NQ L.P. is Blackstone Real Estate Associates VII-NQ L.P. The general partner of Blackstone Real Estate Associates VII-NQ L.P. is BREA VII-NQ L.L.C. The managing member of BREA VII-NQ L.L.C. and the sole member of BREP VII-NQ Side-by-Side GP L.L.C. is Blackstone Holdings II L.P. The general partner of Blackstone Holdings II L.P. is Blackstone Holdings I/II GP Inc. The sole shareholder of Blackstone Holdings I/II GP Inc. is The Blackstone Group L.P.

The general partner of Preeminent Parent L.P. and Invitation Homes 2-A L.P. is Invitation Homes 2 Parent GP LLC. The sole member of Invitation Homes 2 Parent GP LLC is IH2 Investor L.P. The general partner of IH2 Investor L.P. is Blackstone Real Estate Associates VII L.P. The general partner of Blackstone Real Estate Associates VII L.P. is BREA VII L.L.C. The managing member of BREA VII L.L.C. is Blackstone Holdings III L.P.

The general partner of Invitation Homes 3 Parent L.P. is Invitation Homes 3 Parent GP LLC. Invitation Homes 3 GP LLC is owned by BREP IH3 Holdings LLC and BTO IH3 Holdings L.P.

The general partner of Invitation Homes 4 Parent L.P. is Invitation Homes 4 Parent GP LLC. The general partner of Invitation Homes 5 Parent L.P. is Invitation Homes 5 Parent GP LLC. The general partner of Invitation Homes 6 Parent L.P. is Invitation Homes 6 Parent GP LLC.

The managing member of BREP IH3 Holdings LLC, BREP IH4 Holdings LLC, BREP IH5 Holdings LLC and BREP IH6 Holdings LLC, is Blackstone Real Estate Partners VII L.P. The general partner of Blackstone Real Estate Partners VII L.P. is Blackstone Real Estate Associates VII L.P. The general partner of Blackstone Real Estate Associates VII L.P. is BREA VII L.L.C. The managing member of BREA VII L.L.C. is Blackstone Holdings III L.P.

The general partner of BTO IH3 Holdings L.P. is BTO IH3 Manager L.L.C. The managing member of BTO IH3 Manager L.L.C. is BTOA L.L.C. The managing member of BTOA L.L.C. is Blackstone Holdings III L.P.

The general partner of Blackstone Holdings III L.P. is Blackstone Holdings III GP L.P. The general partner of Blackstone Holdings III GP L.P. is Blackstone Holdings III GP Management L.L.C. The sole member of Blackstone Holdings III GP Management L.L.C. is The Blackstone Group L.P. The general partner of The Blackstone Group L.P. is Blackstone Group Management L.L.C. Blackstone Group Management L.L.C. is wholly owned by Blackstone's senior managing directors and controlled by its founder, Stephen A. Schwarzman.

Each of the Blackstone entities described in this footnote and Stephen A. Schwarzman (other than to the extent it or he directly holds securities as described herein) may be deemed to beneficially own the securities directly or indirectly controlled by such Blackstone entities or him, but each disclaims beneficial ownership of such shares. The address of each of Mr. Schwarzman and each of the other entities listed in this footnote is c/o The Blackstone Group L.P., 345 Park Avenue, New York, New York 10154.

From time to time, Blackstone may pledge, hypothecate or grant security interests in all or a portion of its common stock in connection with one or more margin loans or other borrowings.

- (3) Messrs. Caplan, Gray, Harper, Roth and Stein are each employees of Blackstone, but each disclaims beneficial ownership of the shares beneficially owned by Blackstone.

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The foregoing table assumes that the initial public offering price for shares of our common stock to be sold in this offering is \$ _____ per share, which is the midpoint of the price range indicated on the front cover of this prospectus. However, as discussed in “Organizational Structure—Pre-IPO Transactions” and “Management—Executive Compensation—Actions Taken in Connection with the Offering,” the precise holdings of shares of our common stock by particular existing owners would differ from that presented in the table above if the actual initial public offering price per share differs from this assumed price.

For example, if the initial public offering price per share of common stock in this offering is \$ _____, which is the low-point of the price range indicated on the front cover of this prospectus, the beneficial ownership of shares of common stock of the identified holders would be as follows:

Name of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percentage of Common Stock Beneficially Owned
Blackstone		%
John B. Bartling Jr.		
Bryce Blair		
Nicholas C. Gould		
Kenneth A. Caplan		
Jonathan D. Gray		
Robert G. Harper		
John B. Rhea		
David A. Roth		
John G. Schreiber		
Janice L. Sears		
William J. Stein		
Ernest M. Freedman		
Dallas B. Tanner		
All directors, director nominees and executive officers as a group (14 persons)		

Conversely, if the initial public offering price per share of common stock in this offering is \$ _____, which is the high-point of the price range indicated on the front cover of this prospectus, the beneficial ownership of shares of common stock of the identified holders would be as follows:

Name of Beneficial Owner	Number of Shares of Common Stock Beneficially Owned	Percentage of Common Stock Beneficially Owned
Blackstone		%
John B. Bartling Jr.		
Bryce Blair		
Nicholas C. Gould		
Kenneth A. Caplan		
Jonathan D. Gray		
Robert G. Harper		
John B. Rhea		
David A. Roth		
John G. Schreiber		
Janice L. Sears		
William J. Stein		
Ernest M. Freedman		
Dallas B. Tanner		
All directors, director nominees and executive officers as a group (14 persons)		

DESCRIPTION OF STOCK

The following summary of the terms of our common stock as it will be in effect immediately following this offering is a summary and is qualified in its entirety by reference to our charter and bylaws, as they will be in effect upon completion of this offering, copies of which are filed as exhibits to the registration statement of which this prospectus forms a part, and the MGCL. See “Where You Can Find More Information.” The issuance of our common stock in this offering is conditioned upon the requisite stockholder approval and effectiveness of our conversion to a Maryland corporation and of our charter.

Under “Description of Stock,” “we,” “us,” “our” and “our company” refer to Invitation Homes Inc. and not to any of its subsidiaries.

General

Our charter will authorize us to issue up to _____ shares of common stock, \$0.01 par value per share, and up to _____ shares of preferred stock, \$0.01 par value per share. Our charter will authorize a majority of our entire board of directors, without stockholder approval, to amend our charter to increase or decrease the aggregate number of shares of stock that we are authorized to issue or the number of authorized shares of any class or series. Under Maryland law, a stockholder generally is not liable for a corporation’s debts or obligations solely as a result of the stockholder’s status as a stockholder.

Common Stock

Common Stock. Subject to the restrictions on ownership and transfer of our stock discussed below under the caption “—Restrictions on Ownership and Transfer” and the voting rights of holders of outstanding shares of any other class or series of our stock, holders of our common stock will be entitled to vote on all matters on which stockholders are entitled to vote generally, including the election or removal of directors. The holders of our common stock will not have cumulative voting rights in the election of directors.

Holders of our common stock will be entitled to receive dividends as and when authorized by our board of directors and declared by us out of assets legally available for the payment of dividends. Upon our liquidation, dissolution or winding up and after payment in full of all amounts required to be paid to creditors and to the holders of outstanding shares of any other class or series of our stock having liquidation preferences senior to those of the common stockholders, if any, the holders of our common stock will be entitled to receive pro rata our remaining assets available for distribution. Holders of our common stock will not have preemptive, subscription, redemption or conversion rights. There will be no sinking fund provisions applicable to the common stock. Holders of our common stock will generally have no appraisal rights. All shares of our common stock that will be outstanding at the time of the completion of the offering will be fully paid and nonassessable and have equal dividend and liquidation rights. The preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of our common stock will be subject to those of the holders of any shares of our preferred stock or any other class or series of stock we may authorize and issue in the future.

Voting Rights. Under Maryland law, a Maryland corporation generally cannot amend its charter, consolidate, merge, convert, sell all or substantially all of its assets, engage in a statutory share exchange or dissolve unless the action is advised by its board of directors and approved by the affirmative vote of stockholders entitled to cast at least two-thirds of the votes entitled to be cast on the matter. As permitted by Maryland law, our charter will provide that any of these actions may be approved by the affirmative vote of stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter, although, for so long as the stockholders’ agreement remains in effect, certain amendments to our charter inconsistent with the rights of our Sponsor under the stockholders’ agreement or our charter or bylaws will also require our Sponsor’s consent. See “Certain Provisions of Maryland Law and of Our Charter and Bylaws.” In addition, because many of our

operating assets will be held by our subsidiaries, these subsidiaries may be able to merge or sell all or substantially all of their assets without the approval of our stockholders.

Power to Reclassify and Issue Stock

Our board of directors may, without any action by the holders of our common stock, classify and reclassify any unissued shares of our stock into other classes or series of stock, including one or more classes or series of stock that have priority over our common stock with respect to dividends or upon liquidation, or have voting rights and other rights that differ from the rights of the holders of our common stock, and authorize us to issue the newly-classified shares. Before authorizing the issuance of shares of any new class or series, our board of directors must, subject to the provisions in our charter relating to the restrictions on ownership and transfer of our stock, the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption for each class or series of stock. These actions may be taken without the approval of holders of our common stock unless such approval is required by applicable law, the terms of any other class or series of our stock or the rules of any stock exchange or automated quotation system on which any of our stock is listed or traded.

Restrictions on Ownership and Transfer

In order for us to qualify as a REIT for U.S. federal income tax purposes, our stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of the outstanding shares of our stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities such as qualified pension plans) during the last half of a taxable year (other than the first year for which an election to be a REIT has been made).

Our charter will contain restrictions on the ownership and transfer of our stock. Subject to the exceptions described below, no person or entity may beneficially own, or be deemed to own by virtue of the applicable constructive ownership provisions of the Code, more than 9.8% (in value or by number of shares, whichever is more restrictive) of our outstanding common stock or 9.8% in value of our outstanding stock. We refer to these restrictions, collectively, as the “ownership limit.” We expect that, before the completion of this offering, our board of directors will grant an exemption from the ownership limit to our Sponsor and its affiliates.

The constructive ownership rules under the Code are complex and may cause stock owned actually or constructively by a group of related individuals and/or entities to be owned constructively by one individual or entity. As a result, the acquisition of less than 9.8% of our outstanding common stock or 9.8% of our outstanding stock, or the acquisition of an interest in an entity that owns our stock, could, nevertheless, cause the acquiror or another individual or entity to own our stock in excess of the ownership limit.

Our board of directors may, upon receipt of certain representations and agreements and in its sole discretion, prospectively or retroactively, waive the ownership limit and may establish or increase a different limit on ownership, or excepted holder limit, for a particular stockholder if the stockholder’s ownership in excess of the ownership limit would (or, in the sole judgment of our board of directors, could) not result in our being “closely held” under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise failing to qualify as a REIT or would (or, in the sole judgment of our board of directors, could) not result in our failing to qualify as a “domestically controlled qualified investment entity” within the meaning of Section 897(h) of the Code. As a condition of granting a waiver of the ownership limit or creating an excepted holder limit, our board of directors may, but is not required to, require an opinion of counsel or IRS ruling satisfactory to our board of directors as it may deem necessary or advisable to determine or ensure our status as a REIT and may impose such other conditions or restrictions as it deems appropriate.

In connection with granting a waiver of the ownership limit or creating or modifying an excepted holder limit, or at any other time, our board of directors will be able to increase or decrease the ownership limit unless,

after giving effect to any increased or decreased ownership limit, five or fewer persons could beneficially own, in the aggregate, more than 49.9% in value of the shares of our stock then outstanding or we would otherwise fail to qualify as a REIT. A decreased ownership limit will not apply to any person or entity whose percentage of ownership of our stock is in excess of the decreased ownership limit until the person or entity's ownership of our stock equals or falls below the decreased ownership limit, but any further acquisition of our stock will be subject to the decreased ownership limit.

Our charter will also prohibit:

- any person from beneficially or constructively owning shares of our stock that would (or, in the sole judgment of our board of directors, could) result in our being "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or otherwise cause us to fail to qualify as a REIT;
- any person from transferring shares of our stock if the transfer would (or, in the sole judgment of our board of directors, could) result in shares of our stock being beneficially owned by fewer than 100 persons; and
- any person from beneficially owning shares of our stock to the extent such ownership would (or, in the sole judgment of our board of directors, could) result in our failing to qualify as a "domestically controlled qualified investment entity" within the meaning of Section 897(h) of the Code.

Our charter will provide that any person who acquires or attempts or intends to acquire beneficial or constructive ownership of shares of our stock that will or may violate the ownership limit or any of the other restrictions on ownership and transfer of our stock, and any person who is the intended transferee of shares of our stock that are transferred to a trust for the benefit of one or more charitable beneficiaries described below, will be required to give immediate written notice to us of such an event or, in the case of a proposed or attempted transfer, give at least 15 days' prior written notice to us and provide us with such other information as we may request in order to determine the effect of the transfer on our status as a REIT. The provisions of our charter that will relate to the restrictions on ownership and transfer of our stock will not apply if our board of directors determines in its sole and absolute discretion that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT, or that compliance is no longer required in order for us to qualify as a REIT.

Our charter will provide that any attempted transfer of our stock that, if effective, would result in our stock being beneficially owned by fewer than 100 persons will be null and void. Our charter will provide that any attempted transfer of our stock that, if effective, would (or, in the sole judgment of our board of directors, could) result in a violation of the ownership limit (or other limit established by our charter or our board of directors), our being "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or our otherwise failing to qualify as a REIT or as a "domestically controlled qualified investment entity" within the meaning of Section 897(h) of the Code will cause the number of shares causing the violation (rounded up to the nearest whole share) to be transferred automatically to a trust for the exclusive benefit of one or more charitable beneficiaries, and the proposed transferee will not acquire any rights in the shares. The automatic transfer will be effective as of the close of business on the business day before the date of the attempted transfer or other event that resulted in a transfer to the trust. If the transfer to the trust as described above is not automatically effective, for any reason, to prevent a violation of the applicable restrictions on ownership and transfer of our stock, then the attempted transfer that, if effective, would (or, in the sole judgment of our board of directors, could) have resulted in a violation of the ownership limit (or other limit established by our charter or our board of directors), our being "closely held" under Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of a taxable year) or our otherwise failing to qualify as a REIT or as a "domestically controlled qualified investment entity" will be null and void.

Shares of our stock held in the trust will be issued and outstanding shares. The proposed transferee will not benefit economically from ownership of any shares of our stock held in the trust and will have no rights to

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dividends and no rights to vote or other rights attributable to the shares of our stock held in the trust. Our charter will provide that the trustee of the trust will exercise all voting rights and receive all dividends and other distributions with respect to shares held in the trust for the exclusive benefit of the charitable beneficiary of the trust. Any dividend or other distribution paid before we discover that the shares have been transferred to a trust as described above must be repaid by the recipient to the trustee upon demand. Subject to Maryland law, effective as of the date that the shares have been transferred to the trustee, the trustee will have the authority to rescind as void any vote cast by a proposed transferee before our discovery that the shares have been transferred to the trust and to recast the vote in the sole and absolute discretion of the trustee. However, if we have already taken irreversible corporate action, then the trustee may not rescind or recast the vote.

Within 20 days of receiving notice from us of a transfer of shares to the trust, the trustee must sell the shares to a person that would be permitted to own the shares without violating the ownership limit or the other restrictions on ownership and transfer of our stock in our charter. After the sale of the shares, the interest of the charitable beneficiary in the shares transferred to the trust will terminate and the trustee must distribute to the proposed transferee an amount equal to the lesser of:

- the price paid by the proposed transferee for the shares or, if the event that resulted in the transfer to the trust did not involve a purchase of such shares at market price (i.e., in the case of a devise or gift), which will generally be the last sales price reported on the NYSE, the market price on the last trading day before the day of the event that resulted in the transfer of such shares to the trust; and
- the sales proceeds (net of commissions and other expenses of sale) received by the trust for the shares.

The trustee may reduce the amount payable to the proposed transferee by the amount of dividends and distributions which have been paid to the proposed transferee and are owed by the proposed transferee to the trust pursuant to the terms of our charter. The trustee must distribute any remaining funds held by the trust with respect to the shares to the charitable beneficiary. If the shares are sold by the proposed transferee before we discover that they have been transferred to the trust, the shares will be deemed to have been sold on behalf of the trust and the proposed transferee must pay to the trustee, upon demand, the amount, if any, that the proposed transferee received in excess of the amount that the proposed transferee would have received had the shares been sold by the trustee.

Shares of our stock held in the trust will be deemed to be offered for sale to us, or our designee, at a price per share equal to the lesser of:

- the price per share in the transaction that resulted in the transfer to the trust or, if the event that resulted in the transfer to the trust did not involve a purchase of such shares at market price (i.e., in the case of a devise or gift), the market price on the last trading day before the day of the event that resulted in the transfer of such shares to the trust; and
- the market price on the date we accept, or our designee accepts, such offer.

We may accept the offer until the trustee has otherwise sold the shares of our stock held in the trust. Upon a sale to us, the interest of the charitable beneficiary in the shares sold will terminate and the trustee must distribute the net proceeds of the sale to the proposed transferee and distribute any dividends or other distributions held by the trustee with respect to the shares to the charitable beneficiary. The trustee may reduce the amount payable to the proposed transferee by the amount of dividends and distributions which have been paid to the proposed transferee and are owed by the proposed transferee to the trust pursuant to the terms of our charter.

Every owner of 5% or more (or such lower percentage as required by the Code or the regulations promulgated thereunder) of our stock, within 30 days after the end of each taxable year, must give us written notice stating the person's name and address, the number of shares of each class and series of our stock that the person beneficially owns and a description of the manner in which the shares are held; provided, that a stockholder of record who holds outstanding shares of our stock as nominee for another person, which other

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person is required to include in gross income the dividends or distributions received on such shares (an “Actual Owner”), shall give written notice to us stating the name and address of such Actual Owner and the number of shares of our stock of such Actual Owner with respect to which the stockholder of record is nominee. Each such owner also must provide us with any additional information that we request in order to determine the effect, if any, of the person’s beneficial ownership on our status as a REIT and to ensure compliance with the ownership limit. In addition, any person or entity that is a beneficial owner or constructive owner of shares of our stock and any person or entity (including the stockholder of record) who is holding shares of our stock for a beneficial owner or constructive owner must, on request, disclose to us in writing such information as we may request in order to determine our status as a REIT or to comply, or determine our compliance, with the requirements of any governmental or taxing authority.

If our board of directors authorizes any of our shares to be represented by certificates, the certificates will bear a legend referring to the restrictions described above.

These restrictions on ownership and transfer of our stock could delay, defer or prevent a transaction or a change of control of us that might involve a premium price for our common stock or otherwise be in the best interests of our stockholders.

Transfer Agent and Registrar

We intend for the transfer agent and registrar for our common stock to be Computershare Trust Company, N.A.

CERTAIN PROVISIONS OF MARYLAND LAW AND OF OUR CHARTER AND BYLAWS

The following summary of certain provisions of Maryland law and of our charter and bylaws as they will be in effect upon completion of this offering is a summary and is qualified in its entirety by reference to our charter and bylaws, copies of which are filed as exhibits to the registration statement of which this prospectus forms a part, and by the MGCL. See “Where You Can Find More Information.”

Under “Certain Provisions of Maryland Law and of Our Charter and Bylaws,” “we,” “us,” “our” and “our company” refer to Invitation Homes Inc. and not to any of its subsidiaries.

Election and Removal of Directors

Our charter and bylaws will provide that the number of our directors may be established only by our board of directors but may not be more than 15 or fewer than the minimum number permitted by the MGCL, which is one. As provided in the stockholders’ agreement, for so long as the stockholders’ agreement remains in effect, any action by our board of directors to increase or decrease the size of our board of directors requires the consent of our Sponsor. For so long as the stockholders’ agreement remains in effect, our bylaws will require that, in order for an individual to qualify to be nominated or to serve as a director of our company, the individual must have been nominated in accordance with the stockholders’ agreement, including the requirement that we must nominate a certain number of directors designated by our Sponsor from time to time described under “Certain Relationships and Related Person Transactions—Stockholders’ Agreement” (each such director, a “Sponsor Director”). There will be no cumulative voting in the election of directors, and a director will be elected by a plurality of the votes cast in the election of directors.

Our charter will provide that any vacancy on our board of directors may be filled only by the affirmative vote of a majority of the remaining directors in office, even if the remaining directors do not constitute a quorum of the board of directors.

Our charter will provide that a director may be removed with or without cause by the affirmative vote of stockholders entitled to cast a majority of the votes entitled to be cast generally in the election of directors, except that, for so long as the stockholders’ agreement remains in effect, the removal of a Sponsor Director will require the consent of our Sponsor and our Sponsor will be required to consent to any amendment to our charter to amend or modify this consent requirement.

Amendment to Charter and Bylaws

Except as described below and as provided in the MGCL, amendments to our charter must be advised by our board of directors and approved by the affirmative vote of our stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter. Our bylaws may be amended by our board of directors or by the affirmative vote of our stockholders entitled to cast a majority of all of the votes entitled to be cast on the matter by stockholders entitled to vote generally in the election of directors. Certain amendments to the provisions of our charter, as described in this section, require the consent of our Sponsor. In addition, the provisions of our bylaws prohibiting our board of directors from (i) revoking, altering or amending its resolution exempting any business combination from the “business combination” provisions of the MGCL without the approval of a majority of the votes cast on the matter by our stockholders or (ii) amending the bylaw provision exempting any acquisition of our stock by any person from the “control share” provisions of the MGCL, in each case, will require the approval of the affirmative vote of a majority of the votes cast on the matter by our stockholders.

Business Combinations

Under the MGCL, certain “business combinations” between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, statutory share exchange, and, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as:

- any person who beneficially owns 10% or more of the voting power of the corporation’s outstanding voting stock; or
- an affiliate or associate of the corporation who, at any time within the two-year period immediately before the date in question, was the beneficial owner of 10% or more of the voting power of the corporation’s then outstanding stock.

A person is not an interested stockholder under the MGCL if the corporation’s board of directors approves in advance the transaction by which the person otherwise would have become an interested stockholder. In approving the transaction, the board of directors may provide that its approval is subject to compliance, at or after the time of approval, with any terms and conditions determined by the board.

After the five-year prohibition, any business combination between the Maryland corporation and the interested stockholder generally must be recommended by the corporation’s board of directors and approved by the affirmative vote of at least:

- 80% of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation; and
- two-thirds of the votes entitled to be cast by holders of outstanding shares of voting stock of the corporation other than shares held by the interested stockholder with whom or with whose affiliate the business combination is to be effected or held by an affiliate or associate of the interested stockholder.

These super-majority vote requirements do not apply if the corporation’s common stockholders receive a minimum price, as defined under the MGCL, for their shares in the form of cash or other consideration in the same form as previously paid by the interested stockholder for its shares.

The MGCL permits various exemptions from its provisions, including business combinations that are exempted by the board of directors before the time that the interested stockholder becomes an interested stockholder. Pursuant to the statute, our board of directors will adopt a resolution exempting any transactions between us and any other person. Consequently, the five-year prohibition and the super-majority vote requirements will not apply to business combinations involving us. Our bylaws will provide that this resolution or any other resolution of our board of directors exempting any business combination from the business combination provisions of the MGCL may only be revoked, altered or amended, and our board of directors may only adopt any resolution inconsistent with this resolution, with the affirmative vote of a majority of the votes cast on the matter by our stockholders entitled to vote generally in the election of directors. In the event that our board of directors amends or revokes this resolution, business combinations between us and an interested stockholder or an affiliate of an interested stockholder that are not exempted by our board of directors would be subject to the five-year prohibition and the super-majority vote requirements.

Control Share Acquisitions

The MGCL provides that a holder of control shares of a Maryland corporation acquired in a control share acquisition has no voting rights with respect to the control shares except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter. Shares owned by the acquiror, by officers or by employees who are directors of the corporation are excluded from shares entitled to vote on the matter. Control shares are

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voting shares of stock that, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within one of the following ranges of voting power:

- one-tenth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more of all voting power.

Control shares do not include shares the acquiror is then entitled to vote as a result of having previously obtained stockholder approval or shares acquired directly from the corporation. A control share acquisition means the acquisition of issued and outstanding control shares, subject to certain exceptions.

A person who has made or proposes to make a control share acquisition may compel the board of directors of the corporation to call a special meeting of stockholders to be held within 50 days of demand to consider the voting rights of the shares. The right to compel the calling of a special meeting is subject to the satisfaction of certain conditions, including an undertaking to pay the expenses of the meeting. If no request for a meeting is made, the corporation may itself present the question at any stockholders meeting.

If voting rights are not approved at the meeting or if the acquiror does not deliver an acquiring person statement as required by the statute, then the corporation may, subject to certain limitations and conditions, redeem for fair value any or all of the control shares, except those for which voting rights have previously been approved. Fair value is determined, without regard to the absence of voting rights for the control shares, as of the date of the last control share acquisition by the acquiror or, if the corporation holds a meeting of stockholders at which the voting rights of the shares are considered and not approved, as of the date of such meeting. If voting rights for control shares are approved at a stockholders meeting and the acquiror becomes entitled to exercise or direct the exercise of a majority of the voting power, all other stockholders may exercise appraisal rights. The fair value of the shares as determined for purposes of appraisal rights may not be less than the highest price per share paid by the acquiror in the control share acquisition.

The control share acquisition statute does not apply (a) to shares acquired in a merger, consolidation or share exchange if the corporation is a party to the transaction or (b) to acquisitions approved or exempted by the charter or bylaws of the corporation.

Our bylaws will contain a provision exempting any acquisition of our stock by any person from the foregoing provisions on control shares, and the board of directors will not be permitted to amend, this provision of our bylaws without the affirmative vote of a majority of the votes cast on the matter by our stockholders entitled to vote generally in the election of directors. In the event that our bylaws are amended to modify or eliminate this provision, acquisitions of our common stock may constitute a control share acquisition.

Subtitle 8

Subtitle 8 of Title 3 of the MGCL permits a Maryland corporation with a class of equity securities registered under the Exchange Act and at least three independent directors to elect, by provision in its charter or bylaws or a resolution of its board of directors and notwithstanding any contrary provision in the charter or bylaws, to be subject to any or all of five provisions, including:

- a classified board;
- a two-thirds vote of outstanding shares to remove a director;
- a requirement that the number of directors be fixed only by vote of the board of directors;

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- a requirement that a vacancy on the board of directors be filled only by the affirmative vote of a majority of the remaining directors and that such director filling the vacancy serve for the remainder of the full term of the class of directors in which the vacancy occurred and until a successor is duly elected and qualifies; and
- a provision that a special meeting of stockholders must be called upon the written request of stockholders entitled to cast a majority of all the votes entitled to be cast at the meeting.

We will elect in our charter to be subject to the provision of Subtitle 8 that provides that vacancies on our board of directors may be filled only by the remaining directors. We will not elect to be subject to any of the other provisions of Subtitle 8, including the provisions that would permit us to classify our board of directors or increase the vote required to remove a director without stockholder approval. Moreover, our charter will provide that, without the affirmative vote of a majority of the votes cast on the matter by our stockholders entitled to vote generally in the election of directors, we may not elect to be subject to any of these additional provisions of Subtitle 8. Upon the completion of this offering, we will not have a classified board and, subject to the right of our Sponsor to consent to the removal of any Sponsor Director, a director may be removed with or without cause by the affirmative vote of a majority of the votes entitled to be cast generally in the election of directors.

Through provisions in our charter and bylaws unrelated to Subtitle 8, we will (1) vest in our board of directors the exclusive power to fix the number of directors, subject to our Sponsor's right under the stockholders' agreement to consent to any change in the number of directors, and (2) require the request of stockholders entitled to cast a majority of the votes entitled to be cast at the meeting to call a special meeting (unless the special meeting is called either by our board of directors, the chairman of our board of directors or our president, chief executive officer or secretary or at the request of our Sponsor as described below under the caption "—Special Meetings of Stockholders").

Special Meetings of Stockholders

Our board of directors, the chairman of our board of directors or our president, chief executive officer or secretary may call a special meeting of our stockholders. Our charter and bylaws will provide that a special meeting of our stockholders to act on any matter that may properly be considered at a meeting of our stockholders must also be called by our secretary upon the written request of stockholders entitled to cast a majority of all the votes entitled to be cast on such matter at the meeting and containing the information required by our bylaws, or, for so long as our Sponsor and its affiliates together continue to beneficially own at least 35% of the shares of our common stock entitled to vote generally in the election of directors, our Sponsor, and, for so long as the stockholders' agreement remains in effect, a special meeting to act on the removal of one or more Sponsor Directors must be called by our secretary upon written request by our Sponsor.

Stockholder Action by Written Consent

The MGCL generally provides that, unless the charter of the corporation authorizes stockholder action by less than unanimous consent, stockholder action may be taken by consent in lieu of a meeting only if it is given by all stockholders entitled to vote on the matter. Our charter will authorize and our bylaws will provide that stockholder action may be taken without a meeting if a consent, setting forth the action so taken, is given by the stockholders entitled to cast not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of our stock entitled to vote thereon were present and voted. All stockholders not consenting to an action taken without a meeting must receive notice of the action within 10 days of the effective date of the action.

Competing Interests and Activities of Our Non-Employee Directors

Our charter, to the maximum extent permitted from time to time by Maryland law, will renounce any interest or expectancy that we have in, or any right to be offered an opportunity to participate in, any business

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opportunities that are from time to time presented to or developed by our directors or their affiliates, other than to those directors who are employed by us or our subsidiaries, unless the business opportunity is expressly offered or made known to such person in his or her capacity as a director.

Our charter will provide that, to the maximum extent permitted from time to time by Maryland law, none of our Sponsor or any of its affiliates, or any director who is not employed by us or any of his, her or its affiliates, will have any duty to refrain from (1) engaging in similar lines of business in which we or our affiliates now engage or propose to engage or (2) otherwise competing with us or our affiliates, and our Sponsor and each of our non-employee directors (including those designated by our Sponsor), and any of their respective affiliates, may (a) acquire, hold and dispose of shares of our stock or other equity interests, including OP Units, for his, her or its own account or for the account of others, and exercise all of the rights of a stockholder of us or a limited partner of our Operating Partnership, to the same extent and in the same manner as if he, she or it were not our director or stockholder, and (b) in his, her or its personal capacity, or in his or her capacity as a director, officer, trustee, stockholder, partner, member, equity owner, manager, advisor or employee of any other person, have business interests and engage, directly or indirectly, in business activities that are similar to ours or compete with us, that we could seize and develop or that include the acquisition, syndication, holding, management, development, operation or disposition of interests in mortgages, real property or persons engaged in the real estate business. In addition, our charter will provide that, to the maximum extent permitted from time to time by Maryland law, in the event that our Sponsor, any non-employee director or any of their respective affiliates acquires knowledge of a potential transaction or other business opportunity, no such person will have any duty to communicate or offer such transaction or business opportunity to us or any of our affiliates and such person may take any such opportunity for himself, herself or itself or offer it to another person or entity unless the business opportunity is expressly offered to such person in his or her capacity as our director. Furthermore, our charter will contain a provision intended to eliminate the liability of our Sponsor, any director who is not employed by us or any of their affiliates to us or our stockholders for money damages in connection with any benefit received, directly or indirectly, from any transaction or business opportunity that we have renounced in our charter or otherwise and permit our directors and officers to be indemnified and advanced expenses, notwithstanding his, her or its receipt, directly or indirectly, of a personal benefit from any such transaction or opportunity. Our charter will provide that, for so long as the stockholders' agreement remains in effect, this provision of our charter may not be amended without the consent of our Sponsor.

Advance Notice of Director Nomination and New Business

Our bylaws will provide that nominations of individuals for election as directors and proposals of business to be considered by stockholders at any annual meeting may be made only (1) pursuant to our notice of the meeting, (2) by or at the direction of our board of directors or any duly authorized committee of our board of directors or (3) by any stockholder who was a stockholder of record at the record date set by our board of directors for the purposes of determining stockholders entitled to vote at the annual meeting, at the time of provision of notice and at the time of the meeting, who is entitled to vote at the meeting in the election of the individuals so nominated or on such other proposed business and who has complied with the advance notice procedures of our bylaws. Stockholders generally must provide notice to our secretary not earlier than the 150th day or later than 5:00 p.m., Eastern Time, on the 120th day before the first anniversary of the date of our proxy statement for the preceding year's annual meeting provided, that for notice of any nomination or other business to be properly brought before the first annual meeting of our stockholders convened after the closing of this offering of the Common Stock, to be timely, a stockholder's notice shall set forth all information required by, and be delivered in accordance with, our bylaws, with the period to be calculated as though the date of the proxy statement for the preceding year's annual meeting had been April 1, and the date of such meeting had been June 1 of the preceding calendar year.

Our bylaws will provide that only the business specified in the notice of the meeting may be brought before a special meeting of our stockholders. Nominations of individuals for election as directors at a special meeting of stockholders may be made only (1) by or at the direction of our board of directors or any duly authorized

committee of our board of directors or (2) if the special meeting has been called in accordance with our bylaws for the purpose of electing directors, by a stockholder who is a stockholder of record at the record date set by our board of directors for the purposes of determining stockholders entitled to vote at the special meeting, at the time of provision of notice and at the time of the special meeting, who is entitled to vote at the meeting in the election of each individual so nominated and who has complied with the advance notice procedures of our bylaws. Stockholders generally must provide notice to our secretary not earlier than the 120th day before such special meeting or later than 5:00 p.m., Eastern Time, on the later of the 90th day before the special meeting or the tenth day after the first public announcement of the date of the special meeting and the nominees of our board of directors to be elected at the meeting.

A stockholder's notice must contain certain information specified by our bylaws about the stockholder, its affiliates and any proposed business or nominee for election as a director, including information about the economic interest of the stockholder, its affiliates and any proposed nominee in us.

Effect of Certain Provisions of Maryland Law and our Charter and Bylaws

The restrictions on ownership and transfer of our stock discussed under the caption "Description of Stock—Restrictions on Ownership and Transfer" prevent any person from acquiring more than 9.8% (in value or by number of shares, whichever is more restrictive) of our outstanding common stock or 9.8% in value of our outstanding stock without the approval of our board of directors. These provisions, as well as our Sponsor's right to designate certain individuals whom we must nominate for election as directors, may delay, defer or prevent a change in control of us. Further, a majority of our entire board of directors (without any action by our stockholders) has the power to increase the aggregate number of authorized shares and classify and reclassify any unissued shares of our stock into other classes or series of stock, and to authorize us to issue the newly-classified shares, as discussed under the captions "Description of Stock—Common Stock" and "—Power to Reclassify and Issue Stock," and could authorize the issuance of shares of common stock or another class or series of stock, including a class or series of preferred stock, that could have the effect of delaying, deferring or preventing a change in control of us. We believe that the power to increase the aggregate number of authorized shares and to classify or reclassify unissued shares of common or preferred stock, without approval of holders of our common stock, provides us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs that might arise.

Our charter and bylaws will also provide that the number of directors may be established only by our board of directors (subject to our Sponsor's right to consent to changes in the number of our directors for so long as the stockholders' agreement remains in effect), which prevents our stockholders from increasing the number of our directors and filling any vacancies created by such increase with their own nominees. The provisions of our bylaws discussed above under the captions "—Special Meetings of Stockholders," "—Shareholder Action by Written Consent" and "—Advance Notice of Director Nomination and New Business" require stockholders (other than our Sponsor, to the extent described above) seeking to call a special meeting, act by written consent, nominate an individual for election as a director or propose other business at an annual meeting to comply with certain notice and information requirements. We believe that these provisions will help to assure the continuity and stability of our business strategies and policies as determined by our board of directors and promote good corporate governance by providing us with clear procedures for calling special meetings, acting by written consent, information about a stockholder proponent's interest in us and adequate time to consider stockholder nominees and other business proposals. However, these provisions, alone or in combination, could make it more difficult for our stockholders to remove incumbent directors or fill vacancies on our board of directors with their own nominees and could delay, defer or prevent a change in control, including a proxy contest or tender offer that might involve a premium price for our common stockholders or otherwise be in the best interest of our stockholders.

Exclusive Forum

Our bylaws will provide that, unless we consent in writing to the selection of an alternative forum, the Circuit Court for Baltimore City, Maryland, or, if that court does not have jurisdiction, the U.S. District Court for the District of Maryland, Baltimore Division, will be the sole and exclusive forum for (a) any derivative action or proceeding brought on our behalf, (b) any action asserting a claim of breach of any duty owed by any of our directors, officers or other employees to us or to our stockholders, (c) any action asserting a claim against us or any of our directors, officers or other employees arising pursuant to any provision of the MGCL or our charter or bylaws or (d) any action asserting a claim against us or any of our directors, officers or other employees that is governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of our stock will be deemed to have notice of and consented to the provisions of our charter and bylaws, including the exclusive forum provisions in our bylaws. However, it is possible that a court could find our forum selection provision to be inapplicable or unenforceable.

Limitation of Liability and Indemnification of Directors and Officers

Maryland law permits us to include a provision in our charter eliminating the liability of our directors and officers to us and our stockholders for money damages, except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty that is established by a final judgment and is material to the cause of action. Our charter will contain a provision that eliminates our directors' and officers' liability to us and our stockholders for money damages to the maximum extent permitted by Maryland law.

The MGCL requires us (unless our charter were to provide otherwise, which our charter will not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made a party by reason of his or her service in that capacity. The MGCL permits us to indemnify our present and former directors and officers, among others, against judgments, penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party to, or witness in, by reason of their service in those or certain other capacities unless it is established that:

- the act or omission of the director or officer was material to the matter giving rise to the proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

The MGCL prohibits us from indemnifying a director or officer who has been adjudged liable in a suit by us or on our behalf or in which the director or officer was adjudged liable on the basis that a personal benefit was improperly received. A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct or was adjudged liable on the basis that personal benefit was improperly received; however, indemnification for an adverse judgment in a suit by us or on our behalf, or for a judgment of liability on the basis that personal benefit was improperly received, is limited to expenses.

In addition, the MGCL permits us to advance reasonable expenses to a director or officer upon our receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed if it is ultimately determined that the standard of conduct was not met.

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To the maximum extent permitted by Maryland law, our charter will authorize us to indemnify any person who serves or has served, and our bylaws will obligate us to indemnify any individual who is made or threatened to be made a party to or witness in a proceeding by reason of his or her service:

- as our director or officer; or
- while a director or officer and at our request, as a director, officer, partner, manager, member or trustee of another corporation, REIT, partnership, joint venture, limited liability company, trust, employee benefit plan or other enterprise,

from and against any claim or liability to which he or she may become subject or that he or she may incur by reason of his or her service in any of these capacities, and to pay or reimburse his or her reasonable expenses in advance of final disposition of a proceeding. Our charter and bylaws will also permit us to indemnify and advance expenses to any individual who served any of our predecessors in any of the capacities described above and any employee or agent of us or any of our predecessors.

Indemnification Agreements

We intend to enter into an indemnification agreement with each of our directors and executive officers as described in “Certain Relationships and Related Person Transactions—Indemnification Agreements.” Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors or executive officers, we have been informed that in the opinion of the SEC such indemnification is against public policy and is therefore unenforceable.

DESCRIPTION OF THE PARTNERSHIP AGREEMENT OF INVITATION HOMES OPERATING PARTNERSHIP LP

The following summary of the terms of the agreement of limited partnership of our Operating Partnership does not purport to be complete and is subject to and qualified in its entirety by reference to the Amended and Restated Agreement of Limited Partnership of Invitation Homes Operating Partnership LP, a copy of which is an exhibit to the registration statement of which this prospectus is a part. See “Where You Can Find More Information.”

General

Upon completion of the Pre-IPO Transactions, all of our assets will be held by, and all of our operations are conducted through, our Operating Partnership, either directly or through subsidiaries. The provisions of the partnership agreement described below will be in effect from and after the completion of this offering. Invitation Homes OP GP LLC, a wholly owned subsidiary of Invitation Homes Inc., will be the sole general partner of our Operating Partnership.

Invitation Homes Inc. will initially own 100% of our Operating Partner. In the future some of our property acquisitions could be financed by issuing OP Units in exchange for property owned by third parties. Such third parties would then be entitled to share in cash distributions from, and in the profits and losses of, our Operating Partnership in proportion to their respective percentage interests in our Operating Partnership if and to the extent authorized by the general partner of our Operating Partnership. Future holders of OP Units other than Invitation Homes Inc. or its wholly owned subsidiary (“Outstanding OP Units”) will, subject to the terms of the partnership agreement, have the right to elect to redeem their OP Units for cash based upon the value of an equivalent number of shares of our common stock, subject to our right to acquire the OP Units tendered for redemption in exchange for an equivalent number of shares of our common stock, subject to the restrictions on ownership and transfer of our stock to be set forth in our charter. The OP Units will not be listed on any securities exchange or quoted on any inter-dealer quotation system.

Provisions in the partnership agreement may delay or make more difficult unsolicited acquisitions of us or changes in our control. These provisions could discourage third parties from making proposals involving an unsolicited acquisition of us or change of our control, although some stockholders might consider such proposals, if made, desirable. These provisions also make it more difficult for third parties to alter the management structure of our Operating Partnership without the concurrence of our board of directors. These provisions include, among others:

- redemption rights of limited partners and certain assignees of OP Units or other operating partnership interests;
- transfer restrictions on OP Units and restrictions on admission of partners;
- a requirement that Invitation Homes OP GP LLC may not be removed as the general partner of our Operating Partnership without its consent;
- the ability of the general partner in some cases to amend the partnership agreement and to cause our Operating Partnership to issue preferred partnership interests in our Operating Partnership with terms that it may determine, in either case, without the approval or consent of any limited partner; and
- the right of any future limited partners to consent to transfers of units of other Operating Partnership interests except under specified circumstances, including in connection with mergers, consolidations and other business combinations involving us.

Purpose, Business and Management

Our Operating Partnership is formed for the purpose of conducting any business, enterprise or activity permitted by or under the Delaware Revised Uniform Limited Partnership Act (the “DRULPA”) including (1) to

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conduct the business of ownership, construction, reconstruction, development, redevelopment, alteration, improvement, maintenance, operation, sale, leasing, transfer, encumbrance, financing, refinancing, conveyance and exchange of any asset or property of the Operating Partnership, (2) to acquire and invest in any securities and/or loans relating to such properties, (3) to enter into any partnership, joint venture, business or statutory trust arrangement, limited liability company or other similar arrangement to engage in any business permitted by or under the DRULPA, or to own interests in any entity engaged in any business permitted by or under the DRULPA, (4) to conduct the business of providing property and asset management and brokerage services and (5) to do anything necessary or incidental to the foregoing. However, our Operating Partnership may not, without the general partner's specific consent, which it may give or withhold in its sole and absolute discretion, take, or refrain from taking, any action that, in its judgment, in its sole and absolute discretion:

- could adversely affect our ability to continue to qualify as a REIT;
- could subject us to any taxes under Code Section 857 or Code Section 4981 or any other related or successor provision under the Code; or
- could violate any law or regulation of any governmental body or agency having jurisdiction over us or our securities or our Operating Partnership.

The general partner is accountable to a limited partnership as a fiduciary and consequently must exercise good faith and integrity in handling partnership affairs. If there is a conflict between our interests or the interests of us or our stockholders, on one hand, and the Operating Partnership or any current or future limited partners on the other, the general partner will endeavor in good faith to resolve the conflict in a manner not adverse to either us and our stockholders or any limited partners. The partnership agreement will also provide that the general partner will not be liable to our Operating Partnership, its partners or any other person bound by the partnership agreement for monetary damages for losses sustained, liabilities incurred or benefits not derived by our Operating Partnership or any limited partner, except for any such losses sustained, liabilities incurred or benefits not derived as a result of: (i) an act or omission on the part of the general partner that was committed in bad faith or was the result of active and deliberate dishonesty; (ii) in the case of any criminal proceeding, an act or omission on the part of the general partner that it had reasonable cause to believe was unlawful; or (iii) for any loss resulting from any transaction for which the general partner actually received an improper personal benefit in money, property or services in violation or breach of any provision of the partnership agreement. Moreover, the partnership agreement will provide that our Operating Partnership is required to indemnify the general partner and its members, managers, managing members, officers, employees, agents and designees from and against any and all claims that relate to the operations of our Operating Partnership, except (1) if the act or omission of the person was material to the matter giving rise to the action and either was committed in bad faith or was the result of active or deliberate dishonesty, (2) for any transaction for which the indemnified party received an improper personal benefit, in money, property or services in violation or breach of any provision of the partnership agreement or (3) in the case of a criminal proceeding, if the indemnified person had reasonable cause to believe that the act or omission was unlawful.

Except as otherwise expressly provided in the partnership agreement and subject to the rights of future holders of any class or series of partnership interest, all management powers over the business and affairs of our Operating Partnership are exclusively vested in Invitation Homes OP GP LLC, in its capacity as the sole general partner of our Operating Partnership. No limited partner, in its capacity as a limited partner, will have any right to participate in or exercise management power over the business and affairs of our Operating Partnership (provided, however, that Invitation Homes Subsidiary, Inc., in its capacity as the sole member of the general partner and not in its capacity as a limited partner of the Operating Partnership, may have the power to direct the actions of the general partner with respect to the Operating Partnership). Invitation Homes OP GP LLC may not be removed as the general partner of our Operating Partnership, with or without cause, without its consent, which it may give or withhold in its sole and absolute discretion. In addition to the powers granted to the general partner under applicable law or any provision of the partnership agreement, but subject to certain other provisions of the partnership agreement and the rights of future holders of any class or series of partnership interest, Invitation

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Homes OP GP LLC, in its capacity as the general partner of our Operating Partnership, has the full and exclusive power and authority to do all things that it deems necessary or desirable to conduct the business and affairs of our Operating Partnership, to exercise or direct the exercise of all of the powers of our operating partnership and to effectuate the purposes of our Operating Partnership without the approval or consent of any limited partner. The general partner may authorize our Operating Partnership to incur debt and enter into credit, guarantee, financing or refinancing arrangements for any purpose, including, without limitation, in connection with any acquisition of properties, on such terms as it determines to be appropriate, and to acquire or dispose of any, all or substantially all of its assets (including goodwill), dissolve, merge, consolidate, reorganize or otherwise combine with another entity, without the approval or consent of any limited partner. With limited exceptions, the general partner may execute, deliver and perform agreements and transactions on behalf of our Operating Partnership without the approval or consent of any limited partner.

Future Limited Partners

The general partner of our Operating Partnership may cause our Operating Partnership to issue OP Units or other partnership interests and to admit additional limited partners to our Operating Partnership from time to time, on such terms and conditions and for such capital contributions as it may establish in its sole and absolute discretion, without the approval or consent of any limited partner, including:

- upon the conversion, redemption or exchange of any debt, OP Units or other partnership interests or securities issued by our Operating Partnership;
- for less than fair market value; or
- in connection with any merger of any other entity into our Operating Partnership.

The net capital contribution need not be equal for all limited partners. Each person admitted as a limited partner must make certain representations to each other partner relating to, among other matters, such person's ownership of any resident of Invitation Homes Inc. or our Operating Partnership. No person may be admitted as a limited partner without our consent, which we may give or withhold in our sole and absolute discretion, and no approval or consent of any limited partner will be required in connection with the admission of any additional limited partner.

Our Operating Partnership may issue partnership interests in one or more classes, or one or more series of any of such classes, with such designations, preferences, conversion or other rights, voting powers or rights, restrictions, limitations as to distributions, qualifications or terms or conditions of redemption (including, without limitation, terms that may be senior or otherwise entitled to preference over the units) as we may determine, in our sole and absolute discretion, without the approval of any limited partner or any other person. Without limiting the generality of the foregoing, we may specify, as to any such class or series of partnership interest:

- the allocations of items of partnership income, gain, loss, deduction and credit to each such class or series of partnership interest;
- the right of each such class or series of partnership interest to share, on a junior, senior or *pari passu* basis, in distributions;
- the rights of each such class or series of partnership interest upon dissolution and liquidation of our Operating Partnership;
- the voting rights, if any, of each such class or series of partnership interest; and
- the conversion, redemption or exchange rights applicable to each such class or series of partnership interest.

LTIP Units

The partnership agreement will enable the Operating Partnership to issue a class of LTIP Units pursuant to equity incentive plans to our officers and employees as an alternative type of award grant under our equity

incentive plans. LTIP Units are a class of partnership units that are intended to qualify as “profits interests” in the Operating Partnership for U.S. federal income tax purposes that, subject to certain conditions, including vesting, are convertible by the holder into OP Units. LTIP Units initially will not have full parity, on a per unit basis, with OP Units with respect to liquidating distributions (and possibly with respect to ordinary distributions). Upon the occurrence of specified events and adequate appreciation in our assets, LTIP Units can over time achieve full parity with OP Units, at which time vested LTIP Units may be converted into OP Units on a one-for-one basis. Holders of OP Units (other than Invitation Homes Inc. or its wholly owned subsidiary) may, in turn, redeem their OP Units for cash based upon the market value of an equivalent number of shares of our common stock or, at the general partner’s election, exchange their OP Units for shares our common stock on a one-for-one basis subject to customary conversion rate adjustments for splits, unit distributions and reclassifications.

SHARES ELIGIBLE FOR FUTURE SALE

General

Prior to this offering, there has been no public market for our common stock. We cannot predict the effect, if any, future sales of shares of common stock, or the availability for future sale of shares of common stock, will have on the market price of shares of our common stock prevailing from time to time. The sale of substantial amounts of shares of our common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our common stock and could impair our future ability to raise capital through the sale of equity or equity-related securities at a time and price that we deem appropriate. See “Risk Factors—Risks Related to this Offering and Ownership of Our Common Stock—Our share price may decline due to the large number of our shares eligible for future sale.”

Upon completion of this offering we will have a total of _____ shares of our common stock outstanding, excluding shares issuable pursuant to the Omnibus Incentive Plan as described below. All of the _____ shares sold in this offering, or _____ shares assuming the underwriters exercise in full their option to purchase additional shares, will be freely tradable without restriction or further registration under the Securities Act by persons other than our “affiliates.” Under the Securities Act, an “affiliate” of a company is a person that directly or indirectly controls, is controlled by or is under common control with that company. The remaining shares of our common stock outstanding will be “restricted securities” within the meaning of Rule 144 under the Securities Act and may not be sold in the absence of registration under the Securities Act unless an exemption from registration is available, including the exemptions contained in Rule 144. However, as a result of the registration rights agreement, these remaining shares may be eligible for future sale without restriction subject to the lock-up arrangements described below.

As described in “Management—Executive Compensation—Long-Term Incentive Compensation” and “—Actions Taken in Connection with the Offering,” in connection with the offering, our management will receive shares upon conversion of previously issued incentive awards and grants of time restricted stock units, in each case, as awards under our Omnibus Incentive Plan. We intend to file one or more registration statements on Form S-8 under the Securities Act to register shares of our common stock or securities convertible into or exchangeable for shares of our common stock issued pursuant to our Omnibus Incentive Plan, including the shares underlying such conversion awards and restricted stock units. Any such Form S-8 registration statements will automatically become effective upon filing. Accordingly, shares registered under such registration statements will be available for sale in the open market. We expect that the initial registration statement on Form S-8 will cover _____ shares. However, shares issued to our directors and officers and our pre-IPO owners holding substantially all of the shares of our common stock outstanding immediately prior to this offering are subject to lock-up arrangements, described above, and generally may not be sold for 180 days from the date of this prospectus, except with the underwriters’ prior written consent.

Our charter will provide that we may issue up to _____ shares of common stock and _____ shares of preferred stock. Moreover, under Maryland law and our charter our board of directors has the power to amend our charter to increase the aggregate number of our shares of stock that we are authorized to issue without approval of our common stockholders. See “Description of Stock.” Similarly, the agreement of limited partnership of our Operating Partnership authorizes us to issue an unlimited number of OP Units of our Operating Partnership, which may be exchangeable for shares of our common stock.

Registration Rights

In connection with this offering, we intend to enter into a registration rights agreement that will provide the Sponsor an unlimited number of “demand” registrations and customary “piggyback” registration rights. See “Certain Relationships and Related Person Transactions—Registration Rights Agreement.”

Lock-up Agreements

We and our directors and executive officers and our pre-IPO owners holding substantially all of the shares of our common stock outstanding immediately prior to this offering have agreed, subject to specified exceptions, not to dispose of or hedge any shares of common stock or securities convertible into or exchangeable for shares of common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of the representatives of the underwriters.

Rule 144

In general, under Rule 144, as currently in effect, a person who is not deemed to be our affiliate for purposes of Rule 144 or to have been one of our affiliates at any time during the three months preceding a sale and who has beneficially owned the shares of common stock proposed to be sold for at least six months, including the holding period of any prior owner other than our affiliates, is entitled to sell those shares of common stock without complying with the manner of sale, volume limitation or notice provisions of Rule 144, subject to compliance with the public information requirements of Rule 144. If such a person has beneficially owned the shares of common stock proposed to be sold for at least one year, including the holding period of any prior owner other than our affiliates, then that person is entitled to sell those shares of common stock without complying with any of the requirements of Rule 144. In general, under Rule 144, as currently in effect, our affiliates or persons selling shares of common stock on behalf of our affiliates are entitled to sell, within any three-month period, a number of shares of common stock that does not exceed the greater of (1) 1% of the number of shares of common stock then outstanding and (2) the average weekly trading volume of the shares of common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to that sale. Sales under Rule 144 by our affiliates or persons selling shares of common stock on behalf of our affiliates are also subject to certain manner of sale provisions and notice requirements and to the availability of current public information about us.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following summary describes the material U.S. federal income tax considerations relating to the ownership of our common stock as of the date hereof by U.S. holders and non-U.S. holders, each as defined below. Except where noted, this summary deals only with common stock held as a capital asset and does not deal with special situations, such as those of dealers in securities or currencies, financial institutions, regulated investment companies, tax-exempt entities (except as described in “—Taxation of Tax-Exempt Holders of Our Common Stock” below), insurance companies, persons holding common stock as a part of a hedging, integrated, conversion or constructive sale transaction or a straddle, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, persons liable for alternative minimum tax, non-U.S. holders that are qualified shareholders, qualified foreign pension funds, foreign governments or “controlled entities” of foreign governments, investors in pass-through entities, U.S. holders of common stock whose “functional currency” is not the U.S. dollar, or persons who acquired their common stock through the exercise of an employee stock option or otherwise as compensation. Furthermore, the discussion below is based upon the provisions of the Code and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be repealed, revoked or modified, possibly with retroactive effect, so as to result in U.S. federal income tax consequences different from those discussed below. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. The summary is also based upon the assumption that we and our subsidiaries and affiliated entities will operate in accordance with our and their applicable organizational documents.

The U.S. federal income tax treatment of holders of our common stock depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. In addition, the tax consequences to any particular stockholder of holding our common stock will depend on the stockholder’s particular tax circumstances. You are urged to consult your own tax advisors concerning the U.S. federal income tax consequences in light of your particular situation as well as consequences arising under the laws of any other taxing jurisdiction.

Our Taxation as a REIT

We elected to be taxed as a REIT under the Internal Revenue Code commencing with our taxable year ended December 31, 2013. We believe that we have been organized and have operated and will continue to operate in such a manner as to qualify for taxation as a REIT under the applicable provisions of the Internal Revenue Code.

In connection with this offering, Simpson Thacher & Bartlett LLP will render an opinion that, commencing with our initial taxable year ended December 31, 2013, we have been organized in conformity with the requirements for qualification as a REIT under the Code, and our actual and proposed method of operation as described in this prospectus has enabled and will enable us to meet the requirements for qualification and taxation as a REIT under the Code. Investors should be aware that the opinion of Simpson Thacher & Bartlett LLP will be based upon customary assumptions, will be conditioned upon certain representations made by us as to factual matters, including representations regarding the nature of our assets, income, organizational documents, stockholder ownership, and the present and future conduct of our business and will not be binding upon the IRS or any court. We have not received, and do not intend to seek, any rulings from the IRS regarding our status as a REIT or our satisfaction of the REIT requirements. The IRS may challenge our status as a REIT, and a court could sustain any such challenge. In addition, the opinion of Simpson Thacher & Bartlett LLP will be based on existing U.S. federal income tax law governing qualification as a REIT, which is subject to change either prospectively or retroactively. Moreover, our qualification and taxation as a REIT depends upon our ability to meet on a continuing basis, through actual annual operating results, certain qualification tests set forth in the U.S. federal tax laws. Those qualification tests involve the percentage of income that we earn from specified sources, the percentage of our assets that falls within specified categories, the diversity of the ownership of our

shares, and the percentage of our taxable income that we distribute. Simpson Thacher & Bartlett LLP will not review our compliance with those tests on a continuing basis. Accordingly, no assurance can be given that our actual results of operations for any particular taxable year will satisfy such requirements. For a discussion of the tax consequences of our failure to qualify as a REIT, see “—Failure to Qualify.”

The sections of the Code and the corresponding regulations that govern the U.S. federal income tax treatment of a REIT and its stockholders are highly technical and complex. The following discussion is qualified in its entirety by the applicable Code provisions, rules and regulations promulgated thereunder, and administrative interpretations thereof.

Taxation of REITs in General

As indicated above, our qualification and taxation as a REIT depends upon our ability to meet, on a continuing basis, various qualification requirements imposed upon REITs by the Code. The material qualification requirements are summarized below under “—Requirements for Qualification as a REIT.” While we intend to operate so that we qualify as a REIT, no assurance can be given that the IRS will not challenge our qualification, or that we will be able to operate in accordance with the REIT requirements in the future. See “—Failure to Qualify.”

Provided that we qualify as a REIT, generally we will be entitled to a deduction for dividends that we pay and therefore will not be subject to U.S. federal corporate income tax on our net taxable income that is currently distributed to our stockholders. This treatment substantially eliminates the “double taxation” at the corporate and stockholder levels that generally results from an investment in a C corporation. A “C corporation” is a corporation that generally is required to pay tax at the corporate level. Double taxation means taxation once at the corporate level when income is earned and once again at the stockholder level when the income is distributed. In general, the income that we generate is taxed only at the stockholder level upon a distribution of dividends to our stockholders.

- If we qualify as a REIT, we will nonetheless be subject to U.S. federal tax in the following circumstances:
 - We will pay U.S. federal income tax on our taxable income, including net capital gain, that we do not distribute to stockholders during, or within a specified time after, the calendar year in which the income is earned.
 - Under some circumstances, we may be subject to the “alternative minimum tax” due to our undistributed items of tax preference and alternative minimum tax adjustments.
 - If we have net income from “prohibited transactions,” which are, in general, sales or other dispositions of property held primarily for sale to customers in the ordinary course of business, other than foreclosure property, such income will be subject to a 100% tax.
 - If we elect to treat property that we acquire in connection with a foreclosure of a mortgage loan or from certain leasehold terminations as “foreclosure property,” we may thereby avoid (a) the 100% tax on gain from a resale of that property (if the sale would otherwise constitute a prohibited transaction) and (b) the inclusion of any income from such property not qualifying for purposes of the REIT gross income tests discussed below, but the income from the sale or operation of the property may be subject to U.S. federal corporate income tax at the highest applicable rate (currently 35%).
 - If due to reasonable cause and not willful neglect we fail to satisfy either the 75% gross income test or the 95% gross income test discussed below, but nonetheless maintain our qualification as a REIT because other requirements are met, we will be subject to a 100% tax on the greater of the amount by which we fail the 75% gross income test or the 95% gross income test, multiplied in either case by a fraction intended to reflect our profitability.
 - If we fail to satisfy the asset tests (other than a *de minimis* failure of the 5% asset test or the 10% vote or value test, as described below under “—Asset Tests”) as long as the failure was due to reasonable

cause and not to willful neglect, we dispose of the assets or otherwise comply with such asset tests within six months after the last day of the quarter in which we identify such failure and we file a schedule with the IRS describing the assets that caused such failure, we will pay a tax equal to the greater of \$50,000 or the net income from the nonqualifying assets during the period in which we failed to satisfy such asset tests multiplied by the highest corporate tax rate (currently 35%).

- If we fail to satisfy one or more requirements for REIT qualification, other than the gross income tests and the asset tests, and the failure was due to reasonable cause and not to willful neglect, we will be required to pay a penalty of \$50,000 for each such failure.
- We may be required to pay monetary penalties to the IRS in certain circumstances, including if we fail to meet recordkeeping requirements intended to monitor our compliance with rules relating to the composition of a REIT's stockholders, as described below in "—Requirements for Qualification as a REIT."
- If we fail to distribute during each calendar year at least the sum of:
 - 85% of our ordinary income for such calendar year;
 - 95% of our capital gain net income for such calendar year; and
 - any undistributed taxable income from prior taxable years,we will pay a 4% nondeductible excise tax on the excess of the required distribution over the amount we actually distributed, plus any retained amounts on which income tax has been paid at the corporate level.
- We may elect to retain and pay income tax on our net long-term capital gain. In that case, a U.S. stockholder would include its proportionate share of our undistributed long-term capital gain (to the extent we make a timely designation of such gain to the stockholder) in its income, and would receive a credit or a refund for its proportionate share of the tax we paid.
- We will be subject to a 100% excise tax on amounts received by us from a TRS (or on certain expenses deducted by a TRS or understated TRS service income) if certain arrangements between us and a TRS of ours, as further described below, are not comparable to similar arrangements among unrelated parties.
- If we acquire any assets from a non-REIT C corporation in a carryover basis transaction, we could be liable for specified tax liabilities inherited from that non-REIT C corporation with respect to that corporation's "built-in gain" in its assets. Built-in gain is the amount by which an asset's fair market value exceeds its adjusted tax basis at the time we acquire the asset. Applicable Treasury regulations, however, allow us to avoid the recognition of gain and the imposition of corporate level tax with respect to a built-in gain asset acquired in a carryover basis transaction from a non-REIT C corporation unless and until we dispose of that built-in gain asset during the 10-year period following its acquisition, at which time we would recognize, and would be subject to tax at the highest regular corporate rate on, the built-in gain. As discussed below under "—Built-in Gains of Former C Corporation Assets," as part of our Pre-IPO Transactions we will acquire certain assets that will be subject to this tax if we dispose of such assets during the 10-year period following the Pre-IPO Transactions.

In addition, notwithstanding our status as a REIT, we may also have to pay certain state and local income taxes, because not all states and localities treat REITs in the same manner that they are treated for U.S. federal income tax purposes. Moreover, as further described below, any domestic TRS in which we own an interest will be subject to U.S. federal corporate income tax on its net income.

Requirements for Qualification as a REIT. The Code defines a REIT as a corporation, trust or association:

- (1) that is managed by one or more trustees or directors;
- (2) the beneficial ownership of which is evidenced by transferable shares, or by transferable certificates of beneficial interest;

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- (3) that would be taxable as a domestic corporation, but for its election to be subject to tax as a REIT;
- (4) that is neither a financial institution nor an insurance company subject to certain provisions of the Code;
- (5) the beneficial ownership of which is held by 100 or more persons;
- (6) of which not more than 50% in value of the outstanding shares are owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) after applying certain attribution rules;
- (7) that makes an election to be a REIT for the current taxable year or has made such an election for a previous taxable year, which has not been terminated or revoked; and
- (8) that meets other tests, described below, regarding the nature of its income and assets.

Conditions (1) through (4), inclusive, must be met during the entire taxable year. Condition (5) must be met during at least 335 days of a taxable year of 12 months, or during a proportionate part of a taxable year of less than 12 months other than the first taxable year for which an election to become a REIT is made. Condition (6) must be met during the last half of each taxable year but neither conditions (5) nor (6) apply to the first taxable year for which an election to become a REIT is made. We believe that we have maintained and will maintain sufficient diversity of ownership to allow us to continue to satisfy conditions (5) and (6) above. In addition, our charter will contain restrictions regarding the ownership and transfer of our stock that are intended to assist us in continuing to satisfy the share ownership requirements described in (5) and (6) above. The provisions of our charter restricting the ownership and transfer of our stock are described in “Description of Stock—Restrictions on Ownership and Transfer.” These restrictions, however, may not ensure that we will be able to satisfy these share ownership requirements. If we fail to satisfy these share ownership requirements, we will fail to qualify as a REIT.

If we comply with regulatory rules pursuant to which we are required to send annual letters to holders of our stock requesting information regarding the actual ownership of our stock (as discussed below), and we do not know, or exercising reasonable diligence would not have known, whether we failed to meet requirement (6) above, we will be treated as having met the requirement.

To monitor compliance with the share ownership requirements, we generally are required to maintain records regarding the actual ownership of our shares. To do so, we must demand written statements each year from the record holders of significant percentages of our stock pursuant to which the record holders must disclose the actual owners of the shares (i.e., the persons required to include our dividends in their gross income). We must maintain a list of those persons failing or refusing to comply with this demand as part of our records. We could be subject to monetary penalties if we fail to comply with these record-keeping requirements. If you fail or refuse to comply with the demands, you will be required by U.S. Treasury regulations to submit a statement with your tax return disclosing your actual ownership of our shares and other information. In addition, we must satisfy all relevant filing and other administrative requirements established by the IRS to elect and maintain REIT status, use a calendar year for U.S. federal income tax purposes, and comply with the record keeping requirements of the Code and regulations promulgated thereunder.

Ownership of Partnership Interests . In the case of a REIT that is a partner in an entity that is treated as a partnership for U.S. federal income tax purposes, Treasury regulations provide that the REIT is deemed to own its proportionate share of the partnership’s assets and to earn its proportionate share of the partnership’s gross income based on its pro rata share of capital interests in the partnership for purposes of the asset and gross income tests applicable to REITs, as described below. However, solely for purposes of the 10% value test, described below (see “—Asset Tests”), the determination of a REIT’s interest in partnership assets will be based on the REIT’s proportionate interest in any securities issued by the partnership, excluding for these purposes, certain excluded securities as described in the Code. In addition, the assets and gross income of the partnership

generally are deemed to retain the same character in the hands of the REIT. Thus, our proportionate share of the assets and items of income of partnerships in which we own an equity interest is treated as assets and items of income of our company for purposes of applying the REIT requirements described below. Consequently, to the extent that we directly or indirectly hold a preferred or other equity interest in a partnership, the partnership's assets and operations may affect our ability to qualify as a REIT, even though we may have no control or only limited influence over the partnership.

Disregarded Subsidiaries . If a REIT owns a corporate subsidiary that is a “qualified REIT subsidiary,” the separate existence of that subsidiary is disregarded for U.S. federal income tax purposes. Generally, a qualified REIT subsidiary is a corporation, other than a TRS, all of the stock of which is owned directly or indirectly by the REIT. Other entities that are wholly owned by us, including single member limited liability companies that have not elected to be taxed as corporations for U.S. federal income tax purposes, are also generally disregarded as separate entities for U.S. federal income tax purposes, including for purposes of the REIT income and asset tests. All assets, liabilities and items of income, deduction and credit of qualified REIT subsidiaries and disregarded subsidiaries will be treated as assets, liabilities and items of income, deduction and credit of the REIT itself. A qualified REIT subsidiary of ours is not subject to U.S. federal corporate income taxation, although it may be subject to state and local taxation in some states.

In the event that a qualified REIT subsidiary or a disregarded subsidiary ceases to be wholly owned by us (e.g., if any equity interest in the subsidiary is acquired by a person other than us or another disregarded subsidiary of us), the subsidiary's separate existence would no longer be disregarded for U.S. federal income tax purposes. Instead, it would have multiple owners and would be treated as either a partnership or a taxable corporation. Such an event could, depending on the circumstances, adversely affect our ability to satisfy the various asset and gross income tests applicable to REITs, including the requirement that REITs generally may not own, directly or indirectly, more than 10% of the value or voting power of the outstanding securities of another corporation. See “—Asset Tests” and “—Income Tests.”

Taxable REIT Subsidiaries . A TRS is an entity that is taxable as a corporation in which we directly or indirectly own stock and that elects with us to be treated as a TRS. The separate existence of a TRS is not ignored for U.S. federal income tax purposes. Accordingly, a TRS generally is subject to U.S. federal corporate income tax on its earnings, which may reduce the cash flow that we and our subsidiaries generate in the aggregate, and may reduce our ability to make distributions to our stockholders. In addition, if a TRS owns, directly or indirectly, securities representing 35% or more of the vote or value of a subsidiary corporation, that subsidiary will also be treated as a TRS. However, an entity will not qualify as a TRS if it directly or indirectly operates or manages a lodging or health care facility or, generally, provides to another person, under a franchise, license or otherwise, rights to any brand name under which any lodging facility or health care facility is operated. We generally may not own more than 10%, as measured by voting power or value, of the securities of a corporation that is not a qualified REIT subsidiary, unless we and such corporation elect to treat such corporation as a TRS. Overall, no more than 25% (and, for taxable years beginning after December 31, 2017, no more than 20%) of the value of a REIT's assets may consist of stock or securities of one or more TRSs.

Income earned by a TRS is not attributable to the REIT. Rather, the stock issued by a TRS to us is an asset in our hands, and we treat dividends paid to us from such TRS, if any, as income. This income can affect our income and asset tests calculations, as described below. As a result, income that might not be qualifying income for purposes of the income tests applicable to REITs could be earned by a TRS without affecting our status as a REIT. For example, we may use TRSs to perform services or conduct activities that give rise to certain categories of income such as management fees, or to conduct activities that, if conducted by us directly, would be treated in our hands as prohibited transactions.

Several provisions of the Code regarding the arrangements between a REIT and its TRSs ensure that a TRS will be subject to an appropriate level of U.S. federal income taxation. For example, a TRS is limited in its ability to deduct interest payments made to affiliated REITs. In addition, we would be obligated to pay a 100% penalty

tax on some payments that we receive from, or on certain expenses deducted by, a TRS if the IRS were to assert successfully that the economic arrangements between us and a TRS are not comparable to similar arrangements among unrelated parties.

Income Tests

To qualify as a REIT, we must satisfy two gross income requirements, each of which is applied on an annual basis. First, at least 75% of our gross income, excluding gross income from prohibited transactions and certain hedging and foreign currency transactions, for each taxable year generally must be derived directly or indirectly from:

- rents from real property;
- interest on debt secured by mortgages on real property or on interests in real property;
- dividends or other distributions on, and gain from the sale of, stock in other REITs;
- gain from the sale of real property or mortgage loans;
- abatements and refunds of taxes on real property;
- income and gain derived from foreclosure property (as described below);
- amounts (other than amounts the determination of which depends in whole or in part on the income or profits of any person) received or accrued as consideration for entering into agreements (i) to make loans secured by mortgages on real property or on interests in real property or (ii) to purchase or lease real property (including interests in real property and interests in mortgages on real property); and
- interest or dividend income from investments in stock or debt instruments attributable to the temporary investment of new capital during the one-year period following our receipt of new capital that we raise through equity offerings or public offerings of debt obligations with at least a five-year term.

Second, at least 95% of our gross income, excluding gross income from prohibited transactions and certain hedging transactions, for each taxable year must be derived from sources that qualify for purposes of the 75% test, and from (i) dividends, (ii) interest and (iii) gain from the sale or disposition of stock or securities, which need not have any relation to real property.

If we fail to satisfy one or both of the 75% and 95% gross income tests for any taxable year, we may nevertheless qualify as a REIT for that year if we are entitled to relief under the Code. These relief provisions generally will be available if our failure to meet the tests is due to reasonable cause and not due to willful neglect, and we attach a schedule of the sources of our income to our U.S. federal income tax return. It is not possible, however, to state whether in all circumstances we would be entitled to the benefit of these relief provisions. For example, if we fail to satisfy the gross income tests because nonqualifying income that we intentionally recognize exceeds the limits on nonqualifying income, the IRS could conclude that the failure to satisfy the tests was not due to reasonable cause. If these relief provisions are inapplicable to a particular set of circumstances, we will fail to qualify as a REIT. Even if these relief provisions apply, a penalty tax would be imposed based on the amount of nonqualifying income. See “—Our Taxation as a REIT.”

Gross income from our sale of property that we hold primarily for sale to customers in the ordinary course of business is excluded from both the numerator and the denominator in both gross income tests. In addition, income and gain from hedging transactions that we enter into to hedge indebtedness incurred or to be incurred to acquire or carry real estate assets and that are clearly and timely identified as such will be excluded from both the numerator and the denominator for purposes of both gross income tests. In addition, certain foreign currency gains will be excluded from gross income for purposes of one or both of the gross income tests. We will monitor the amount of our non-qualifying income and we will manage our portfolio to comply at all times with the gross income tests. The following paragraphs discuss some of the specific applications of the gross income tests to us.

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Dividends . We may directly or indirectly receive distributions from TRSs or other corporations that are not REITs or qualified REIT subsidiaries. These distributions generally are treated as dividend income to the extent of earnings and profits of the distributing corporation. Our dividend income from stock in any corporation (other than any REIT) and from any TRS will be qualifying income for purposes of the 95% gross income test, but not the 75% gross income test. The dividends that we receive from any REITs in which we own stock and our gain on the sale of the stock in those REITs will be qualifying income for purposes of both gross income tests. However, if a REIT in which we own stock fails to qualify as a REIT in any year, our income from such REIT would be qualifying income for purposes of the 95% gross income test, but not the 75% gross income test.

Interest . The term “interest,” as defined for purposes of both gross income tests, generally excludes any amount that is based in whole or in part on the income or profits of any person, however, it generally includes the following: (i) an amount that is received or accrued based on a fixed percentage or percentages of receipts or sales, and (ii) an amount that is based on the income or profits of a debtor, as long as the debtor derives substantially all of its income from the real property securing the debt by leasing substantially all of its interest in the property, and only to the extent that the amounts received by the debtor would be qualifying “rents from real property” if received directly by a REIT.

Interest on debt secured by mortgages on real property or on interests in real property, including, for this purpose, prepayment penalties, loan assumption fees and late payment charges that are not compensation for services, generally is qualifying income for purposes of the 75% gross income test. However, if the highest principal amount of a loan outstanding during a taxable year exceeds the fair market value of the real property securing the loan as of the date we agreed to originate or acquire the loan, a portion of the interest income from such loan will not be qualifying income for purposes of the 75% gross income test but will be qualifying income for purposes of the 95% gross income test. The portion of the interest income that will not be qualifying income for purposes of the 75% gross income test will be equal to the portion of the principal amount of the loan that is not secured by real property—that is, the amount by which the loan exceeds the value of the real estate that is security for the loan. For taxable years beginning after December 31, 2015, all interest earned on a mortgage loan secured by both real property and personal property shall be treated as qualifying income for purposes of the 75% income test if the fair market value of such personal property does not exceed 15% of the total fair market value of all such property, even if the real property collateral value is less than the outstanding principal balance of the loan.

Hedging Transactions . We and our subsidiaries may enter into hedging transactions with respect to one or more of our assets or liabilities. Hedging transactions could take a variety of forms, including interest rate swap agreements, interest rate cap agreements, options, futures contracts, forward rate agreements or similar financial instruments. Except to the extent provided by Treasury regulations, any income from a hedging transaction we enter into (1) in the normal course of our business primarily to manage risk of interest rate or price changes or currency fluctuations with respect to borrowings made or to be made, or ordinary obligations incurred or to be incurred, to acquire or carry real estate assets, which is clearly identified as a hedge along with the risk that it hedges within prescribed time periods specified in Treasury regulations, (2) primarily to manage risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% income tests which is clearly identified as a hedge along with the risk that it hedges within prescribed time periods or (3) in connection with the effective termination of certain hedging transactions described above, will be excluded from gross income for purposes of both the 75% or 95% gross income tests. To the extent that we enter into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of both of the 75% and 95% gross income tests. Moreover, whether or not income from a hedge is excluded for purposes of the income tests, to the extent that a position in a hedging transaction has positive value at any particular point in time, it may be treated as an asset that does not qualify for purposes of the asset tests described below. We intend to structure any hedging transactions in a manner that does not jeopardize our qualification as a REIT. No assurance can be given, however, that our hedging activities will not give rise to income or assets that do not qualify for purposes of the REIT tests, or that our hedging will not adversely affect our ability to satisfy the REIT qualification requirements.

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We may conduct some or all of our hedging activities through a TRS or other corporate entity, the income of which may be subject to U.S. federal income tax, rather than by participating in the arrangements directly or through pass-through subsidiaries.

Fee Income . Any fee income that we earn will generally not be qualifying income for purposes of either gross income test. Any fees earned by a TRS will not be included for purposes of the gross income tests.

Rents from Real Property . Rents we receive will qualify as “rents from real property” in satisfying the gross income requirements for a REIT described above only if several conditions described below are met. These conditions relate to the identity of the tenant, the computation of the rent payable, the nature of the property leased and any services provided in connection with the property. First, the amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from rents from real property solely by reason of being based on a fixed percentage or percentages of receipts or sales. Second, rents we receive from a “related party tenant” will not qualify as rents from real property in satisfying the gross income tests unless the tenant is a TRS, at least 90% of the property is leased to unrelated tenants, the rent paid by the TRS is substantially comparable to the rent paid by the unrelated tenants for comparable space and the rent is not attributable to an increase in rent due to a modification of a lease with a “controlled TRS” (i.e., a TRS in which we own directly or indirectly more than 50% of the voting power or value of the stock). A tenant is a related party tenant if the REIT, or an actual or constructive owner of 10% or more of the REIT, actually or constructively owns 10% or more of the tenant. Whether rents paid by a TRS are substantially comparable to rents paid by other tenants is determined at the time the lease with the TRS is entered into, extended, or modified, if such modification increases the rents due under such lease. Third, if rent attributable to personal property leased in connection with a lease of real property is greater than 15% of the total rent received under the lease, then the portion of rent attributable to the personal property will not qualify as rents from real property. Finally, for rents to qualify as “rents from real property” for purposes of the gross income tests, we are only allowed to provide services that are both usually or “customarily rendered” in connection with the rental of real property and not otherwise considered “rendered to the occupant” of the property. Examples of these permitted services include the provision of light, heat, or other utilities, trash removal and general maintenance of common areas. We may, however, render services to our tenants through an “independent contractor” who is adequately compensated and from whom we do not derive revenue. We may also own a TRS which provides non-customary services to tenants without tainting our rental income from the related properties.

Even if a REIT furnishes or renders services that are non-customary with respect to a property, if the greater of (i) the amounts received or accrued, directly or indirectly, or deemed received by the REIT with respect to such services, or (ii) 150% of our direct cost in furnishing or rendering the services during a taxable year is not more than 1% of all amounts received or accrued, directly or indirectly by the REIT with respect to the property during the same taxable year, then only the amounts with respect to such non-customary services are not treated as rent for purposes of the REIT gross income tests.

We intend to cause any services that are not “usually or customarily rendered,” or that are for the benefit of a particular tenant in connection with the rental of real property, to be provided through a TRS or through an “independent contractor” who is adequately compensated and from which we do not derive revenue. However, no assurance can be given that the IRS will concur with our determination as to whether a particular service is usual or customary, or otherwise in this regard.

Prohibited Transactions Tax . A REIT will incur a 100% tax on the net income derived from any sale or other disposition of property, other than foreclosure property, that the REIT holds as primarily for sale to customers in the ordinary course of a trade or business. Whether a REIT holds an asset as primarily for sale to customers in the ordinary course of a trade or business depends, however, on the facts and circumstances in effect from time to time, including those related to a particular asset. Nevertheless, we intend to conduct our operations so that no asset that we own (or are treated as owning) will be treated as, or as having been, held for sale to customers, and that a sale of any such asset will not be treated as having been in the ordinary course of our

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business. We cannot assure you that we will comply with certain safe harbor provisions or that we will avoid owning property that may be characterized as property that we hold primarily for sale to customers in the ordinary course of a trade or business. The 100% tax will not apply to gains from the sale of property that is held through a TRS or other taxable corporation, although such income will be subject to tax in the hands of such corporation at regular corporate income tax rates. We intend to structure our activities to avoid prohibited transaction characterization.

Foreclosure Property. Foreclosure property is any real property, including interests in real property, and any personal property incident to such real property:

- that is acquired by a REIT as the result of the REIT having bid in such property at foreclosure, or having otherwise reduced such property to ownership or possession by agreement or process of law, after there was a default or default was imminent on a lease of such property or on indebtedness that such property secured;
- for which the related loan was acquired by the REIT at a time when the default was not imminent or anticipated; and
- for which the REIT makes a proper election to treat the property as foreclosure property.

However, a REIT will not be considered to have foreclosed on a property where the REIT takes control of the property as a mortgagee-in-possession and cannot receive any profit or sustain any loss except as a creditor of the mortgagor.

Property generally ceases to be foreclosure property at the end of the third taxable year following the taxable year in which the REIT acquired the property, or longer if an extension is granted by the Secretary of the Treasury. This grace period terminates and foreclosure property ceases to be foreclosure property on the first day:

- on which a lease is entered into for the property that, by its terms, will give rise to income that does not qualify for purposes of the 75% gross income test, or any amount is received or accrued, directly or indirectly, pursuant to a lease entered into on or after such day that will give rise to income that does not qualify for purposes of the 75% gross income test;
- on which any construction takes place on the property, other than completion of a building or any other improvement, if more than 10% of the construction was completed before default became imminent; or
- which is more than 90 days after the day on which the REIT acquired the property and the property is used in a trade or business that is conducted by the REIT, other than through an independent contractor from whom the REIT itself does not derive or receive any income or through a TRS.

We will be subject to tax at the maximum corporate rate on any income from foreclosure property, including gain from the disposition of the foreclosure property, other than income that otherwise would be qualifying income for purposes of the 75% gross income test, less expenses directly connected with the production of that income. However, income from foreclosure property, including gain from the sale of foreclosure property held for sale in the ordinary course of a trade or business, will qualify for purposes of the 75% and 95% gross income tests. Any gain from the sale of property for which a foreclosure property election has been made will not be subject to the 100% tax on gains from prohibited transactions described above, even if the property would otherwise constitute inventory or dealer property.

Asset Tests

At the close of each quarter of our taxable year, we must satisfy the following tests relating to the nature of our assets.

- at least 75% of the value of our total assets must be represented by the following:
 - interests in real property, including leaseholds and options to acquire real property and leaseholds (including, for the avoidance of doubt, personal property leased with real property to the extent rents attributable to such personal property would be treated as rents from real property);
 - interests in mortgages on real property;
 - stock in other REITs;
 - debt instruments issued by publicly offered REITs;
 - cash and cash items (including certain receivables);
 - government securities;
 - investments in stock or debt instruments attributable to the temporary investment of new capital during the one-year period following our receipt of new capital that we raise through equity offerings or public offerings of debt obligations with at least a five-year term; and
 - regular or residual interests in a Real Estate Mortgage Investment Conduit (“REMIC”). However, if less than 95% of the assets of a REMIC consists of assets that are qualifying real estate-related assets under U.S. federal income tax laws, determined as if we held such assets directly, we will be treated as holding directly our proportionate share of the assets of such REMIC.
- not more than 25% of our total assets may be represented by securities, other than those in the 75% asset class.
- except for securities in TRSs and the securities in the 75% asset class described in the first bullet point above, the value of any one issuer’s securities owned by us may not exceed 5% of the value of our total assets.
- except for securities in TRSs and the securities in the 75% asset class described in the first bullet point above, we may not own more than 10% of any one issuer’s outstanding voting securities.
- except for securities of TRSs and the securities in the 75% asset class described in the first bullet point above, we may not own more than 10% of the total value of the outstanding securities of any one issuer, other than securities that qualify for the “straight debt” exception discussed below.
- not more than 25% (and, for taxable years beginning after December 31, 2017, not more than 20%) of the value of our total assets may be represented by the securities of one or more TRSs.
- not more than 25% of the value of our total assets may be represented by nonqualified publicly offered REIT debt instruments.

Notwithstanding the general rule, as noted above, that for purposes of the REIT income and asset tests we are treated as owning our proportionate share of the underlying assets of a subsidiary partnership, if we hold indebtedness issued by a partnership, the indebtedness will be subject to, and may cause a violation of, the asset tests unless the indebtedness is a qualifying mortgage asset or other conditions are met. Similarly, although stock of another REIT is a qualifying asset for purposes of the REIT asset tests, any non-mortgage debt that is issued by another REIT may not so qualify (although such debt will not be treated as “securities” for purposes of the 10% asset test, as explained below).

Securities, for the purposes of the asset tests, may include debt we hold from other issuers. However, debt we hold in an issuer that does not qualify for purposes of the 75% asset test will not be taken into account for

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purposes of the 10% value test if the debt securities meet the straight debt safe harbor. Debt will meet the “straight debt” safe harbor if the debt is a written unconditional promise to pay on demand or on a specified date a sum certain in money, the debt is not convertible, directly or indirectly, into stock, and the interest rate and the interest payment dates of the debt are not contingent on the profits, the borrower’s discretion or similar factors. In the case of an issuer that is a corporation or a partnership, securities that otherwise would be considered straight debt will not be so considered if we, and any of our controlled TRSs, as defined in the Code, hold any securities of the corporate or partnership issuer that (a) are not straight debt or other excluded securities (prior to the application of this rule), and (b) have an aggregate value greater than 1% of the issuer’s outstanding securities (including, for the purposes of a partnership issuer, our interest as a partner in the partnership).

In addition to straight debt, the Code provides that certain other securities will not violate the 10% asset test. Such securities include (i) any loan made to an individual or an estate, (ii) certain rental agreements pursuant to which one or more payments are to be made in subsequent years (other than agreements between a REIT and certain persons related to the REIT under attribution rules), (iii) any obligation to pay rents from real property, (iv) securities issued by governmental entities that are not dependent in whole or in part on the profits of (or payments made by) a non-governmental entity, (v) any security (including debt securities) issued by another REIT and (vi) any debt instrument issued by a partnership if the partnership’s income is of a nature that it would satisfy the 75% gross income test described above under “—Income Tests.” In applying the 10% asset test, a debt security issued by a partnership (other than straight debt or any other excluded security) is not taken into account to the extent, if any, of the REIT’s proportionate interest as a partner in that partnership.

We believe that any stock that we hold or acquire in other REITs will be a qualifying asset for purposes of the 75% asset test. However, if a REIT in which we own stock fails to qualify as a REIT in any year, the stock in such REIT will not be a qualifying asset for purposes of the 75% asset test. Instead, we would be subject to the second, third, fourth, and fifth assets tests described above with respect to our investment in such a disqualified REIT. We will also be subject to those assets tests with respect to our investments in any non-REIT C corporations for which we do not make a TRS election.

We will monitor the status of our assets for purposes of the various asset tests and will seek to manage our portfolio to comply at all times with such tests. There can be no assurances, however, that we will be successful in this effort. No independent appraisals have been obtained to support our conclusions as to the value of our total assets or the value of any particular security or securities. Moreover, the values of some assets may not be susceptible to a precise determination, and values are subject to change in the future. Furthermore, the proper classification of an instrument as debt or equity for U.S. federal income tax purposes may be uncertain in some circumstances, which could affect the application of the REIT asset requirements. Accordingly, there can be no assurance that the IRS will not contend that our interests in our subsidiaries or in the securities of other issuers will not cause a violation of the REIT asset tests.

However, certain relief provisions are available to allow REITs to satisfy the asset requirements or to maintain REIT qualification notwithstanding certain violations of the asset and other requirements. For example, if we should fail to satisfy the asset tests at the end of a calendar quarter such a failure would not cause us to lose our REIT qualification if we (i) satisfied the asset tests at the close of the preceding calendar quarter and (ii) the discrepancy between the value of our assets and the asset requirements was not wholly or partly caused by an acquisition of non-qualifying assets, but instead arose from changes in the relative market values of our assets. If the condition described in (ii) were not satisfied, we still could avoid disqualification by eliminating any discrepancy within 30 days after the close of the calendar quarter in which it arose or by making use of the relief provisions described above.

In the case of *de minimis* violations of the 10% and 5% asset tests, a REIT may maintain its qualification despite a violation of such requirements if (i) the value of the assets causing the violation does not exceed the lesser of 1% of the REIT’s total assets and \$10,000,000 and (ii) the REIT either disposes of the assets causing the failure within six months after the last day of the quarter in which it identifies the failure, or the relevant tests are otherwise satisfied within that time frame.

Even if we did not qualify for the foregoing relief provisions, one additional provision allows a REIT which fails one or more of the asset requirements for a particular tax quarter to nevertheless maintain its REIT qualification if (i) the REIT provides the IRS with a description of each asset causing the failure, (ii) the failure is due to reasonable cause and not willful neglect, (iii) the REIT pays a tax equal to the greater of (a) \$50,000 per failure and (b) the product of the net income generated by the assets that caused the failure multiplied by the highest applicable corporate tax rate (currently 35%) and (iv) the REIT either disposes of the assets causing the failure within six months after the last day of the quarter in which it identifies the failure, or otherwise satisfies the relevant asset tests within that time frame.

Annual Distribution Requirements Applicable to REITs

To qualify as a REIT, we generally must distribute dividends (other than capital gain dividends) to our stockholders in an amount at least equal to:

- the sum of (i) 90% of our REIT taxable income, computed without regard to the dividends paid deduction and our net capital gain and (ii) 90% of our net income after tax, if any, from foreclosure property; minus
- the excess of the sum of specified items of non-cash income (including original issue discount on our mortgage loans) over 5% of our REIT taxable income, computed without regard to the dividends paid deduction and our net capital gain.

Distributions generally must be made during the taxable year to which they relate. Distributions may be made in the following year in two circumstances. First, if we declare a dividend in October, November or December of any year with a record date in one of these months and pay the dividend on or before January 31 of the following year, we will be treated as having paid the dividend on December 31 of the year in which the dividend was declared. Second, distributions may be made in the following year if the dividends are declared before we timely file our tax return for the year and if made before the first regular dividend payment made after such declaration. These distributions are taxable to our stockholders in the year in which paid, even though the distributions relate to our prior taxable year for purposes of the 90% distribution requirement. To the extent that we do not distribute all of our net capital gain or we distribute at least 90%, but less than 100% of our REIT taxable income, as adjusted, we will be subject to tax on the undistributed amount at regular corporate tax rates.

To the extent that in the future we may have available net operating losses carried forward from prior tax years, such losses may reduce the amount of distributions that we must make in order to comply with the REIT distribution requirements. Such losses, however, will generally not affect the tax treatment to our stockholders of any distributions that are actually made.

If we fail to distribute during a calendar year (or, in the case of distributions with declaration and record dates falling in the last three months of the calendar year, by the end of January following such calendar year) at least the sum of (i) 85% of our ordinary income for such year, (ii) 95% of our capital gain net income for such year and (iii) any undistributed taxable income from prior years, we will be subject to a 4% excise tax on the excess of such required distribution over the sum of (x) the amounts actually distributed (taking into account excess distributions from prior years) and (y) the amounts of income retained on which we have paid corporate income tax.

We may elect to retain rather than distribute all or a portion of our net capital gains and pay the tax on the gains. In that case, we may elect to have our stockholders include their proportionate share of the undistributed net capital gains in income as long-term capital gains and receive a credit for their share of the tax paid by us. Our stockholders would then increase the adjusted basis of their stock by the difference between (i) the amounts of capital gain dividends that we designated and that they include in their taxable income, minus (ii) the tax that we paid on their behalf with respect to that income. For purposes of the 4% excise tax described above, any retained amounts for which we elect this treatment would be treated as having been distributed.

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We intend to make timely distributions sufficient to satisfy the distribution requirements and we expect that our REIT taxable income will be less than our cash flow because of depreciation and other non-cash charges included in computing REIT taxable income. Accordingly, we anticipate that we generally will have sufficient cash or liquid assets to enable us to satisfy the distribution requirements described above. However, it is possible that, from time to time, we may not have sufficient cash or other liquid assets to meet the distribution requirements due to timing differences between the actual receipt of income and actual payment of deductible expenses, and the inclusion of items of income and deduction of expenses by us for U.S. federal income tax purposes. In addition, we may decide to retain our cash, rather than distribute it, in order to repay debt, acquire assets or for other reasons. In the event that such timing differences occur, and in other circumstances, it may be necessary in order to satisfy the distribution requirements to arrange for short-term, or possibly long-term, borrowings, or to pay the dividends in the form of other property (including, for example, shares of our own stock).

Although several types of non-cash income are excluded in determining the annual distribution requirement, we will incur corporate income tax and the 4% nondeductible excise tax with respect to those non-cash income items if we do not distribute those items on a current basis. As a result of the foregoing, we may not have sufficient cash to distribute all of our taxable income and thereby avoid corporate income tax and the excise tax imposed on certain undistributed income. In such a situation, we may need to borrow funds or issue additional common stock or preferred stock.

If our taxable income for a particular year is subsequently determined to have been understated, under some circumstances we may be able to rectify a failure to meet the distribution requirement for a year by paying deficiency dividends to stockholders in a later year, which may be included in our deduction for dividends paid for the earlier year. Thus, we may be able to avoid being taxed on amounts distributed as deficiency dividends. However, we will be required to pay interest based upon the amount of any deduction taken for deficiency dividends.

Built-in Gains of Former C Corporation Assets

If a REIT acquires an asset (directly or indirectly) from a C corporation in a transaction in which the REIT's basis in the asset is determined by reference to the basis of the asset in the hands of the C corporation, the REIT may be subject to an entity-level tax ("built-in gains tax") upon a taxable disposition during a 10-year period following the acquisition date. The amount of the tax is determined by applying the highest regular corporate tax rate, which is currently 35%, to the lesser of (i) the excess, if any, of the asset's fair market value over the REIT's basis in the asset on the acquisition date, or (ii) the gain recognized by the REIT in the disposition. The amount described in clause (i) is referred to as "built-in gain."

As part of our Pre-IPO Transactions, we will acquire assets with built-in gains through contributions by our pre-IPO owners. These transactions, taken together, are intended to qualify as tax-free under Section 351 of the Code, with the result that we will take a carryover tax basis in the assets acquired. Any such assets acquired by us in carryover basis transactions from a C corporation (directly or indirectly) will be subject to built-in gains tax upon a taxable disposition of any such assets during the applicable 10-year recognition period.

Like-Kind Exchanges

We may dispose of properties in transactions intended to qualify as like-kind exchanges under the Code. Such like-kind exchanges are intended to result in the deferral of gain for U.S. federal income tax purposes. The failure of any such transaction to qualify as a like-kind exchange could require us to pay U.S. federal income tax, possibly including the 100% prohibited transaction tax, depending on the facts and circumstances surrounding the particular transaction.

Penalty Tax

Any redetermined rents, redetermined deductions, excess interest or redetermined TRS service income we generate will be subject to a 100% penalty tax. In general, redetermined rents are rents from real property that are overstated as a result of any services furnished to any of our tenants by a TRS, and redetermined deductions and excess interest represent any amounts that are deducted by a TRS for amounts paid to us that are in excess of the amounts that would have been deducted based on arm's length negotiations. Rents that we receive will not constitute redetermined rents if they qualify for certain safe harbor provisions contained in the Code. Redetermined TRS service income is income earned by a TRS that is attributable to services provided to us, or on our behalf to any of our tenants, that is less than the amounts that would have been charged based upon arms' length negotiations.

Record Keeping Requirements

We are required to comply with applicable record keeping requirements. Failure to comply could result in monetary fines. For example, we must request on an annual basis information from our stockholders designed to disclose the actual ownership of our outstanding common stock.

Failure to Qualify

If we fail to satisfy one or more requirements of REIT qualification, other than the income tests or asset requirements, then we may still retain REIT qualification if the failure is due to reasonable cause and not willful neglect, and we pay a penalty of \$50,000 for each failure.

If we fail to qualify for taxation as a REIT in any taxable year for which the applicable period for assessment has not expired and the relief provisions do not apply, we will be subject to tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates. This would significantly reduce both our cash available for distribution to our stockholders and our earnings. If we fail to qualify as a REIT, we will not be required to make any distributions to stockholders and any distributions that are made will not be deductible by us. Moreover, all distributions to stockholders would be taxable as dividends to the extent of our current and accumulated earnings and profits, whether or not attributable to capital gains of ours. Subject to certain limitations of the Code, corporate distributees may be eligible for the dividends received deduction with respect to those distributions, and individual, trust and estate distributees may be eligible for reduced income tax rates on such dividends. Unless we are entitled to relief under specific statutory provisions, we also (1) will be disqualified from taxation as a REIT for the four taxable years following the year during which qualification was lost and (2) for the ten years following our re-election of REIT status, upon a taxable disposition of an asset we owned as of such re-election, will be subject to corporate level tax with respect to any built-in gain inherent in such asset at the time of re-election.

Tax Aspects of Our Operating Partnership and Subsidiaries

General. All of our investments will be held through our Operating Partnership. In addition, our Operating Partnership may hold certain investments indirectly through subsidiary partnerships and limited liability companies which are treated as partnerships or disregarded entities for U.S. federal income tax purposes. In general, entities that are treated as partnerships or disregarded entities for U.S. federal income tax purposes are "pass-through" entities which are not required to pay U.S. federal income tax. Rather, partners or members of such entities are allocated their shares of the items of income, gain, loss, deduction and credit of the partnership or limited liability company, and are potentially required to pay tax on this income, without regard to whether they receive a distribution from the partnership or limited liability company. A partner in such entities that is a REIT will include in its income its share of these partnership and limited liability company items for purposes of the various gross income tests, the computation of its REIT taxable income, and the REIT distribution requirements. Moreover, for purposes of the asset tests, it will include its pro rata share of assets held by the Operating Partnership, including its share of its subsidiary partnerships and limited liability companies, based on its capital interest in each such entity.

Entity Classification . Our interests in the Operating Partnership and the subsidiary partnerships and limited liability companies involve special tax considerations, including the possibility that the IRS might challenge the status of these entities as partnerships (or disregarded entities), as opposed to associations taxable as corporations for U.S. federal income tax purposes. For example, an entity that would otherwise be classified as a partnership for U.S. federal income tax purposes may nonetheless be taxable as a corporation if it is a “publicly traded partnership” and certain other requirements are met. A partnership or limited liability company would be treated as a publicly traded partnership if its interests are traded on an established securities market or are readily tradable on a secondary market or a substantial equivalent thereof, within the meaning of applicable Treasury regulations. If our Operating Partnership or a subsidiary partnership or limited liability company were treated as a publicly traded partnership and did not otherwise satisfy the requirements of an exemption from corporate treatment for certain publicly traded partnerships whose income is derived primarily from certain passive sources, then it would be taxable as a corporation and would be required to pay an entity-level tax on its income. In this situation, the character of our assets and items of gross income would change and could prevent us from qualifying as a REIT. See “—Failure to Qualify” for a discussion of the effect of our failure to meet the REIT asset and income tests. In addition, a change in the tax status of our Operating Partnership, a subsidiary partnership or limited liability company might be treated as a taxable event. If so, we might incur a tax liability without any related cash distributions. We do not anticipate that any subsidiary partnership or limited liability company (including the Operating Partnership if and when it is treated as a partnership for U.S. federal income tax purposes as discussed below) will be treated as a publicly traded partnership which is taxable as a corporation.

Our Operating Partnership is currently disregarded as a separate entity from us because we own 100% of the interests in the Operating Partnership directly and through another entity that is disregarded as a separate entity from us. If and when we admit other partners, we expect that the Operating Partnership will be treated as a partnership for U.S. federal income tax purposes. We will be treated as contributing our assets to the Operating Partnership in exchange for interests therein. The remainder of this discussion would only apply to the Operating Partnership if and when it is treated as a partnership for U.S. federal income tax purposes.

Legislation was recently enacted that significantly changes the rules for U.S. federal income tax audits of partnerships. Such audits will continue to be conducted at the entity level, but with respect to tax returns for taxable years beginning after December 31, 2017, unless such entity qualifies for and affirmatively elects an alternative procedure, any adjustments to the amount of tax due (including interest and penalties) will be payable by the entity itself. Under an alternative procedure, if elected, a partnership would issue information returns to persons who were partners in the audited year, who would then be required to take the adjustments into account in calculating their own tax liability, and the partnership would not be liable for the adjustments. If any of our subsidiary partnerships or limited liability companies (including the Operating Partnership if and when it is treated as a partnership for U.S. federal income tax purposes) is able to and in fact elects the alternative procedure for a given adjustment, the amount of taxes for which such persons will be liable will be increased by any applicable penalties and a special interest charge. There can be no assurance that any such entities will be eligible to make such an election or that it will, in fact, make such an election for any given adjustment. Many issues and the overall effect of this new legislation on us are uncertain.

Allocations of Income, Gain, Loss and Deduction . A partnership agreement (or, in the case of a limited liability company treated as a partnership for U.S. federal income tax purposes, the limited liability company agreement) will generally determine the allocation of partnership income and loss among partners. Generally, Section 704(b) of the Code and the Treasury regulations thereunder require that partnership allocations respect the economic arrangement of the partners. If an allocation of partnership income or loss does not comply with the requirements of Section 704(b) of the Code and the Treasury regulations thereunder, the item subject to the allocation will be reallocated in accordance with the partners’ interests in the partnership. This reallocation will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners with respect to such item. Commencing with the treatment of the Operating Partnership as a partnership for U.S. federal income tax purposes, our Operating Partnership’s allocations of taxable income and loss will be intended to comply with the requirements of Section 704(b) of the Code and the Treasury regulations thereunder.

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Tax Allocations with Respect to the Properties . Under Section 704(c) of the Code, income, gain, loss and deduction attributable to appreciated or depreciated property that is contributed to a partnership (including a limited liability company treated as a partnership for U.S. federal income tax purposes) in exchange for an interest in the partnership, must be allocated in a manner so that the contributing partner is charged with the unrealized gain, or benefits from the unrealized loss, associated with the property at the time of the contribution, as adjusted from time to time. The amount of the unrealized gain or unrealized loss generally is equal to the difference between the fair market value or book value and the adjusted tax basis of the contributed property at the time of contribution (this difference is referred to as a book-tax difference), as adjusted from time to time. These allocations are solely for U.S. federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners. Similar tax allocations are required with respect to the book-tax differences in the assets owned by a partnership when additional assets (or services) are contributed in exchange for a new partnership interest.

We will be deemed to contribute property to our Operating Partnership if and when the Operating Partnership is treated as a partnership for U.S. federal income tax purposes. Such properties likely will have book-tax differences at the time of such deemed contribution. Other persons also may contribute property with book-tax differences to our Operating Partnership in exchange for interests in our Operating Partnership, and book-tax differences may arise with respect to existing assets whenever we issue new interests in the Operating Partnership. The partnership agreement will require that allocations with respect to book-tax differences be made in a manner consistent with Section 704(c) of the Code. Treasury regulations issued under Section 704(c) of the Code provide partnerships with a choice of several methods of accounting for book-tax differences. We expect that our Operating Partnership will account for any book-tax differences using any method approved under Section 704(c) of the Code and the applicable Treasury regulations as chosen by the general partner under the partnership agreement.

In connection with contributions of properties from third parties, the general partner may agree to use the “traditional method” under Section 704(c) of the Code. Under the traditional method, the carryover basis of contributed interests in the properties in the hands of our Operating Partnership (i) will or could cause us to be allocated lower amounts of depreciation deductions for tax purposes than would be allocated to us if all contributed properties were to have a tax basis equal to their fair market value at the time of the contribution and (ii) could cause us to be allocated taxable gain in the event of a sale of such contributed interests or properties in excess of the economic or book income allocated to us as a result of such sale, with a corresponding benefit to the other partners in the Operating Partnership. An allocation described in (ii) above might cause us or the other partners to recognize taxable income in excess of cash proceeds in the event of a sale or other disposition of property, which might adversely affect our ability to comply with the REIT distribution requirements. See “—Taxation of REITs in General —Requirements for Qualification as a REIT” and “—Annual Distribution Requirements Applicable to REITs.”

Any property acquired by our Operating Partnership in a taxable transaction will initially have a tax basis equal to its fair market value, and Section 704(c) of the Code will not apply.

Subsidiary REITs . We may hold interests in subsidiaries intended to qualify as REITs for U.S. federal income tax purposes, and, prior to our acquisition of its assets in our Pre-IPO Transactions, substantially all of IH2 Property Holding Inc.’s assets consisted of stock of Preeminent Holdings Inc., which intended to qualify as a REIT. If any REIT in which we hold (or held) an interest fails to qualify for taxation as a REIT in any taxable year, that failure could, depending on the circumstances, adversely affect our ability to satisfy the various asset and gross income requirements applicable to REITs, including the requirement that REITs generally may not own, directly or indirectly, more than 10% of the securities of another corporation that is not a REIT or a TRS, as further described below. Investments in other REITs may pose additional challenges, such as smaller income and asset bases against which to absorb nonqualifying income and assets and, in the case of subsidiary REITs acquired by purchase, reliance on the seller’s compliance with the REIT requirements for periods prior to acquisition.

Taxation of U.S. Holders of Our Common Stock

U.S. Holder. As used in the remainder of this discussion, the term “U.S. holder” means a beneficial owner of our common stock that is for U.S. federal income tax purposes:

- a citizen or resident of the United States;
- a corporation (or an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it (a) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to control all substantial decisions of the trust or (b) has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person.

If a partnership (or an entity treated as a partnership for U.S. federal income tax purposes) holds our common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding common stock, you should consult your advisors. A “non-U.S. holder” is a beneficial owner of our common stock that is neither a U.S. holder nor a partnership (or an entity treated as a partnership for U.S. federal income tax purposes).

Distributions Generally. As long as we qualify as a REIT, distributions made by us to our taxable U.S. holders out of current or accumulated earnings and profits that are not designated as capital gain dividends or “qualified dividend income” will be taken into account by them as ordinary income taxable at ordinary income tax rates and will not qualify for the reduced capital gains rates that currently generally apply to distributions by non-REIT C corporations to certain non-corporate U.S. holders. In determining the extent to which a distribution constitutes a dividend for tax purposes, our earnings and profits will be allocated first to distributions with respect to our preferred stock, if any, and then to our common stock. Corporate stockholders will not be eligible for the dividends received deduction with respect to these distributions.

Distributions in excess of both current and accumulated earnings and profits will not be taxable to a U.S. holder to the extent that the distributions do not exceed the adjusted basis of the holder’s stock. Rather, such distributions will reduce the adjusted basis of the stock. To the extent that distributions exceed the adjusted basis of a U.S. holder’s stock, the U.S. holder generally must include such distributions in income as long-term capital gain if the shares have been held for more than one year, or short-term capital gain if the shares have been held for one year or less.

Distributions will generally be taxable, if at all, in the year of the distribution. However, if we declare a dividend in October, November or December of any year with a record date in one of these months and pay the dividend on or before January 31 of the following year, we will be treated as having paid the dividend, and the stockholder will be treated as having received the dividend, on December 31 of the year in which the dividend was declared.

We will be treated as having sufficient earnings and profits to treat as a dividend any distribution we pay up to the amount required to be distributed in order to avoid imposition of the 4% excise tax discussed above. Moreover, any “deficiency dividend” will be treated as an ordinary or capital gain dividend, as the case may be, regardless of our earnings and profits. As a result, U.S. holders may be required to treat certain distributions that would otherwise result in a tax-free return of capital as taxable dividends.

Capital Gain Dividends. We may elect to designate distributions of our net capital gain as “capital gain dividends” to the extent that such distributions do not exceed our actual net capital gain for the taxable year. Capital gain dividends are taxed to U.S. holders of our stock as gain from the sale or exchange of a capital asset held for more than one year. This tax treatment applies regardless of the period during which the stockholders have held their stock. If we designate any portion of a dividend as a capital gain dividend, the amount that will be

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taxable to the stockholder as capital gain will be indicated to U.S. holders on IRS Form 1099-DIV. Corporate stockholders, however, may be required to treat up to 20% of capital gain dividends as ordinary income. Capital gain dividends are not eligible for the dividends received deduction for corporations.

Instead of paying capital gain dividends, we may elect to require stockholders to include our undistributed net capital gains in their income. If we make such an election, U.S. holders (i) will include in their income as long-term capital gains their proportionate share of such undistributed capital gains and (ii) will be deemed to have paid their proportionate share of the tax paid by us on such undistributed capital gains and thereby receive a credit or refund to the extent that the tax paid by us exceeds the U.S. holder's tax liability on the undistributed capital gain. A U.S. holder of our stock will increase the basis in its stock by the difference between the amount of capital gain included in its income and the amount of tax it is deemed to have paid. A U.S. holder that is a corporation will appropriately adjust its earnings and profits for the retained capital gain in accordance with Treasury regulations to be prescribed by the IRS. Our earnings and profits will be adjusted appropriately.

We must classify portions of our designated capital gain dividend into the following categories:

- a 20% gain distribution, which would be taxable to non-corporate U.S. holders of our stock at a rate of up to 20%; or
- an unrecaptured Section 1250 gain distribution, which would be taxable to non-corporate U.S. holders of our stock at a maximum rate of 25%.

We must determine the maximum amounts that we may designate as 20% and 25% capital gain dividends by performing the computation required by the Code as if the REIT were an individual whose ordinary income were subject to a marginal tax rate of at least 28%. The IRS currently requires that distributions made to different classes of stock be comprised proportionately of dividends of a particular type.

Passive Activity Loss and Investment Interest Limitation . Distributions that we make and gains arising from the disposition of our common stock by a U.S. holder will not be treated as passive activity income, and therefore U.S. holders will not be able to apply any "passive activity losses" against such income. Dividends paid by us, to the extent they do not constitute a return of capital, will generally be treated as investment income for purposes of the investment income limitation on the deduction of the investment interest.

Qualified Dividend Income . Distributions that are treated as dividends may be taxed at capital gains rates, rather than ordinary income rates, if they are distributed to an individual, trust or estate, are properly designated by us as qualified dividend income and certain other requirements are satisfied. Dividends are eligible to be designated by us as qualified dividend income up to an amount equal to the sum of the qualified dividend income received by us during the year of the distribution from other C corporations such as TRSs, our "undistributed" REIT taxable income from the immediately preceding year, and any income attributable to the sale of a built-in gain asset from the immediately preceding year (reduced by any U.S. federal income taxes that we paid with respect to such REIT taxable income and built-in gain).

Dividends that we receive will be treated as qualified dividend income to us if certain criteria are met. The dividends must be received from a domestic corporation (other than a REIT or a regulated investment company) or a qualifying foreign corporation. A foreign corporation generally will be a qualifying foreign corporation if it is incorporated in a possession of the United States, the corporation is eligible for benefits of an income tax treaty with the United States which the Secretary of Treasury determines is satisfactory, or the stock on which the dividend is paid is readily tradable on an established securities market in the United States. However, if a foreign corporation is a foreign personal holding company, a foreign investment company or a passive foreign investment company, then it will not be treated as a qualifying foreign corporation and the dividends we receive from such an entity would not constitute qualified dividend income.

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Furthermore, certain exceptions and special rules apply to determine whether dividends may be treated as qualified dividend income to us. These rules include certain holding requirements that we would have to satisfy with respect to the stock on which the dividend is paid and special rules with regard to dividends received from regulated investment companies and other REITs.

In addition, even if we designate certain dividends as qualified dividend income to our stockholders, the stockholder will have to meet certain other requirements for the dividend to qualify for taxation at capital gains rates. For example, the stockholder will only be eligible to treat the dividend as qualifying dividend income if the stockholder is taxed at individual rates and meets certain holding requirements. In general, in order to treat a particular dividend as qualified dividend income, a stockholder will be required to hold our stock for more than 60 days during the 121-day period beginning on the date which is 60 days before the date on which the stock becomes ex-dividend.

Other Tax Considerations . To the extent that we have available net operating losses and capital losses carried forward from prior tax years, such losses may reduce the amount of distributions that we must make in order to comply with the REIT distribution requirements. Such losses, however, are not passed through to stockholders and do not offset income of stockholders from other sources, nor would such losses affect the character of any distributions that we make, which are generally subject to tax in the hands of stockholders to the extent that we have current or accumulated earnings and profits.

Sales of Our Common Stock . Upon any taxable sale or other disposition of our common stock, a U.S. holder of our common stock will recognize gain or loss for U.S. federal income tax purposes on the disposition of our common stock in an amount equal to the difference between:

- the amount of cash and the fair market value of any property received on such disposition; and
- the U.S. holder's adjusted basis in such common stock for tax purposes.

Gain or loss will be capital gain or loss if the common stock has been held by the U.S. holder as a capital asset. The applicable tax rate will depend on the holder's holding period in the asset (generally, if an asset has been held for more than one year it will produce long-term capital gain) and the holder's tax bracket.

In general, any loss upon a sale or exchange of our common stock by a U.S. holder who has held such stock for six months or less (after applying certain holding period rules) will be treated as a long-term capital loss, but only to the extent of distributions from us received by such U.S. holder that are required to be treated by such U.S. holder as long-term capital gains.

Medicare Tax . Certain U.S. holders, including individuals and estates and trusts, are subject to an additional 3.8% Medicare tax on all or a portion of their "net investment income," which includes net gain from a sale or exchange of common stock and income from dividends paid on common stock. U.S. holders are urged to consult their own tax advisors regarding the Medicare tax.

Taxation of Non-U.S. Holders of Our Common Stock

The rules governing U.S. federal income taxation of non-U.S. holders are complex. This section is only a summary of such rules. **We urge non-U.S. holders to consult their own tax advisors to determine the impact of federal, state and local income tax laws on ownership of the common stock, including any reporting requirements.**

Distributions . Distributions by us to a non-U.S. holder of our common stock that are neither attributable to gain from sales or exchanges by us of "United States real property interests" nor designated by us as capital gain dividends will be treated as dividends of ordinary income to the extent that they are made out of our current or accumulated earnings and profits. These distributions ordinarily will be subject to U.S. federal withholding tax

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on a gross basis at a rate of 30%, or a lower rate as permitted under an applicable income tax treaty, unless the dividends are treated as effectively connected with the conduct by the non-U.S. holder of a U.S. trade or business. Under some treaties, however, lower rates generally applicable to dividends do not apply to dividends from REITs. Dividends that are effectively connected with a holder's trade or business will be subject to tax on a net basis, that is, after allowance for deductions, at graduated rates, in the same manner as U.S. holders are taxed with respect to these dividends, and are generally not subject to withholding. Applicable certification and disclosure requirements must be satisfied to be exempt from withholding under the effectively connected income exception. Any dividends received by a corporate non-U.S. holder that is engaged in a U.S. trade or business also may be subject to an additional branch profits tax at a 30% rate, or lower applicable treaty rate. We expect to withhold U.S. federal income tax at the rate of 30% on any dividend distributions, not designated as (or deemed to be) capital gain dividends, made to a non-U.S. holder unless:

- a lower treaty rate applies and the non-U.S. holder files an IRS Form W-8BEN or Form W-8BEN-E with us evidencing eligibility for that reduced rate is filed with us; or
- the non-U.S. holder files an IRS Form W-8ECI with us claiming that the distribution is income effectively connected with the non-U.S. holder's trade or business.

Distributions in excess of our current or accumulated earnings and profits that do not exceed the adjusted basis of the non-U.S. holder in its common stock will reduce the non-U.S. holder's adjusted basis in its common stock and will not be subject to U.S. federal income tax. Such distributions in excess of current and accumulated earnings and profits that do exceed the adjusted basis of the non-U.S. holder in its common stock will be treated as gain from the sale of its stock, the tax treatment of which is described below. See “—Taxation of Non-U.S. Holders of Our Common Stock—Sales of Our Common Stock.” We would be required to withhold at least 15% of any distribution to a non-U.S. holder in excess of our current and accumulated earnings and profits if our common stock constitutes a United States real property interest with respect to such non-U.S. holder, as described below under “—Taxation of Non-U.S. Holders of Our Common Stock—Sales of Our Common Stock.” This withholding would apply even if a lower treaty rate applies or the non-U.S. holder is not liable for tax on the receipt of that distribution. Because we generally cannot determine at the time we make a distribution whether or not the distribution will exceed our current and accumulated earnings and profits, we normally will withhold tax on the entire amount of any distribution at the same rate as we would withhold on a dividend (but in the case of a treaty eligible holder will generally not withhold at a rate less than 15%). However, a non-U.S. holder may seek a refund of these amounts from the IRS if the non-U.S. holder's U.S. tax liability with respect to the distribution is less than the amount withheld.

Distributions to a non-U.S. holder that are designated by us at the time of the distribution as capital gain dividends, other than those arising from the disposition of a United States real property interest, generally should not be subject to U.S. federal income taxation unless:

- the investment in the common stock is effectively connected with the non-U.S. holder's trade or business, in which case the non-U.S. holder will be subject to the same treatment as U.S. holders with respect to any gain, except that a holder that is a foreign corporation also may be subject to the 30% branch profits tax, as discussed above; or
- the non-U.S. holder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and has a “tax home” in the United States, in which case the nonresident alien individual will be subject to a 30% tax on the individual's capital gains.

However, notwithstanding that such capital gain dividends should only be subject to U.S. federal income taxation in those two instances, existing Treasury Regulations might be construed to require us to withhold on such capital gain dividends in the same manner as capital gain dividends that are attributable to gain from the disposition of U.S. real property interests, generally at the rate of 35% of the capital gain dividend, or, if greater, 35% of a distribution that could have been designated as a capital gain dividend (although any amounts withheld generally would be creditable against the non-U.S. holder's U.S. federal income tax liability).

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Under the Foreign Investment in Real Estate Property Tax Act of 1980 (“FIRPTA”), distributions to a non-U.S. holder that are attributable to gain from sales or exchanges by us of United States real property interests, whether or not designated as a capital gain dividend, will cause the non-U.S. holder to be treated as recognizing gain that is income effectively connected with a U.S. trade or business. Non-U.S. holders will be taxed on this gain at the same rates applicable to U.S. holders, subject to a special alternative minimum tax in the case of nonresident alien individuals. Also, this gain may be subject to a 30% (or lower applicable treaty rate) branch profits tax in the hands of a non-U.S. holder that is a corporation. A distribution is not attributable to a United States real property interest if we held an interest in the underlying asset solely as a creditor.

We will be required to withhold and remit to the IRS 35% of any distributions to non-United States holders that are attributable to gains from sales or exchanges by us of United States real property interests. The amount withheld, which for individual non-U.S. holders may exceed the actual tax liability, is creditable against the non-U.S. holder’s U.S. federal income tax liability.

However, the 35% withholding tax on distributions attributable to gains from sales or exchanges by us of United States real property interests will not apply to any distribution with respect to any class of our stock which is regularly traded on an established securities market located in the United States if the non-U.S. stockholder did not own more than 10% of such class of stock at any time during the one-year period ending on the date of such distribution. Instead, such distribution will be treated as a distribution subject to the rules discussed above under “—Taxation of Non-U.S. Holders of Our Common Stock—Distributions” (applied without regard to the provisions dealing with distributions attributable to gains from sales or exchanges by us of United States real property interests). Also, the branch profits tax will not apply to such a distribution. We expect that our common stock will be “regularly traded” on an established securities exchange.

Although the law is not clear on the matter, it appears that amounts we designate as undistributed capital gains in respect of the stock held by U.S. holders generally should be treated with respect to non-U.S. holders in the same manner as actual distributions by us of capital gain dividends. Under that approach, the non-U.S. holders would be able to offset as a credit against their U.S. federal income tax liability resulting therefrom their proportionate share of the tax paid by us on the undistributed capital gains, and to receive from the IRS a refund to the extent that their proportionate share of this tax paid by us were to exceed their actual U.S. federal income tax liability. If we were to designate a portion of our net capital gain as undistributed capital gain, a non-U.S. stockholder is urged to consult its tax advisor regarding the taxation of such undistributed capital gain.

Sales of Our Common Stock. Gain recognized by a non-U.S. holder upon the sale or exchange of our stock generally would not be subject to U.S. taxation unless:

- the investment in our common stock is effectively connected with the non-U.S. holder’s U.S. trade or business, in which case the non-U.S. holder will be subject to the same treatment as domestic holders with respect to any gain;
- the non-U.S. holder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year and has a tax home in the United States, in which case the nonresident alien individual will be subject to a 30% tax on the individual’s net capital gains for the taxable year; or
- our common stock constitutes a United States real property interest within the meaning of FIRPTA, as described below.

Our common stock will constitute a United States real property interest unless we are a “domestically controlled qualified investment entity” within the meaning of Section 897(h) of the Code (a “domestically controlled REIT”). We are and will be a domestically controlled REIT if, at all times during a specified testing period, less than 50% in value of our stock is held directly or indirectly by non-U.S. holders.

As described above, our charter will contain restrictions designed to protect our status as a domestically controlled REIT, and we believe that we will be and will remain a domestically controlled REIT, and that a sale of our common stock should not be subject to taxation under FIRPTA. However, because our stock is publicly

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traded no assurance can be given that we are or will be a domestically controlled REIT at any time. Even if we were not a domestically controlled REIT, a sale of common stock by a non-U.S. holder would nevertheless not be subject to taxation under FIRPTA as a sale of a United States real property interest if

- our common stock were “regularly traded” on an established securities market within the meaning of applicable Treasury regulations; and
- the non-U.S. holder did not actually, or constructively under specified attribution rules under the Code, own more than 10% of our common stock at any time during the shorter of the five-year period preceding the disposition or the holder’s holding period.

We expect that our common stock will be regularly traded on an established securities market. If gain on the sale or exchange of our common stock were subject to taxation under FIRPTA, the non-U.S. holder would be subject to regular U.S. federal income tax with respect to any gain in the same manner as a taxable U.S. holder, subject to any applicable alternative minimum tax and special alternative minimum tax in the case of nonresident alien individuals. In such case, under FIRPTA the purchaser of common stock may be required to withhold 15% of the purchase price and remit this amount to the IRS. In addition, distributions that are treated as gain from the disposition of common stock and are subject to tax under FIRPTA also may be subject to a 30% branch profits tax when made to a corporate non-U.S. holder that is not entitled to a treaty exemption.

U.S. Federal Income Tax Returns . If a non-U.S. holder is subject to taxation under FIRPTA on proceeds from the sale of our common stock or on capital gain distributions, the non-U.S. holder will be required to file a U.S. federal income tax return. Prospective non-U.S. holders are urged to consult their tax advisors to determine the impact of U.S. federal, state, local and foreign income tax laws on their ownership of our common stock, including any reporting requirements.

Taxation of Tax-Exempt Holders of Our Common Stock

Provided that a tax-exempt holder has not held its common stock as “debt-financed property” within the meaning of the Code, the dividend income from us generally will not be unrelated business taxable income, referred to as UBTI, to a tax-exempt holder. Similarly, income from the sale of our common stock will not constitute UBTI unless the tax-exempt holder has held its common stock as debt-financed property within the meaning of the Code or holds the stock primarily for sale to customers in the ordinary course of a trade or business.

Further, for a tax-exempt holder that is a social club, voluntary employee benefit association, supplemental unemployment benefit trust or qualified group legal services plan exempt from U.S. federal income taxation under Sections 501(c)(7), (c)(9), (c)(17) and (c)(20) of the Code, respectively, or a single parent title-holding corporation exempt under Section 501(c)(2) the income of which is payable to any of the aforementioned tax-exempt organizations, income from an investment in our common stock will constitute UBTI unless the organization properly sets aside or reserves such amounts for purposes specified in the Code. These tax-exempt holders should consult their own tax advisors concerning these “set aside” and reserve requirements.

Notwithstanding the above, however, a portion of the dividends paid by a “pension-held REIT” are treated as UBTI as to any trust which is described in Section 401(a) of the Code, is tax-exempt under Section 501(a) of the Code, and holds more than 10%, by value, of the interests in the REIT. Tax-exempt pension funds that are described in Section 401(a) of the Code are referred to below as “pension trusts.”

A REIT is a “pension-held REIT” if it meets the following two tests:

- it would not have qualified as a REIT but for Section 856(h)(3) of the Code, which provides that stock owned by pension trusts will be treated, for purposes of determining whether the REIT is closely held, as owned by the beneficiaries of the trust rather than by the trust itself; and
- either (i) at least one pension trust holds more than 25% of the value of the interests in the REIT, or (ii) a group of pension trusts each individually holding more than 10% of the value of the REIT’s stock, collectively owns more than 50% of the value of the REIT’s stock.

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The percentage of any REIT dividend from a “pension-held REIT” that is treated as UBTI is equal to the ratio of the UBTI earned by the REIT, treating the REIT as if it were a pension trust and therefore subject to tax on UBTI, to the total gross income of the REIT. An exception applies where the percentage is less than 5% for any year, in which case none of the dividends would be treated as UBTI. The provisions requiring pension trusts to treat a portion of REIT distributions as UBTI will not apply if the REIT is not a “pension-held REIT” (e.g., if the REIT is able to satisfy the “not closely held requirement” without relying on the “look through” exception with respect to pension trusts).

Backup Withholding Tax and Information Reporting

U.S. Holders of Common Stock. In general, information reporting requirements will apply to payments of dividends and interest on and payments of the proceeds of the sale of our common stock held by U.S. holders, unless an exception applies. The payor is required to withhold tax on such payments if (i) the payee fails to furnish a taxpayer identification number, or TIN, to the payor or to establish an exemption from backup withholding, or (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect. In addition, a payor of the dividends or interest on our common stock is required to withhold tax if (i) there has been a notified payee under-reporting with respect to interest, dividends or original issue discount described in Section 3406(c) of the Code, or (ii) there has been a failure of the payee to certify under the penalty of perjury that the payee is not subject to backup withholding under the Code. A U.S. holder that does not provide us with a correct TIN may also be subject to penalties imposed by the IRS. In addition, we may be required to withhold a portion of capital gain distributions to any U.S. holders who fail to certify their U.S. status to us. Some U.S. holders of our common stock, including corporations, may be exempt from backup withholding. Any amounts withheld under the backup withholding rules from a payment to a stockholder will be allowed as a credit against the stockholder’s U.S. federal income tax and may entitle the stockholder to a refund, provided that the required information is timely furnished to the IRS. The payor will be required to furnish annually to the IRS and to holders of our common stock information relating to the amount of dividends and interest paid on our common stock, and that information reporting may also apply to payments of proceeds from the sale of our common stock. Some holders, including corporations, financial institutions and certain tax-exempt organizations, are generally not subject to information reporting.

Non-U.S. Holders of Our Common Stock. Generally, information reporting will apply to payments of interest and dividends on our common stock to a non-U.S. holder, and backup withholding described above for a U.S. holder will apply, unless the payee certifies that it is not a U.S. person or otherwise establishes an exemption.

The payment of the proceeds from the disposition of our common stock to or through the U.S. office of a U.S. or foreign broker by a non-U.S. holder will be subject to information reporting and backup withholding as described above for U.S. holders unless the non-U.S. holder satisfies the requirements necessary to be an exempt non-U.S. holder or otherwise qualifies for an exemption. The proceeds of a disposition by a non-U.S. holder of our common stock to or through a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, if the broker is a U.S. person, a controlled foreign corporation for U.S. tax purposes, a foreign person 50% or more of whose gross income from all sources for specified periods is from activities that are effectively connected with a U.S. trade or business, a foreign partnership if partners who hold more than 50% of the interest in the partnership are U.S. persons, or a foreign partnership that is engaged in the conduct of a trade or business in the United States, then information reporting generally will apply as though the payment was made through a U.S. office of a U.S. or foreign broker.

Applicable Treasury regulations provide presumptions regarding the status of a holder of our common stock when payments to such holder cannot be reliably associated with appropriate documentation provided to the payer. Because the application of these Treasury regulations varies depending on the stockholder’s particular circumstances, you are advised to consult your tax advisor regarding the information reporting requirements applicable to you.

Legislative or Other Actions Affecting REITs

The present U.S. federal income tax treatment of REITs may be modified, possibly with retroactive effect, by legislative, judicial or administrative action at any time. The REIT rules are constantly under review by persons involved in the legislative process and by the IRS and the Treasury which may result in statutory changes as well as revisions to regulations and interpretations. Changes to the U.S. federal tax laws and interpretations thereof could adversely affect an investment in our common stock.

State and Local Taxes

We and our stockholders may be subject to state or local taxation in various state or local jurisdictions, including those in which we or they transact business or reside. Our state and local tax treatment and that of our stockholders may not conform to the U.S. federal income tax treatment discussed above. Consequently, prospective stockholders should consult their own tax advisors regarding the effect of state and local tax laws on an investment in our common stock.

Tax Shelter Reporting

If a stockholder recognizes a loss with respect to stock of \$2 million or more for an individual stockholder or \$10 million or more for a corporate stockholder, the stockholder must file a disclosure statement with the IRS on Form 8886. Direct stockholders of portfolio securities are in many cases exempt from this reporting requirement, but stockholders of a REIT currently are not excepted. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer's treatment of the loss is proper. Stockholders should consult their tax advisors to determine the applicability of these regulations in light of their individual circumstances.

Additional FATCA Withholding Requirements

Under Section 1471 through 1474 of the Code (such Sections commonly referred to as "FATCA"), a 30% U.S. federal withholding tax may apply to any dividends paid on our common stock, and, for a disposition of our common stock occurring after December 31, 2018, the gross proceeds from such disposition, in each case paid to (i) a "foreign financial institution" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) its compliance (or deemed compliance) with FATCA (which may alternatively be in the form of compliance with an intergovernmental agreement with the United States) in a manner that avoids withholding, or (ii) a "non-financial foreign entity" (as specifically defined in the Code) which does not provide sufficient documentation, typically on IRS Form W-8BEN-E, evidencing either (x) an exemption from FATCA, or (y) adequate information regarding certain substantial U.S. beneficial owners of such entity (if any). If a dividend payment is both subject to withholding under FATCA and subject to withholding tax discussed above, the withholding under FATCA may be credited against, and therefore reduce, such other withholding tax. Non-U.S. holders should consult their tax advisors to determine the applicability of this legislation in light of their individual circumstances.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of our common stock by employee benefit plans that are subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of the Code or ERISA (collectively, “Similar Laws”), and entities whose underlying assets are considered to include “plan assets” of any such plan, account or arrangement (each, a “Plan”).

Prohibited Transaction Issues

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are “parties in interest,” within the meaning of ERISA, or “disqualified persons,” within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engaged in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code.

The acquisition of our common stock by an ERISA Plan with respect to which we are considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor has issued prohibited transaction class exemptions, or “PTCEs,” that may apply to the acquisition and holding of our common stock. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. Each of the above-noted exemptions contains conditions and limitations on its application. Fiduciaries of ERISA Plans considering acquiring our common stock in reliance of these or any other exemption should carefully review the exemption to assure it is applicable. There can be no assurance that all of the conditions of any such exemptions will be satisfied.

Plan Asset Issues

ERISA and the regulations (the “Plan Asset Regulations”) promulgated under ERISA by the DOL generally provide that when an ERISA Plan acquires an equity interest in an entity that is neither a “publicly-offered security” nor a security issued by an investment company registered under the Investment Company Act, the ERISA Plan’s assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that less than 25% of the total value of each class of equity interest in the entity is held by “benefit plan investors” as defined in Section 3(42) of ERISA or that the entity is an “operating company,” as defined in the Plan Asset Regulations. Although no assurances can be given, it is anticipated that our common stock will qualify for the exemption for a “publicly-offered security.”

For purposes of the Plan Asset Regulations, a “publicly offered security” is a security that is (a) “freely transferable,” (b) part of a class of securities that is “widely held,” and (c) (i) sold to the ERISA Plan as part of an offering of securities to the public pursuant to an effective registration statement under the Securities Act and the class of securities to which such security is a part is registered under the Exchange Act within 120 days after the end of the fiscal year of the issuer during which the offering of such securities to the public has occurred, or (ii) is part of a class of securities that is registered under Section 12 of the Exchange Act. We intend to effect such a registration under the Securities Act and the Exchange Act. The Plan Asset Regulations provide that a security is “widely held” only if it is part of a class of securities that is owned by 100 or more investors independent of the

issuer and one another. A security will not fail to be “widely held” because the number of independent investors falls below 100 subsequent to the initial offering thereof as a result of events beyond the control of the issuer. The Plan Asset Regulations provide that whether a security is “freely transferable” is a factual question to be determined on the basis of all the relevant facts and circumstances. It is anticipated that our common stock will be “widely held” and will be “freely transferable,” each within the meaning of the Plan Asset Regulations, although no assurance can be given in this regard.

Plan Asset Consequences

If our assets were deemed to be “plan assets” under ERISA, this would result, among other things, in (i) the application of the prudence and other fiduciary responsibility standards of ERISA to investments made by us, and (ii) the possibility that certain transactions in which we might seek to engage could constitute “prohibited transactions” under ERISA and the Code.

Because of the foregoing, our common stock should not be purchased or held by any person investing “plan assets” of any Plan, unless such purchase and holding will not constitute a non-exempt prohibited transaction under ERISA and the Code or similar violation of any applicable Similar Laws.

Accordingly, by acceptance of our common stock, each purchaser and subsequent transferee of our common stock will be deemed to have represented and warranted that either (i) no portion of the assets used by such purchaser or transferee to acquire and hold our common stock constitutes assets of any Plan or (ii) the purchase and holding of our common stock by such purchaser or transferee will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or similar violation under any applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing our common stock on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding of our common stock.

UNDERWRITING

Deutsche Bank Securities Inc. and J.P. Morgan Securities LLC are acting as representatives of each of the underwriters named below. Subject to the terms and conditions of the underwriting agreement, the underwriters named below have severally agreed to purchase from us the following respective number of shares of common stock at a public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus:

Underwriter	Number of Shares
Deutsche Bank Securities Inc.	
J.P. Morgan Securities LLC	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Goldman, Sachs & Co.	
Wells Fargo Securities, LLC	
Credit Suisse Securities (USA) LLC	
Morgan Stanley & Co. LLC	
RBC Capital Markets, LLC	
Blackstone Advisory Partners L.P.	
BTIG, LLC	
Evercore Group L.L.C.	
FBR Capital Markets & Co.	
JMP Securities LLC	
Keefe, Bruyette & Woods, Inc.	
Raymond James & Associates, Inc.	
Siebert Cisneros Shank & Co., L.L.C.	
Zelman Partners LLC	
Total	

The underwriting agreement provides that the underwriters' obligation to purchase shares of common stock depends on the satisfaction of the conditions contained in the underwriting agreement including:

- the obligation to purchase all of the shares of common stock offered hereby (other than those shares of common stock covered by their option to purchase additional shares as described below), if any of the shares are purchased;
- the representations and warranties made by us to the underwriters are true;
- there is no material change in our business or the financial markets; and
- we deliver customary closing documents to the underwriters.

The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

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Commissions and Expenses

The following table summarizes the underwriting discounts and commissions we will pay to the underwriters. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares. The underwriting fee is the difference between the initial offering price to the public and the amount the underwriters pay us for the shares.

	Per Share		Total	
	No Exercise	Full Exercise	No Exercise	Full Exercise
Public offering price	\$	\$	\$	\$
Underwriting discounts and commissions paid by us				

The representatives of the underwriters have advised us that the underwriters propose to offer the shares of common stock directly to the public at the public offering price on the cover of this prospectus and to selected dealers, which may include the underwriters, at such offering price less a selling concession not in excess of \$ per share. After this offering, the representatives may change the offering price and other selling terms. Sales of shares made outside of the United States may be made by affiliates of the underwriters.

The expenses of this offering that are payable by us are estimated to be approximately \$ million (excluding underwriting discounts and commissions), including up to \$ in connection with the qualification of this offering with the Financial Industry Regulatory Authority, Inc. ("FINRA") by counsel to the underwriters.

Option to Purchase Additional Shares

We have granted the underwriters an option exercisable for 30 days after the date of this prospectus, to purchase, from time to time, in whole or in part, up to an aggregate of shares at the public offering price less underwriting discounts and commissions. To the extent the underwriters exercise this option, each underwriter will be committed, so long as the conditions of the underwriting agreement are satisfied, to purchase a number of additional shares of common stock proportionate to that underwriter's initial commitment as indicated in the preceding table, and we will be obligated to sell the additional shares of common stock to the underwriters.

Directed Share Program

At our request, the underwriters have reserved for sale, at the initial public offering price, up to 1% of the shares offered by this prospectus for sale to some of our directors, officers, employees and related persons. If these persons purchase reserved shares, this will reduce the number of shares available for sale to the general public. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus.

No Sales of Similar Securities

We and our directors and executive officers and our pre-IPO owners holding substantially all of the shares of our common stock outstanding immediately prior to this offering have agreed not to sell or transfer any common stock or securities convertible into, exchangeable for, exercisable for, or repayable with common stock, for 180 days after the date of this prospectus without first obtaining the written consent of Deutsche Bank Securities Inc. and J.P. Morgan Securities LLC. Specifically, we and these other persons have agreed, with certain limited exceptions, not to offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any common stock, or any options or warrants to purchase any common stock, or any securities convertible into, exchangeable for or that represent the right to receive common stock, whether now owned or hereinafter acquired, owned directly by us or these other persons (including holding as a custodian) or with respect to which we or such other persons has beneficial ownership within the rules and regulations of the SEC. We and such other persons have agreed that these restrictions expressly preclude us and such other persons from engaging in any hedging or other

transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of our or such other persons' common stock if such common stock would be disposed of by someone other than us or such other persons. Prohibited hedging or other transactions include any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of our or such other persons' common stock or with respect to any security that includes, relates to, or derives any significant part of its value from such common stock.

Offering Price Determination

Prior to this offering, there was no public market for our common stock. The initial public offering price was negotiated between us and the representatives. In determining the initial public offering price of our common stock, the representatives considered:

- the history and prospects for the industry in which we compete;
- our financial information;
- the ability of our management, present stage of development and our business potential and earning prospects;
- the prevailing securities markets at the time of this offering; and
- the recent market prices of, and the demand for, publicly traded shares of generally comparable companies.

Indemnification

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act and to contribute to payments that the underwriters may be required to make for these liabilities.

Stabilization, Short Positions and Penalty Bids

The underwriters may engage in stabilizing transactions, short sales and purchases to cover positions created by short sales, and penalty bids or purchases for the purpose of pegging, fixing or maintaining the price of our common stock, in accordance with Regulation M under the Exchange Act.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- A short position involves a sale by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase in this offering, which creates the syndicate short position. This short position may be either a covered short position or a naked short position. In a covered short position, the number of shares involved in the sales made by the underwriters in excess of the number of shares they are obligated to purchase is not greater than the number of shares that they may purchase by exercising their option to purchase additional shares. In a naked short position, the number of shares involved is greater than the number of shares in their option to purchase additional shares. The underwriters may close out any short position by either exercising their option to purchase additional shares, in whole or in part, and/or purchasing shares in the open market. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through their option to purchase additional shares. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in this offering.
- Syndicate covering transactions involve purchases of our common stock in the open market after the distribution has been completed in order to cover syndicate short positions.

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- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the NYSE or otherwise and, if commenced, may be discontinued at any time.

Neither we nor any of the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor any of the underwriters make any representation that the underwriters will engage in these stabilizing transactions or that any transaction, once commenced, will not be discontinued without notice.

Electronic Distribution

In connection with this offering, certain of the underwriters or securities dealers may distribute prospectuses by electronic means, such as e-mail. In addition, certain of the underwriters may facilitate Internet distribution for this offering to certain of its Internet subscription customers. Such underwriters may allocate a limited number of shares for sale to their online brokerage customers. A prospectus in electronic format is being made available on Internet web sites maintained by one or more of the bookrunners of this offering and may be made available on web sites maintained by other underwriters. Other than the prospectus in electronic format, the information on any underwriter's web site and any information contained in any other web site maintained by an underwriter is not part of the prospectus or the registration statement of which the prospectus forms a part.

Listing

We intend to apply to list our common stock on the NYSE under the symbol "INVH."

Discretionary Sales

The underwriters have informed us that they do not intend to confirm sales to discretionary accounts that exceed 5% of the total number of shares offered by them.

Stamp Taxes

Purchasers of the shares of our common stock offered in this prospectus may be required to pay stamp taxes and other charges under the laws and practices of the country of purchase, in addition to the offering price listed on the cover page of this prospectus. Accordingly, we urge you to consult a tax advisor with respect to whether you may be required to pay those taxes or charges, as well as any other tax consequences that may arise under the laws of the country of purchase.

Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory and investment banking services for us, for which they may receive customary fees and expenses. An affiliate of Deutsche Bank Securities Inc. is a lender and an affiliate of Wells Fargo Securities, LLC is calculation agent, paying agent and securities intermediary under the IH1 2015, IH2 2015, IH3 2013, IH4 2014, IH5 2014 and IH6 2016 credit facilities with certain of our affiliates. In addition, an affiliate of J.P. Morgan Securities LLC is a lender under the IH3 2013 and IH5 2014 credit facilities with certain of our affiliates, an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated is a lender under the IH6 2016 credit facility with certain of our affiliates, an affiliate of Goldman, Sachs & Co. is a lender under the IH4

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2014 and IH5 2014 credit facilities with certain of our affiliates and an affiliate of Wells Fargo Securities, LLC is a lender under the IH2 2015 credit facility with certain of our affiliates. Affiliates of Deutsche Bank Securities Inc. were also the lenders under the IH1 2013-1, IH1 2014-1, IH1 2014-2 and IH1 2014-3 mortgage loans with certain of our affiliates, and an affiliate of J.P. Morgan Securities LLC was the lender under the IH2 2015-1, IH2 2015-2 and IH2 2015-3 mortgage loans with certain of our affiliates. In addition, Deutsche Bank Securities Inc., J.P. Morgan Securities LLC and Credit Suisse Securities (USA) LLC or their affiliates acted as placement agents in connection with the securitization transactions with respect to the IH1 2013-1 and IH1 2014-1 mortgage loans, and Deutsche Bank Securities Inc., J.P. Morgan Securities LLC, Wells Fargo Securities, LLC, Goldman, Sachs & Co. and Credit Suisse Securities (USA) LLC or their affiliates acted as placement agents in connection with the securitization transactions with respect to the IH1 2014-2, IH1 2014-3, IH2 2015-1 and IH2 2015-2 mortgage loans. J.P. Morgan Securities LLC or an affiliate also acted as placement agent in connection with the securitization transaction with respect to the IH2 2015-3 mortgage loan and Morgan Stanley & Co. LLC or an affiliate acted as placement agent in connection with the securitization transactions with respect to the IH1 2014-2 and IH1 2014-3 mortgage loans. In connection with such loans and securitization transactions, Deutsche Bank Securities Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Goldman, Sachs & Co. and Wells Fargo Securities, LLC or their affiliates have received customary fees.

Affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated, Deutsche Bank Securities Inc., J.P. Morgan Securities LLC, Goldman, Sachs & Co., Wells Fargo Securities, LLC, Credit Suisse Securities (USA) LLC, Morgan Stanley & Co. LLC and RBC Capital Markets, LLC will be lenders under the New Credit Facility that we expect our Operating Partnership to enter into concurrently with or prior to the completion of this offering and will receive customary fees. In addition, we entered into interest swap agreements with affiliates of Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC on December 21, 2016 as more fully described in this prospectus. Finally, Blackstone Advisory Partners L.P., one of the underwriters, is an affiliate of our Sponsor.

In addition, in the ordinary course of business, the underwriters and their respective affiliates may make or hold a broad array of investments including serving as counterparties to certain derivative and hedging arrangements and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. The underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to this offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Notice to Prospective Investors in Canada

The shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*. Any resale of the shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation,

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provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 *Underwriting Conflicts* (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area (each, a "Relevant Member State"), no offer of shares may be made to the public in that Relevant Member State other than:

- A. to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- B. to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives; or
- C. in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares shall require the Company or the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person in a Relevant Member State who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive. In the case of any shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

The Company, the representatives and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

This prospectus has been prepared on the basis that any offer of shares in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of shares. Accordingly any person making or intending to make an offer in that Relevant Member State of shares which are the subject of this offering contemplated in this prospectus may only do so in circumstances in which no obligation arises for the Company or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the Company nor the underwriters have authorized, nor do they authorize, the making of any offer of shares in circumstances in which an obligation arises for the Company or the underwriters to publish a prospectus for such offer.

For the purpose of the above provisions, the expression "an offer to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Notice to Prospective Investors in the United Kingdom

In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are “qualified investors” (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”) and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”).

Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this document relates to may be made or taken exclusively by relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in the Dubai International Financial Centre (“DIFC”)

This document relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority (“DFSA”). This document is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for this document. The securities to which this document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this document you should consult an authorized financial advisor.

In relation to its use in the DIFC, this document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

Notice to Prospective Investors in the United Arab Emirates

The shares have not been, and are not being, publicly offered, sold, promoted or advertised in the United Arab Emirates (including the Dubai International Financial Centre) other than in compliance with the laws of the United Arab Emirates (and the Dubai International Financial Centre) governing the issue, offering and sale of securities. Further, this prospectus does not constitute a public offer of securities in the United Arab Emirates (including the Dubai International Financial Centre) and is not intended to be a public offer. This prospectus has not been approved by or filed with the Central Bank of the United Arab Emirates, the Securities and Commodities Authority or the Dubai Financial Services Authority.

Notice to Prospective Investors in Australia

This prospectus:

- does not constitute a disclosure document under Chapter 6D.2 of the Corporations Act 2001 (Cth) (the “Corporations Act”);
- has not been, and will not be, lodged with the Australian Securities and Investments Commission (“ASIC”), as a disclosure document for the purposes of the Corporations Act and does not purport to

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include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act; and

- may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors, or Exempt Investors, available under section 708 of the Corporations Act.

The shares may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the shares may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any shares may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the shares, you represent and warrant to us that you are an Exempt Investor.

As any offer of shares under this document will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the shares you undertake to us that you will not, for a period of 12 months from the date of issue of the shares, offer, transfer, assign or otherwise alienate those securities to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Notice to Prospective Investors in Japan

The shares have not been and will not be registered under the Financial Instruments and Exchange Act. Accordingly, the shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to Prospective Investors in Hong Kong

The shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation or document relating to the shares has been or may be issued or has been or may be in the possession of any person for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Notice to Prospective Investors in Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or

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indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore

Notice to Prospective Investors in Bermuda

Shares may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 of Bermuda which regulates the sale of securities in Bermuda. Additionally, non-Bermudian persons (including companies) may not carry on or engage in any trade or business in Bermuda unless such persons are permitted to do so under applicable Bermuda legislation.

Notice to Prospective Investors in Saudi Arabia

This document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations as issued by the board of the Saudi Arabian Capital Market Authority (“CMA”) pursuant to resolution number 2-11-2004 dated 4 October 2004 as amended by resolution number 1-28-2008, as amended (the “CMA Regulations”). The CMA does not make any representation as to the accuracy or completeness of this document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorised financial adviser.

Notice to Prospective Investors in the British Virgin Islands

The shares are not being, and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by or on behalf of the Company. The shares may be offered to companies incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands) (“BVI Companies”), but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands.

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This prospectus has not been, and will not be, registered with the Financial Services Commission of the British Virgin Islands. No registered prospectus has been or will be prepared in respect of the shares for the purposes of the Securities and Investment Business Act, 2010 (“SIBA”) or the Public Issuers Code of the British Virgin Islands.

The shares may be offered to persons located in the British Virgin Islands who are “qualified investors” for the purposes of SIBA. Qualified investors include (i) certain entities which are regulated by the Financial Services Commission in the British Virgin Islands, including banks, insurance companies, licensees under SIBA and public, professional and private mutual funds; (ii) a company, any securities of which are listed on a recognized exchange; and (iii) persons defined as “professional investors” under SIBA, which is any person (a) whose ordinary business involves, whether for that person’s own account or the account of others, the acquisition or disposal of property of the same kind as the property, or a substantial part of the property of the Company; or (b) who has signed a declaration that he, whether individually or jointly with his spouse, has net worth in excess of US\$1,000,000 and that he consents to being treated as a professional investor.

Notice to Prospective Investors in China

This prospectus does not constitute a public offer of the shares, whether by sale or subscription, in the People’s Republic of China (the “PRC”). The shares is not being offered or sold directly or indirectly in the PRC to or for the benefit of, legal or natural persons of the PRC.

Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the shares or any beneficial interest therein without obtaining all prior PRC’s governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of this document are required by the issuer and its representatives to observe these restrictions.

Notice to Prospective Investors in Korea

The shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the “FSCMA”), and the shares have been and will be offered in Korea as a private placement under the FSCMA. None of the shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the “FETL”). The shares have not been listed on any of securities exchanges in the world including, without limitation, the Korea Exchange in Korea. Furthermore, the purchaser of the shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the shares. By the purchase of the shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the shares pursuant to the applicable laws and regulations of Korea.

Notice to Prospective Investors in Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the shares has been or will be registered with the Securities Commission of Malaysia (“Commission”) for the Commission’s approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than: (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services License; (iii) a person who acquires the shares, as principal, if the offer is on terms that the shares may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose

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total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities. The distribution in Malaysia of this prospectus is subject to Malaysian laws. This prospectus does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Notice to Prospective Investors in Taiwan

The shares have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorised to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the shares in Taiwan.

Notice to Prospective Investors in South Africa

Due to restrictions under the securities laws of South Africa, the shares are not offered, and the Offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions applies:

- (i) the offer, transfer, sale, renunciation or delivery is to duly registered banks, mutual banks, financial services provider, financial institution, the Public Investment Corporation (in each case registered as such in South Africa), a person who deals with securities in their ordinary course of business, or a wholly owned subsidiary of a bank, mutual bank, authorised services provider or financial institution, acting as agent in the capacity of an authorised portfolio manager for a pension fund (duly registered in South Africa), or as manager for a collective investment scheme (registered in South Africa); or
- (ii) the contemplated acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than R1,000,000.

This document does not, nor is it intended to, constitute an “offer to the public” (as that term is defined in the South African Companies Act, 2008 (the “SA Companies Act”)) and does not, nor is it intended to, constitute a prospectus prepared and registered under the SA Companies Act. This document is not an “offer to the public” and must not be acted on or relied on by persons who do not fall within Section 96(1)(a) of the SA Companies Act (such persons being referred to as “relevant persons”). Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

LEGAL MATTERS

Certain legal and tax matters will be passed upon for us by Simpson Thacher & Bartlett LLP, New York, New York. Certain legal matters will be passed upon for the underwriters by Goodwin Procter LLP, New York, New York. Venable LLP, Baltimore, Maryland will issue an opinion to us regarding certain matters of Maryland law, including the validity of the common stock offered hereby. An investment vehicle comprised of selected partners of Simpson Thacher & Bartlett LLP, members of their families, related persons and others owns an interest representing less than 1% of the capital commitments of funds affiliated with The Blackstone Group L.P.

EXPERTS

The balance sheet of Invitation Homes Inc. as of October 4, 2016 included in this prospectus has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing herein. Such balance sheet has been included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The combined and consolidated financial statements as of December 31, 2015 and 2014, and for each of the two years in the period ended December 31, 2015, included in this prospectus and the related financial statement schedule included elsewhere in the registration statement have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports appearing herein and elsewhere in the registration statement. Such financial statements and financial statement schedule have been so included in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

Unless otherwise indicated, all economic and demographic data and forecasts included in this prospectus, including information relating to the historical and forecasted economic and demographic conditions in our markets contained in the sections of this prospectus captioned “Summary,” “Industry Overview” and “Business,” are derived from a market study prepared for us by JBREC, and are included in this prospectus in reliance on JBREC’s authority as an expert in such matters.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-11 under the Securities Act with respect to the shares of common stock offered by this prospectus. This prospectus, filed as part of the registration statement, does not contain all of the information set forth in the registration statement and its exhibits and schedules, portions of which have been omitted as permitted by the rules and regulations of the SEC. For further information about us and our common stock, we refer you to the registration statement and to its exhibits and schedules. Statements in this prospectus about the contents of any contract, agreement or other document are not necessarily complete and in each instance we refer you to the copy of such contract, agreement or document filed as an exhibit to the registration statement. Anyone may inspect the registration statement and its exhibits and schedules without charge at the public reference facilities the SEC maintains at 100 F Street, N.E., Washington, D.C. 20549. You may obtain copies of all or any part of these materials from the SEC upon the payment of certain fees prescribed by the SEC. You may obtain further information about the operation of the SEC’s Public Reference Room by calling the SEC at 1-800-SEC-0330. You may also inspect these reports and other information without charge at a website maintained by the SEC. The address of this site is <http://www.sec.gov>.

Upon completion of this offering, we will become subject to the informational requirements of the Exchange Act and will be required to file reports and other information with the SEC. You will be able to inspect and copy these reports and other information at the public reference facilities maintained by the SEC at the address noted above. You also will be able to obtain copies of this material from the Public Reference Room of the SEC as described above, or inspect them without charge at the SEC’s website. We intend to make available to our common stockholders annual reports containing consolidated financial statements audited by an independent registered public accounting firm.

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Invitation Homes Combined and Consolidated Financial Statements as of December 31, 2015 and 2014 and for the years ended December 31, 2015 and 2014

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Invitation Homes Inc.
Dallas, Texas

We have audited the accompanying balance sheet of Invitation Homes Inc. (the "Company"), as of October 4, 2016. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such balance sheet presents fairly, in all material respects, the financial position of Invitation Homes Inc. at October 4, 2016 in conformity with accounting principles generally accepted in the United States of America.

/s/ Deloitte & Touche LLP

Dallas, Texas
November 23, 2016

INVITATION HOMES INC.
BALANCE SHEET
As of October 4, 2016

Assets:	
Cash	\$ 1
Total assets	\$ 1
Liabilities	
Stockholder's equity:	
Common stock, par value \$0.01 per share, 1,000 shares authorized, 100 shares issued and outstanding	\$ 1
Additional paid-in capital	—
Total liabilities and stockholder's equity	\$ 1

The accompanying notes are an integral part of this balance sheet.

**INVITATION HOMES INC.
NOTES TO BALANCE SHEET**

Note 1—Organization

Invitation Homes Inc. (the “Company”) was incorporated in the State of Delaware on October 4, 2016 and capitalized on October 4, 2016. Under the Certificate of Incorporation, the Company is authorized to issue up to 1,000 shares of common stock, par value \$0.01 per share. The Company has not engaged in any business or other activities. The Company intends to conduct an initial public offering (“IPO”) of common stock. If the IPO is successful, the Company will initially own a portfolio of nearly 50,000 single-family rental properties.

The Company intends to qualify as a real estate investment trust (“REIT”) under the Internal Revenue Code of 1986, as amended. The Company will generally not be subject to federal income tax to the extent that it distributes at least 90% of its taxable income for each year to its shareholders. REITs are additionally subject to a number of organizational and operational requirements.

If the Company fails to qualify as a REIT in any taxable year, the Company will be subject to federal income tax (including any applicable alternative minimum tax) on its taxable income and to federal income and excise taxes on its undistributed income.

Note 2—Summary Of Significant Accounting Policies

The accompanying balance sheet has been prepared in accordance with accounting principles generally accepted (“GAAP”) in the United States. Separate statements of operations, comprehensive income, stockholder’s equity and of cash flows have not been presented because there have been no activities of this entity.

Use of Estimates

The preparation of the accompanying balance sheet in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the balance sheet. These estimates are inherently subjective in nature and actual results could differ from those estimates.

Organizational Costs and Offering Expenses

Through October 31, 2016, \$6.8 million of costs and expenses have been incurred in connection with our potential IPO. These costs and expenses have been paid on our behalf by affiliates of our sole stockholder (see Note 3). When recorded in the Company’s financial statements, organizational expenses will be expensed as incurred, and direct offering costs associated with the IPO will be charged to equity.

Commitments and Contingencies

The Company is not subject to any material litigation nor to management’s knowledge is any material litigation currently threatened against the Company.

Note 3—Stockholder’s Equity

The Company is authorized to issue 1,000 shares of common stock, par value \$0.01 per share. The Company has issued 100 shares of common stock to its sole stockholder, Invitation Homes 2-A L.P., in exchange for \$1.00 cash on October 4, 2016.

Note 4—Subsequent Events

In connection with the preparation of the accompanying balance sheet as of October 4, 2016, the Company has evaluated events and transactions occurring after October 4, 2016, for potential recognition or disclosure through November 23, 2016, the date that the accompanying balance sheet was available to be issued.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and shareholders of
Invitation Homes
Dallas, TX

We have audited the accompanying combined and consolidated balance sheets of Invitation Homes and subsidiaries (the “Company”), as of December 31, 2015 and 2014, and the related combined and consolidated statements of operations, equity and cash flows for the years then ended. Our audits also included the financial statement schedule listed in the Index to Financial Statements. These financial statements and financial statement schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined and consolidated financial statements present fairly, in all material respects, the financial position of Invitation Homes and subsidiaries at December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic combined and consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Deloitte & Touche LLP

Dallas, Texas
October 17, 2016

INVITATION HOMES
COMBINED AND CONSOLIDATED BALANCE SHEETS
As of December 31, 2015 and 2014
(in thousands)

	<u>2015</u>	<u>2014</u>
Assets:		
Investments in single-family residential properties:		
Land	\$ 2,640,615	\$ 2,392,477
Building and improvements	6,955,784	6,404,231
	<u>9,596,399</u>	<u>8,796,708</u>
Less: accumulated depreciation	(543,698)	(308,155)
Investments in single-family residential properties, net	9,052,701	8,488,553
Cash and cash equivalents	274,818	285,596
Restricted cash	219,174	276,119
Amounts deposited and held by others	6,978	17,253
Other assets, net	243,307	132,132
Total assets	<u>\$ 9,796,978</u>	<u>\$ 9,199,653</u>
Liabilities:		
Credit facilities, net	\$ 2,347,741	\$ 3,390,730
Mortgage loans, net	5,264,193	2,903,238
Warehouse loans	114,023	270,675
Accounts payable and accrued expenses	82,817	92,034
Resident security deposits	81,169	71,108
Other liabilities	20,004	15,267
Total liabilities	<u>7,909,947</u>	<u>6,743,052</u>
Equity:		
Combined equity	1,887,031	2,456,601
Total equity	<u>1,887,031</u>	<u>2,456,601</u>
Total liabilities and equity	<u>\$ 9,796,978</u>	<u>\$ 9,199,653</u>

The accompanying notes are an integral part of these combined and consolidated financial statements.

INVITATION HOMES
COMBINED AND CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)

	For the Years Ended December 31,	
	2015	2014
Revenues:		
Rental revenues	\$ 800,210	\$ 631,115
Other property income	35,839	27,607
Total revenues	836,049	658,722
Operating expenses:		
Property operating and maintenance	347,962	320,658
Property management expense	39,459	62,506
General and administrative	79,428	88,177
Depreciation and amortization	250,239	215,808
Impairment and other	4,584	3,396
Total operating expenses	721,672	690,545
Operating income (loss)	114,377	(31,823)
Other income (expenses):		
Interest expense	(273,736)	(235,812)
Other	(3,121)	(1,991)
Total other income (expenses)	(276,857)	(237,803)
Loss from continuing operations	(162,480)	(269,626)
Gain (loss) on sale of property	2,272	(235)
Net loss	\$ (160,208)	\$ (269,861)

The accompanying notes are an integral part of these combined and consolidated financial statements.

INVITATION HOMES
COMBINED AND CONSOLIDATED STATEMENTS OF EQUITY
For the Years Ended December 31, 2015 and 2014
(in thousands)

	Combined Equity
Balance as of January 1, 2014	\$2,949,807
Net loss	(269,861)
Contributions	557,516
Issuance of Series A Preferred Stock	1,130
Notes receivable issued to Class B unitholders	(18,728)
Distributions and dividends	(787,471)
Series A Preferred Stock dividends	(127)
Noncash incentive compensation expense	24,335
Balance as of December 31, 2014	\$2,456,601
Net loss	(160,208)
Contributions	246,820
Note receivable issued to Class B unitholders	(1,500)
Distributions and dividends	(682,470)
Series A Preferred Stock dividends	(136)
Noncash incentive compensation expense	27,924
Balance as of December 31, 2015	\$1,887,031

The accompanying notes are an integral part of these combined and consolidated financial statements.

INVITATION HOMES
COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the Years Ended December 31,	
	2015	2014
Operating Activities:		
Net loss	\$ (160,208)	\$ (269,861)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	250,239	215,808
Noncash incentive compensation expense	27,924	24,335
Amortization of deferred leasing costs	20,003	27,258
Amortization of deferred financing costs	64,186	63,357
Amortization of discount on mortgage loans	5,663	1,209
Provision for uncollectible resident receivables	(332)	1,471
Change in fair value of interest rate caps	2,110	—
Provisions for impairment	1,448	423
(Gain) loss on sale of property	(2,272)	235
Paid in kind interest on warehouse loans	3,779	10,512
Straight-line rent	(760)	(1,643)
Changes in operating assets and liabilities:		
Restricted cash related to security deposits	(9,600)	(30,386)
Resident security deposits	10,061	30,235
Other assets, net	(18,407)	(26,105)
Accounts payable and accrued expenses	(1,097)	6,785
Other liabilities	4,737	(5,182)
Net cash provided by operating activities	<u>197,474</u>	<u>48,451</u>
Investing Activities:		
Changes in amounts deposited and held by others	10,275	22,473
Acquisition of single-family residential properties	(790,583)	(1,404,985)
Initial renovations to single-family residential properties	(111,260)	(334,142)
Other capital expenditures for single-family residential properties	(49,773)	(56,952)
Corporate capital expenditures	(2,031)	(4,011)
Proceeds from sale of residential properties	135,570	20,116
Purchases of investments in debt securities	(118,576)	(74,469)
Changes in restricted cash	66,545	(67,727)
Net cash used in investing activities	<u>(859,833)</u>	<u>(1,899,697)</u>
Financing Activities:		
Contributions	246,792	557,381
Issuance of Series A Preferred Stock	—	1,130
Notes receivable issued to Class B unitholders	(1,500)	(18,728)
Distributions and dividends	(682,470)	(787,471)
Series A Preferred Stock dividends	(136)	(127)
Purchase of interest rate caps	(2,189)	—
Proceeds from credit facilities	901,572	1,341,751
Repayments on credit facilities	(1,955,018)	(1,648,037)
Proceeds from mortgage loans	2,370,867	2,471,790
Repayments on mortgage loans	(17,964)	(4,791)
Proceeds from warehouse loans	144,698	292,000
Repayments on warehouse loans	(305,129)	(441,000)
Deferred financing costs paid	(47,942)	(58,621)
Net cash provided by financing activities	<u>651,581</u>	<u>1,705,277</u>
Change in cash and cash equivalents	(10,778)	(145,969)
Cash and cash equivalents, beginning of year	285,596	431,565
Cash and cash equivalents, end of year	<u>\$ 274,818</u>	<u>\$ 285,596</u>
Supplemental cash flow disclosures:		
Interest paid, net of amounts capitalized	\$ 203,694	\$ 163,145
Non-cash investing and financing activities:		
Accrued renovation improvements	\$ 8,582	\$ 16,077
Accrued residential property capital improvements	1,906	2,418
Accrued acquisition costs	22	120
Reclassification of deferred financing costs upon loan funding	3,398	—
Reduction of Class A subscription receivable in lieu of distribution	28	135

The accompanying notes are an integral part of these combined and consolidated financial statements.

**INVITATION HOMES
NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)**

Note 1—Organization and Formation

Invitation Homes (the “Company” or “Invitation Homes”) is a combination of six entities formed by Blackstone Real Estate Partners VII L.P. (“BREP VII”), an investment fund sponsored by The Blackstone Group L.P., along with BREP VII’s affiliated side-by-side funds and co-investment vehicles (“BREP VII and Affiliates”).

The first Invitation Homes partnership was formed on June 12, 2012, through the establishment of Invitation Homes L.P. (“IH1”) and its wholly owned subsidiary, THR Property Management L.P. (the “Manager”). Preeminent Holdings, Inc. (“IH2”) was created on February 14, 2013, Invitation Homes 3 L.P. (“IH3”) on August 8, 2013, Invitation Homes 4 L.P. (“IH4”) on January 10, 2014, Invitation Homes 5 L.P. (“IH5”) on August 22, 2014, and Invitation Homes 6 L.P. (“IH6”) on June 15, 2015 (collectively with IH1, the “Invitation Homes Partnerships”). The Company is a combination of the Invitation Homes Partnerships.

We were formed for the purpose of owning, renovating, leasing, and operating single-family residential properties. Moreover, through the Manager we provide all management and other administrative services with respect to the properties we own.

IH1 is owned by Invitation Homes GP LLC as general partner and, collectively, THR Investor LLC and certain management individuals as limited partners. IH2, a Delaware corporation, is owned by Preeminent Parent L.P. and IH2 Property Holdings Inc. IH3 is owned by Invitation Homes 3 GP LLC as general partner and, collectively, BREP IH3 Co-Investment Partners, L.P., BREP IH3 Holdings LLC, BTO IH3 Holdings L.P., Blackstone Real Estate Holdings VII—ESC L.P., and Blackstone Family Tactical Opportunities Investment Partnership ESC L.P. as limited partners. IH4 is owned by Invitation Homes 4 GP LLC as general partner and, collectively, BREP IH4 Holdings LLC, BTO IH3 Holdings L.P., Blackstone Real Estate Holdings VII—ESC L.P., and Blackstone Family Tactical Opportunities Investment Partnership ESC L.P., and certain management individuals as limited partners. IH5 is owned by Invitation Homes 5 GP LLC as general partner and, collectively, BREP IH5 Holdings LLC, Blackstone Total Alternatives Solution 2014 L.P., Blackstone Real Estate Holdings VII—ESC L.P., and certain management individuals as limited partners. IH6 is owned by Invitation Homes 6 GP LLC as general partner and BREP IH6 Holdings LLC as limited partner.

Each of the Invitation Homes Partnerships is comprised of wholly owned subsidiaries that were formed for specific operating purposes and several wholly owned subsidiaries that were formed to facilitate our financing arrangements (the “Borrower Entities”). These Borrower Entities are used to align the ownership of our single-family residential properties with individual debt instruments. Collateral for the individual debt instruments is in the form of equity interests in the Borrower Entities or in pools of single-family residential properties owned either directly by the Borrower Entities or indirectly by their wholly owned subsidiaries (see Note 4).

The Invitation Homes Partnerships are under the common control of BREP VII and Affiliates. BREP VII and Affiliates have the ability to control each of the Invitation Homes Partnerships and manage and operate the Invitation Homes Partnerships through the Manager and a common board of directors. The historical financial statements of the Invitation Homes Partnerships and their consolidated subsidiaries have been combined in these financial statements.

References to “Invitation Homes,” or the “Company,” “we,” “our,” and “us” refer, collectively, to IH1, IH2, IH3, IH4, IH5, IH6, and the Manager.

INVITATION HOMES
NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

Note 2—Significant Accounting Policies

Basis of Presentation

The accompanying combined and consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) and in conjunction with the rules and regulations of the Securities and Exchange Commission. The combined and consolidated financial statements include the accounts of the Invitation Homes Partnerships and their consolidated wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in the combined and consolidated financial statements.

The Company consolidates entities when it owns, directly or indirectly, a majority interest in the entity or is otherwise able to control the entity. The Company consolidates variable interest entities (“VIEs”) in accordance with Accounting Standards Codification (“ASC”) 810, *Consolidation*, as amended by Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2015-02, *Consolidation (Topic 810)—Amendments to the Consolidation Analysis* (“ASU 2015-02”), if it is the primary beneficiary of the VIE as determined by our power to direct the VIE’s activities and the obligation to absorb its losses or the right to receive its benefits, which are potentially significant to the VIE. A VIE is broadly defined as an entity with one or more of the following characteristics: (a) the total equity investment at risk is insufficient to finance the entity’s activities without additional subordinated financial support; (b) as a group, the holders of the equity investment at risk lack (i) the ability to make decisions about the entity’s activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; or (c) the equity investors have voting rights that are not proportional to their economic interests, and substantially all of the entity’s activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights.

Statements of comprehensive loss have not been included in these combined and consolidated financial statements due to there being no items of other comprehensive loss that would cause a difference between our net loss and our comprehensive loss.

Adoption of New Accounting Standards

The Company early adopted the provisions of ASU 2015-02 for the years ended December 31, 2015 and 2014. The amended guidance of ASU 2015-02 modifies the analysis that companies must perform in order to determine whether a legal entity should be consolidated. The amended guidance simplifies current consolidation rules by (i) reducing the number of consolidation models, (ii) reducing the circumstances in which a reporting entity may have to consolidate a legal entity solely based on a fee arrangement with another legal entity, (iii) placing more weight on the risk of loss in order to identify the party that has a controlling financial interest, (iv) reducing the number of instances that related party guidance needs to be applied when determining the party that has a controlling financial interest, and (v) changing rules for companies in certain industries that ordinarily employ limited partnership or VIE structures. The retrospective adoption of ASU 2015-02 did not have an impact on our combined and consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, *Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs* (“ASU 2015-03”), which resulted in the reclassification of debt issuance costs related to a recognized debt liability from deferred financing costs, net to a reduction of our reportable credit facilities, net and mortgage loans, net balances on our combined and consolidated balance sheets. Subsequently, the FASB issued ASU No. 2015-15, *Interest—Imputation of Interest: Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements* (“ASU 2015-15”), in August 2015 to address

INVITATION HOMES
NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

deferred issuance costs attributable to line of credit arrangements. ASU 2015-15 allows a company to defer debt issuance costs associated with line-of-credit arrangements, including arrangements with no substantial outstanding borrowings, classify them as an asset, and amortize them over the term of the arrangements. Effective January 1, 2015, we adopted ASU 2015-03 and ASU 2015-15, with full retrospective application as required by the guidance. As of December 31, 2014, this adoption resulted in \$62,771 that would have previously been included in deferred financing costs, net to be included as a reduction to mortgage loans, net in the amount of \$44,107, and to credit facilities, net in the amount of \$18,664 in the accompanying combined and consolidated balance sheets. This adoption had no impact on our net loss or cash flows provided by operations for any period presented.

Use of Estimates

The preparation of the combined and consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined and consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. These estimates are inherently subjective in nature and actual results could differ from those estimates.

Investments in Single-Family Residential Properties

Upon acquisition, we evaluate our acquired single-family residential properties for purposes of determining whether a transaction should be accounted for as an asset acquisition or business combination. In general, acquisitions of single-family residential properties with an in-place lease are treated as a business combination under ASC 805, *Business Combinations*.

Substantially all of our transactions are asset acquisitions recorded at their purchase price, and the purchase price is allocated between land and building and improvements based upon their relative fair values at the date of acquisition. The purchase price for purposes of this allocation is inclusive of acquisition costs which typically include legal fees, bidding service and title fees, payments made to cure tax, utility, homeowners' association ("HOA"), and other mechanic's and miscellaneous liens, as well as other closing costs.

Transactions determined to be business combinations are recorded at the purchase price (which approximates fair value), and the purchase price is allocated to land, building and improvements, and the in-place lease intangibles based upon their fair values at the date of acquisition. Acquisition costs are expensed in the period in which they are incurred and are reflected in other expenses in the accompanying combined and consolidated statements of operations. The fair values of acquired in-place lease intangibles are based on the costs to execute similar leases, including commissions and other related costs. The origination value of in-place lease intangibles also includes an estimate of lost rent revenue at in-place rental rates during the estimated time required to lease the property. The in-place lease intangibles are amortized over the life of the leases and are recorded in other assets, net in our combined and consolidated balance sheets (see Note 7).

Cost Capitalization

We incur costs to stabilize and prepare our acquired single-family residential properties to be rented. We capitalize these costs as a component of our investment in each single-family residential property, using specific identification and relative allocation methodologies, including renovation costs and other costs associated with activities that are directly related to preparing our properties for use as rental real estate. Other costs include interest costs, property taxes, property insurance, utilities, HOA fees, and the salaries and benefits of the Manager's employees who are directly responsible for the execution of our stabilization activities. The

INVITATION HOMES
NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

capitalization period associated with our stabilization activities begins at such time that activities commence and concludes at the time that a single-family residential property is available to be leased.

Once a property is ready for its intended use, expenditures for ordinary maintenance and repairs thereafter are expensed to operations as incurred, and we capitalize expenditures that improve or extend the life of a home and for certain furniture and fixtures additions. The determination of which costs to capitalize requires significant judgment. Accordingly, many factors are considered as part of our evaluation processes with no one factor necessarily determinative.

Depreciation

Costs capitalized in connection with single-family residential property acquisitions, stabilization activities, and on an ongoing basis are depreciated over their estimated useful lives on a straight line basis. The depreciation period commences upon the cessation of stabilization related activities or upon the completion of improvements made on an ongoing basis. For those costs capitalized in connection with residential property acquisitions and stabilization activities and those capitalized on an ongoing basis, the useful lives range from 7 years to 28.5 years.

Provisions for Impairment

We continuously evaluate, by property, whether there are any events or changes in circumstances indicating that the carrying amount of our single-family residential properties may not be recoverable. Examples of such events and changes in circumstances that we consider include significant and persistent declines in an individual property's net operating income, regional changes in home price appreciation as measured by certain independently developed indices, change in expected use of the property, significant adverse legal factors, substantive damage to the individual property as a result of natural disasters and other risks inherent in our business not covered by insurance proceeds, or a current expectation that a property will be disposed of prior to the end of its estimated useful life.

To the extent an event or change in circumstance is identified, a residential property is considered to be impaired only if its carrying value cannot be recovered through estimated future undiscounted cash flows from the use and eventual disposition of the property. Cash flow projections are prepared using internal analyses based on current rental, renewal, and occupancy rates, operating expenses, and inputs from our annual planning process that give consideration to each property's historical results, current operating trends, and current market conditions. To the extent an impairment has occurred, the carrying amount of our investment in a property is adjusted to its estimated fair value. To determine the estimated fair value, we primarily consider local broker price opinions ("BPOs"). In order to validate the BPOs received and used in our assessment of fair value of real estate, we perform an internal review to determine if an acceptable valuation approach was used to estimate fair value in compliance with guidance provided by ASC 820, *Fair Value Measurements*. Additionally, we undertake an internal review to assess the relevance and appropriateness of comparable transactions that have been used by the broker in its BPO and any adjustments to comparable transactions made by the broker in reaching its value opinion.

The process whereby we assess our single-family residential properties for impairment requires significant judgment and assessment of factors that are, at times, subject to significant uncertainty. We evaluate multiple information sources and perform a number of internal analyses, each of which are important components of our process with no one information source or analysis being necessarily determinative.

INVITATION HOMES
NOTES TO COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

Single-Family Residential Properties Held for Sale and Discontinued Operations

From time to time we may identify single-family residential properties to be sold. At the time that any such properties are identified, we perform an evaluation to determine whether or not such properties should be classified as held for sale or presented as discontinued operations in accordance with GAAP.

Factors considered as part of our held for sale evaluation process include whether the following conditions have been met: (i) we have committed to a plan to sell a property that is immediately available for sale in its present condition; (ii) an active program to locate a buyer and other actions required to complete the plan to sell a property have been initiated; (iii) the sale of a property is probable within one year (generally determined based upon the execution of a sales contract); (iv) the property is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and (v) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. To the extent that these factors are all present, we discontinue depreciating the property, measure the property at the lower of its carrying amount or its fair value less estimated costs to sell, and present the property separately within other assets, net on our combined and consolidated balance sheets.

In connection with the held for sale evaluation described above, we also perform an evaluation to determine whether the results of operations associated with such property, or properties, should be classified as discontinued operations within our combined and consolidated statements of operations. Factors considered as part of our discontinued operations evaluation process include whether a property or a group of properties that are disposed of or classified as held for sale represent a strategic shift that has or will have a major effect on our financial results. As of and for the years ended December 31, 2015 and 2014, no properties have been classified as held for sale or as discontinued operations in our combined and consolidated financial statements.

Cash and Cash Equivalents

For purposes of presentation on both the combined and consolidated balance sheets and combined and consolidated statements of cash flows, we consider financial instruments with an original maturity of three months or less to be cash and cash equivalents. Cash balances are held with a single financial institution in an amount that exceeds the Federal Deposit Insurance Corporation insurance coverage, and, as a result, there is a concentration of credit risk related to amounts on deposit. We believe any risks are mitigated through the size of the financial institution at which our cash balances are held.

Restricted Cash

Restricted cash represents cash deposited in accounts related to rent deposits and collections, security deposits, property taxes, insurance premiums and deductibles, capital expenditures, and prepayments (see Note 5). Amounts deposited in these accounts can only be used as provided for in the credit facility and mortgage loan agreements (see Note 4), and, therefore, are separately presented within our combined and consolidated balance sheets. For purposes of classification within the combined and consolidated statements of cash flows, amounts deposited in these accounts are classified as investing activities other than those related to resident security deposits, which are classified as operating activities.

Held to Maturity Investments

Investments in debt securities that the Company has a positive intent and ability to hold to maturity are classified as held-to-maturity and are presented within other assets, net on our combined and consolidated

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balance sheets (see Note 7). These investments are recorded at amortized cost. Investments are reviewed annually for declines in fair value below the amortized cost basis that are other than temporary. Interest income, including amortization of any premium or discount, are classified as other in the combined and consolidated statements of operations. For purposes of classification within the combined and consolidated statements of cash flows, amounts paid for these securities are classified as investing activities.

Deferred Financing Costs

The Company early adopted ASU 2015-03 as described within the adoption of new accounting standards section, which resulted in a change in presentation of deferred financing costs. Costs incurred in obtaining external financing are deferred and amortized over the term of the related financing arrangement as interest expense on the combined and consolidated statements of operations. Costs that are deferred are presented as a component of credit facilities, net or mortgage loans, net and include costs directly attributable to the procurement of such financing. Unamortized financing costs are charged to earnings when debt is retired before the maturity date.

Revenue Recognition and Resident Receivables

Rental revenue, net of any concessions, is recognized monthly as it is earned on a straight-line basis over the term of the lease. Other property income is recognized when earned and realized or realizable.

We maintain an allowance for doubtful accounts for estimated losses that may result from the inability of residents to make required rent or other payments. This allowance is estimated based on, among other considerations, payment histories, and overall delinquencies. The provision for doubtful accounts is recorded as a reduction of rental revenues and other property income in our combined and consolidated statements of operations.

Deferred Leasing Costs

Costs associated with leasing our single family residential properties, which consist of commissions paid to leasing agents and costs associated with evaluating a resident's financial condition, are deferred in the period in which they are incurred as a component of deferred leasing costs and are subsequently amortized over the lease term. Deferred leasing costs are included as a component of other assets, net within our combined and consolidated balance sheets and their amortization is classified as property operating and maintenance within the combined and consolidated statements of operations (see Note 7). Costs incurred in connection with our leasing activities that do not result in the execution of a lease are expensed in the period incurred.

Noncash Incentive Compensation Expense

We recognize noncash incentive compensation expense based on the estimated fair value of the incentive compensation units and vesting conditions of the related incentive unit agreements. IH1's incentive units were granted to employees of the Manager, our wholly owned subsidiary. Therefore, the noncash incentive compensation expense is based on the grant-date fair value of the units and recognized in expense over the service period. Additional compensation expense is recognized if modifications to existing incentive unit agreements result in an increase in the post-modification fair value of the units that exceeds their pre-modification fair value. Because units in IH2, IH3, and IH4 were granted to non-employees of those respective partnerships, fair value is re-measured for unvested units at the end of each reporting period. The fair value of all incentive units is determined based on a valuation model that takes into account discounted cash flows and a market approach based on comparable companies and transactions (see Note 9). Noncash incentive compensation expense is presented as a component of general and administrative expense and property management expense in our combined and consolidated statements of operations.

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Fair Value Measurements

The fair value of a financial instrument is the amount at which the instrument could be exchanged in an orderly transaction between two willing parties. This amount is determined based on an exit price approach, which contemplates the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. GAAP has established a valuation hierarchy based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

Level 1—Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets;

Level 2—Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument; and

Level 3—Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

See Note 10 for further information related to the Company's fair value measurements.

Derivatives

We currently use, and in the future may use, interest rate cap agreements for interest rate risk management purposes. Pursuant to the terms of our credit facilities and mortgage loans, we are required to maintain interest rate caps. The effect of these interest rate cap agreements is to limit our maximum interest rate exposure with respect to increases in the London Interbank Offered Rate ("LIBOR"). We did not elect to designate these interest rate caps as effective hedging instruments. The related changes in fair value of these investments are reflected within interest expense in the combined and consolidated statements of operations.

Income Taxes

IH1, IH3, IH4, IH5, and IH6 are structured as partnerships and therefore are not subject to federal and state income taxes.

IH2 elected to be treated as a real estate investment trust ("REIT") under the Internal Revenue Code (the "Code") and the corresponding provisions of state law. All distributions made by IH2 during the years ended December 31, 2015 and 2014, were treated as returns of capital for income tax purposes. REITs generally are not required to pay federal income taxes on their net income that is currently distributed to shareholders if they distribute to shareholders at least 90% of their United States taxable income and meet certain income, asset and organizational tests. Accordingly, we generally will not be subject to federal income tax as long as IH2 continues to qualify as a REIT.

We have elected to treat two wholly owned subsidiaries of IH2, IH2 Property TRS LLC and IH2 Property TRS 2 L.P., as taxable REIT subsidiaries ("TRSs"). TRSs may participate in non-real estate related activities and/or perform non-customary services for residents and are subject to federal and state income tax at regular corporate tax rates.

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The Company accounts for income taxes under the asset and liability method. For the TRSs, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using the enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. We provide a valuation allowance, from time to time, for deferred tax assets for which we do not consider realization of such assets to be more likely than not.

Tax benefits associated with uncertain tax positions are recognized only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position.

Segment Reporting

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker (“CODM”) in deciding how to allocate resources and in assessing performance. Our CODM is the Chief Executive Officer.

Under the provision of ASC 280, *Segment Reporting*, the Company has determined that it has one reportable segment related to acquiring, renovating, leasing, and operating single-family homes as rental properties, including single family homes in planned unit developments. The CODM evaluates operating performance and allocates resources on a total portfolio basis. The CODM utilizes net operating income as the primary measure to evaluate performance of the total portfolio. The aggregation of individual homes constitutes the total portfolio. Decisions regarding acquisitions and dispositions of homes are made at the individual home level.

Recent Accounting Pronouncements

In August 2016, the FASB issued ASU No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments*, which clarifies the classification of certain cash receipts and cash payments including debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing, proceeds from the settlement of insurance claims, and beneficial interests in securitization transactions. The new standard will be effective for the Company for annual reporting periods beginning after December 15, 2017, and for interim periods within those annual periods. The Company is currently evaluating the impact of the guidance on our combined and consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting (Topic 718)*, which simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The guidance will be effective for the Company for annual reporting periods beginning after December 15, 2016, and for interim periods within those annual periods, with early adoption permitted. The Company is currently evaluating the impact of the guidance on our combined and consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which will require lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than one year. Lessor accounting will remain similar to lessor accounting under current GAAP, while aligning with the FASB’s new revenue recognition guidance. The new standard will be effective for the

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Company for annual reporting periods beginning after December 15, 2018, and for interim periods within those annual periods, with early adoption permitted. The Company is currently evaluating the impact of the guidance on our combined and consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, which amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments, including the requirement to measure certain equity investments at fair value with changes in fair value recognized in net income. The new standard will be effective for the Company for annual reporting periods beginning after December 15, 2017, and for interim periods within those annual periods. The Company is currently evaluating the impact of the guidance on our combined and consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, *Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern*, which provides guidance with respect to management's responsibility related to evaluating whether there is a substantial doubt about an entity's ability to continue as a going concern as well as to provide related footnote disclosures. This guidance is effective for the annual period ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. The adoption of this accounting standard will not have a material impact on our combined and consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides guidance on revenue recognition and supersedes the revenue recognition requirements in Topic 605, *Revenue Recognition*, most industry-specific guidance and some cost guidance included in Subtopic 605-35, *Revenue Recognition—Construction-Type and Production-Type Contracts*. The standard's core principle is that a company recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under current guidance. These judgments may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to fulfill a contract. The guidance will be effective for the Company for annual reporting periods beginning after December 15, 2017, and for interim periods within those annual periods. At that time, the Company may adopt the full retrospective approach or the modified retrospective approach. Early adoption is permitted only as of annual reporting periods, and interim periods therein, beginning after December 15, 2016. The Company is currently evaluating the method of adoption of this guidance, as well as the impact of the guidance on our combined and consolidated financial statements.

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Note 3—Investments in Single-Family Residential Properties

The following table sets forth the net carrying amount associated with our properties by component:

	December 31, 2015	December 31, 2014
Land	\$ 2,640,615	\$ 2,392,477
Single-family residential property	6,696,760	6,162,255
Capital improvements	226,993	211,764
Equipment	32,031	30,212
Total gross investments in the properties	9,596,399	8,796,708
Less: accumulated depreciation	(543,698)	(308,155)
Investments in single-family residential properties, net	<u>\$ 9,052,701</u>	<u>\$ 8,488,553</u>

As of December 31, 2015 and 2014, the carrying amount of the residential property above included \$120,477 and \$113,516, respectively, of capitalized acquisition costs (excluding purchase price), along with \$61,602 and \$58,460, respectively, of capitalized interest, \$25,880 and \$24,415, respectively, of capitalized property taxes, \$4,778 and \$4,552, respectively, of capitalized insurance, and \$2,857 and \$2,616, respectively, of capitalized HOA fees.

During the years ended December 31, 2015 and 2014, we recognized \$245,065 and \$207,289, respectively, of depreciation expense related to the components of the properties, \$601 and \$5,145, respectively, of amortization related to in-place lease intangible assets, and \$4,573 and \$3,374, respectively, of depreciation and amortization related to corporate furniture and equipment. Further, during the years ended December 31, 2015 and 2014, impairments totaling \$1,448 and \$423, respectively, have been recognized and are included in impairment and other on the combined and consolidated statements of operations.

Note 4—Debt

Credit Facilities

Invitation Homes' credit facilities were comprised of the following as of December 31, 2015 and 2014:

Credit Facility	Origination Date	Maturity Date ⁽¹⁾	Interest Rate ⁽²⁾	Outstanding Principal Balance ⁽³⁾	
				December 31, 2015	December 31, 2014
IH1 2012 ⁽⁴⁾	October 12, 2012	April 13, 2015	3.68%	\$ —	\$ 105,618
IH1 2015 ⁽⁵⁾	April 3, 2015	October 3, 2017	3.18%	161,105	—
IH2 2013 ⁽⁶⁾	June 14, 2013	September 29, 2015	3.68%	—	1,828,111
IH2 2015 ⁽⁷⁾	September 29, 2015	March 29, 2017	3.18%	116,109	—
IH3 2013 ⁽⁸⁾	December 19, 2013	June 30, 2017	3.18%	958,622	948,867
IH4 2014 ⁽⁹⁾	May 5, 2014	November 4, 2016	3.18%	556,987	514,894
IH5 2014 ⁽¹⁰⁾	December 5, 2014	December 5, 2016	2.93%	563,125	11,904
Total				2,355,948	3,409,394
Less deferred financing costs, net				(8,207)	(18,664)
Total				<u>\$ 2,347,741</u>	<u>\$ 3,390,730</u>

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- (1) The maturity dates above are reflective of all extensions that have been exercised.
- (2) Interest rates are based on a spread to LIBOR; and as of December 31, 2015, LIBOR was 0.43%.
- (3) Outstanding Principal Balance does not include capitalized deferred financing costs, net.
- (4) Original right to borrow up to \$2,075,000 (reduced to an outstanding commitment of \$120,000 at December 31, 2014) and bore interest at LIBOR + 325 basis points, subject to a LIBOR floor of 50 basis points. Loan was repaid on April 3, 2015.
- (5) Right to borrow up to \$180,000, bears interest at LIBOR + 275 basis points, and has an unused commitment fee of 50 basis points per year. Subsequent to December 31, 2015, the credit facility was amended to extend the maturity date from October 3, 2016 to October 3, 2017. See Note 12 for subsequent activity related to IH1 2015.
- (6) Original right to borrow up to \$1,500,000, subject to increase of \$500,000, and bore interest at LIBOR + 325 or 450 basis points (depending on the nature of the financed property), subject to a LIBOR floor of 25 basis points. Loan was repaid on September 29, 2015.
- (7) Right to borrow up to \$125,000, bears interest at LIBOR + 275 basis points, and has an unused commitment fee of 50 basis points per year. Subject to certain conditions being met, has an optional one-year extension.
- (8) Right to borrow up to \$966,000, bears interest at either LIBOR + 275 or 400 basis points (depending on the nature of the financed property), and has an unused commitment fee of 50 basis points per year. The facility was extended for 6 months after its initial maturity of December 18, 2015. An extension fee of 0.25% was paid in connection with the extension. Subsequent to December 31, 2015, the credit facility was amended to extend the maturity date from June 17, 2016 to June 30, 2017.
- (9) Right to borrow up to \$570,000, bears interest at either LIBOR + 275 or 400 basis points (depending on the nature of the financed property), and has an unused commitment fee of 50 basis points. Subsequent to the December 31, 2015, the credit facility agreement was amended to extend the maturity date from May 5, 2016 to November 4, 2016. Subject to certain conditions being met, this credit facility has an optional twelve-month extension to November 3, 2017 with a 0.35% extension fee. See Note 12 for subsequent activity related to IH4 2014.
- (10) Right to borrow up to \$660,000, bears interest at either LIBOR + 250 or 375 basis points (depending on the nature of the financed property), and has an unused commitment fee of 50 basis points per year. Subject to certain conditions being met, has an optional six-month extension to June 5, 2017 with a 0.25% extension fee.

All of our credit facilities are subject to certain terms and conditions that must be satisfied to obtain additional draws. These terms and conditions are specific to each credit facility agreement and include the following range of provisions which are detailed in the respective credit facility agreements: (i) the aggregate loan principal balance may not exceed 70.00%-90.00% of the total cost basis associated with financed properties; (ii) the aggregate loan principal balance may not exceed 69.58%-75.00% of the value associated with financed properties; (iii) the aggregate debt yield may not be less than 5.75%-7.00%; and (iv) the aggregate debt service coverage ratio may not be less than 1.35 to 1.00.

All of our credit facilities also require us to maintain compliance with certain affirmative, negative, and financial covenants. Affirmative covenants with which we must comply include our, and certain of our affiliates', compliance with (i) use of proceeds requirements specified in the credit facility agreement, (ii) licensing, permitting and legal requirements specified in the respective credit facility agreement, (iii) organizational requirements of the jurisdictions in which we, and certain of our affiliates, are organized, (iv) federal and state tax laws, and (v) books and records requirements specified in the credit facility agreement. Negative covenants with which we must comply include our, and certain of our affiliates', compliance with limitations surrounding (i) the operation of our properties, (ii) the amount of our indebtedness and the nature of our investments, (iii) the execution of transactions with affiliates, and (iv) the nature of our business activities. Financial covenants are

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specific to each credit facility agreement and include (i) a maximum loan to value ratio of 75.00%-80.00%, (ii) a maximum loan to cost ratio of 85.00%-90.00%, (iii) a debt service coverage ratio of not less than 1.10 to 1.00, and (iv) a debt yield of not less than 5.75%-7.00%. Our IH1 2012, IH2 2013, IH3 2013, IH4 2014, and IH5 2014 credit facilities have an additional financial covenant related to an adjusted debt service coverage ratio of not less than 0.70 to 1.00 or 1.00 to 1.00. At December 31, 2015, and through the date our financial statements were available to be issued, we believe we were in compliance with all affirmative, negative, and financial covenants related to the aforementioned credit facilities.

Collateral

Collateral for the amounts borrowed include all of the equity value of the respective Borrower Entities and the constituent parts thereof, all of our rights, title and interest in, and to, any lease agreements, and all of our rights title and interest in, and to, any other agreements, documents, and instruments related to the foregoing.

Debt Maturities Schedule

Future maturities of credit facilities as of December 31, 2015 are as follows:

Year	Principal
2016	\$ 1,120,112
2017	1,235,836
Total payments	2,355,948
Less deferred financing costs, net	(8,207)
Total credit facilities, net	<u>\$ 2,347,741</u>

Mortgage Loans

As of December 31, 2015, we have completed seven securitization transactions (the "Securitizations" or the "mortgage loans") collateralized by homes owned by the respective Invitation Homes Borrower Entities. The proceeds from the mortgage loans were used to fund (i) partial repayments of the then-outstanding IH1 and IH2 credit facilities, (ii) initial deposits in the reserve accounts, (iii) closing costs in connection with the mortgage loans, (iv) general costs associated with our operations, and (v) distributions and dividends to IH1 and IH2 equity investors.

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The following table sets forth a summary of the mortgage loan indebtedness as of December 31, 2015 and 2014:

	Maturity Date ⁽¹⁾	Rate ⁽²⁾	Range of Spreads	Outstanding Principal Balance ⁽³⁾	
				December 31, 2015	December 31, 2014
IH1 2013-1	December 9, 2016	2.10%	115-365 bps	\$ 469,554	\$ 474,346
IH1 2014-1	June 9, 2017	2.26%	100-375 bps	993,738	993,738
IH1 2014-2, net ⁽⁴⁾	September 9, 2017	2.41%	110-400 bps	718,610	716,698
IH1 2014-3, net ⁽⁵⁾	December 9, 2016	2.85%	120-500 bps	766,043	762,563
IH2 2015-1, net ⁽⁶⁾	March 9, 2017	2.92%	145-430 bps	536,174	—
IH2 2015-2	June 9, 2017	2.48%	135-370 bps	631,097	—
IH2 2015-3	August 9, 2017	2.71%	130-475 bps	1,190,695	—
Total				5,305,911	2,947,345
Less deferred financing costs, net				(41,718)	(44,107)
Total				\$ 5,264,193	\$ 2,903,238

- (1) Each mortgage loan's initial maturity term is two years, individually subject to three, one-year extension options at the borrower's discretion (provided that there is no event of default under the loan agreement and the borrower obtains a replacement interest rate cap agreement in a form reasonably acceptable to the lender). Our IH1 2013-1, IH1 2014-1 and IH1 2014-2 mortgage loans have exercised the first extension options. The maturity dates above are reflective of all extensions that have been exercised. See Note 12 for extensions exercised subsequent to December 31, 2015 and other subsequent activity related to mortgage loans.
- (2) Interest rates are based on a weighted average spread to LIBOR; and as of December 31, 2015, LIBOR was 0.43%.
- (3) Outstanding Principal Balance does not include capitalized deferred financing costs, net.
- (4) Net of unamortized discount of \$1,325 and \$3,237 as of December 31, 2015 and 2014, respectively.
- (5) Net of unamortized discount of \$3,279 and \$6,759 as of December 31, 2015 and 2014, respectively.
- (6) Net of unamortized discount of \$351 as of December 31, 2015.

Securitization Transactions

IH1 2013-1: In November 2013, we completed our first securitization transaction ("IH1 2013-1"), in which 2013-1 IH Borrower L.P. ("S1 Borrower"), a newly-formed special purpose entity and wholly owned subsidiary of IH1, executed a loan agreement with a third-party lender. The third-party lender made a six component term loan to S1 Borrower in the amount of \$479,137. All six components of the loan were sold at par. We are obligated to make monthly payments of interest and principal with the first payment being due upon the closing of the loan, and subsequent payments began January 9, 2014 and continue monthly thereafter.

IH1 2014-1: In May 2014, we completed our second securitization transaction ("IH1 2014-1"), in which 2014-1 IH Borrower L.P. ("S2 Borrower"), a newly-formed special purpose entity and wholly owned subsidiary of IH1, executed a loan agreement with a third-party lender. The third party lender made a six component term loan to S2 Borrower in the amount of \$993,738. All six components of the loan were sold at par. We are obligated to make monthly payments of interest with the first payment being due upon the closing of the loan, and subsequent payments began July 9, 2014 and continue monthly thereafter.

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IH1 2014-2: In August 2014, we completed our third securitization transaction (“IH1 2014-2”), in which 2014-2 IH Borrower L.P. (“S3 Borrower”), a newly-formed special purpose entity and wholly owned subsidiary of IH1, executed a loan agreement with a third-party lender. The third-party lender made a term loan comprised of (1) six floating rate components and (2) one fixed rate component to the S3 Borrower in the amount of \$719,935. Of the seven loan components, the Class A, B, C, D and G certificates sold at par; however, the Class E and Class F certificates sold at a total discount of \$3,970. The unamortized balance of this discount is included in mortgage loans, net on our combined and consolidated balance sheets as of December 31, 2015 and 2014. We are obligated to make monthly payments of interest with the first payment being due upon the closing of the loan, and subsequent payments began October 9, 2014 and continue monthly thereafter.

IH1 2014-3: In November 2014, we completed our fourth securitization transaction (“IH1 2014-3”), in which 2014-3 IH Borrower L.P. (“S4 Borrower”), a newly-formed special purpose entity and wholly owned subsidiary of IH1, executed a loan agreement with a third-party lender. The third-party lender issued a term loan comprised of (1) six floating rate components and (2) one fixed rate component to S4 Borrower in the amount of \$769,322. Of the seven components, the Class B and G certificates sold at par; however, the Class A, C, D, E and F certificates sold at a total discount of \$7,235. The unamortized balance of this discount is included in mortgage loans, net on our combined and consolidated balance sheets as of December 31, 2015 and 2014. We are obligated to make monthly payments of interest with the first payment being due upon the closing of the loan, and subsequent payments began December 9, 2014 and continue monthly thereafter.

IH2 2015-1: In January 2015, we completed our fifth securitization transaction (“IH2 2015-1”), in which 2015-1 IH2 Borrower L.P. (“S5 Borrower”), a newly-formed special purpose entity and wholly owned subsidiary of IH2, executed a loan agreement with a third-party lender. The third-party lender made a seven component term loan to S5 Borrower in the amount of \$540,854. Six of the seven components, the Class A, B, C, D, E, and G certificates sold at par; however, the Class F certificates sold at a total discount of \$622. The unamortized balance of this discount is included in mortgage loans, net on our combined and consolidated balance sheets as of December 31, 2015 and 2014. We are obligated to make monthly payments of interest with the first payment being due upon the closing of the loan, and subsequent payments began March 9, 2015 and continue monthly thereafter.

IH2 2015-2: In April 2015, we completed our sixth securitization transaction (“IH2 2015-2”), in which 2015-2 IH2 Borrower L.P. (“S6 Borrower”), a newly-formed special purpose entity and wholly owned subsidiary of IH2, executed a loan agreement with a third-party lender. The third-party lender made a seven component term loan to S6 Borrower in the amount of \$636,686. All of the components of the loan were sold at par. We are obligated to make monthly payments of interest with the first payment being due upon the closing of the loan, and subsequent payments began June 9, 2015 and continue monthly thereafter.

IH2 2015-3: In June 2015, we completed our seventh securitization transaction (“IH2 2015-3”), in which 2015-3 IH2 Borrower L.P. (“S7 Borrower”), a newly-formed special purpose entity and wholly owned subsidiary of IH2, executed a loan agreement with a third-party lender. The third-party lender made a seven component term loan to S7 Borrower in the amount of \$1,193,950. All of the components of the loan were sold at par. We are obligated to make monthly payments of interest with the first payment being due upon the closing of the loan, and subsequent payments began August 7, 2015 and continue monthly thereafter.

Concurrent with the execution of each loan agreement, the respective third-party lender sold each loan it originated with us to individual depositor entities (the “Depositor Entities”) who subsequently transferred each loan to Securitization-specific trust entities (the “Trusts”). The Depositor Entities associated with the IH1 2014-2 and IH1 2014-3 securitizations are wholly owned subsidiaries of IH1, the Depositor Entities associated with the

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IH2 2015-1, IH2 2015-2, and IH2 2015-3 securitizations are wholly owned subsidiaries of IH2, and the Depositor Entities associated with the IH1 2013-1 and IH1 2014-1 securitizations are wholly owned by third parties not affiliated with the Company.

The Company accounted for the transfer of the individual Securitizations from the Depositor Entities wholly owned by IH1 and IH2 to the respective Trusts as a sale under ASC Topic 860, *Transfers and Servicing*, with no resulting gain or loss as the Securitizations were both originated by the lender and immediately transferred at the same fair market value.

As consideration for the transfer of each loan to the Trusts, the Trusts issued certificate classes which mirror the components of the individual loan agreements (collectively, the “Certificates”) to the Depositor Entities, except that Class R certificates do not have related loan components as they represent residual interests in the Trusts. The Certificates represent the entire beneficial interest in the Trusts. Following receipt of the Certificates, the Depositor Entities sold the Certificates to investors using the proceeds as consideration for the loans sold to the Depositor Entities by the lenders. These transactions had no effect on our combined and consolidated financial statements other than with respect to the Class G certificates purchased by IH1 and IH2.

For IH1 2014-2, IH1 2014-3, IH2 2015-1, IH2 2015-2, and IH2 2015-3, the Trusts made the Class A through Class F certificates available for sale to both domestic and foreign investors. With the introduction of foreign investment, IH1 and IH2, as sponsors of the respective loans, are required to retain a portion of the risk that represents a material net economic interest in each loan. The Class G certificates for IH1 2014-2, IH1 2014-3, IH2 2015-1, IH2 2015-2, and IH2 2015-3 are equal to 5% of the original principal amount of the loans in accordance with the agreements. Per the terms of the Securitization agreements, the Class G certificates are restricted certificates and were made available exclusively to IH1 and IH2, as applicable. They are principal only and bear a stated annual interest rate of 0.0005%. The Class G certificates are classified as held to maturity investments and are recorded in other assets, net in the combined and consolidated balance sheets (see Note 7).

The Trusts are structured as pass through entities that receive principal and interest from the Securitizations and distribute those payments to the holders of the Certificates. The assets held by the Trusts are restricted and can only be used to fulfill the obligations of those entities. The obligations of the Trusts do not have any recourse to the general credit of any entities in these combined and consolidated financial statements. The Company has evaluated its interests in the Class G certificates of the Trusts and determined that they do not create a more than insignificant variable interest in the Trusts. Additionally, the Class G certificates do not provide the Company with any ability to direct the activities that could impact the Trusts’ economic performance. Therefore, the Company does not consolidate the Trusts.

General Terms

The general terms that apply to all of the mortgage loans require us to maintain compliance with certain affirmative and negative covenants. Affirmative covenants with which we must comply include our, and certain of our affiliates’, compliance with (i) licensing, permitting and legal requirements specified in the loan agreement, (ii) organizational requirements of the jurisdictions in which we, and certain of our affiliates, are organized, (iii) federal and state tax laws, and (iv) books and records requirements specified in the respective loan agreements. Negative covenants with which we must comply include our, and certain of our affiliates’, compliance with limitations surrounding (i) the amount of our indebtedness and the nature of our investments, (ii) the execution of transactions with affiliates, (iii) the Manager, and (iv) the nature of our business activities. At December 31, 2015, and through the date our financial statements were available to be issued, we believe we were in compliance with all affirmative and negative covenants.

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Prepayments

For the mortgage loans, prepayments of amounts owed are generally not permitted by us under the terms of the respective loan agreements unless such prepayments are made pursuant to the voluntary election and mandatory provisions specified in such agreements. The specified mandatory provisions become effective to the extent that a property becomes characterized as a disqualified property, a property is sold, and/or upon the occurrence of a condemnation or casualty event associated with a property. To the extent either a voluntary election is made, or a mandatory prepayment condition exists, in addition to paying all interest and principal, we must also pay certain breakage costs as determined by the loan servicer and a spread maintenance premium if prepayment occurs before the month following the one year anniversary of the closing dates of the mortgage loans. For the year ended December 31, 2015, mandatory prepayments of \$13,173 were made under the terms of the loan agreements. No prepayments were made for the year ended December 31, 2014.

Collateral

Collateral for the mortgage loans includes first priority mortgages on certain of our properties and a grant of a security interest in all of our personal property. The following table lists the gross carrying values of the single-family residential properties pledged as collateral for the loans as of December 31, 2015 and 2014:

	<u>Number of Homes (1)</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
IH1 2013-1	3,207	\$ 535,079	\$ 531,657
IH1 2014-1	6,473	1,140,370	1,132,674
IH1 2014-2	3,749	795,784	790,931
IH1 2014-3	4,015	852,067	846,932
IH2 2015-1	3,050	595,494	—
IH2 2015-2	3,523	740,547	—
IH2 2015-3	7,207	1,377,551	—
Total	<u>31,224</u>	<u>\$ 6,036,892</u>	<u>\$ 3,302,194</u>

(1) The loans are secured by first priority mortgages on portfolios of single-family residential properties owned by S1 Borrower, S2 Borrower, S3 Borrower, S4 Borrower, S5 Borrower, S6 Borrower, and S7 Borrower. Number of homes noted above are as of December 31, 2015.

Interest Rate Caps

Concurrent with entering into the mortgage loan agreements, we maintain interest rate cap agreements with terms and notional amounts equivalent to the terms and amounts of the loans made by the third-party lenders and strike prices equal to approximately 2.95% for IH1 2013-1, 3.11% for IH1 2014-1, 2.44% for IH1 2014-2, 2.10% for IH1 2014-3, 2.07% for IH2 2015-1, 2.71% for IH2 2015-2, and 2.52% for IH2 2015-3 (collectively, the “Strike Prices”). To the extent that the maturity date of one or more of the loans is extended through an exercise of one or more of the extension options, replacement or extension interest rate cap agreements must be executed with terms similar to those associated with the initial interest rate cap agreements and strike prices equal to the greater of the Strike Prices and the interest rate at which the debt service coverage ratio (as defined) is not less than 1.2 to 1.0. The interest rate cap agreements, including all of our rights to payments owed by the counterparty and all other rights, have been pledged as additional collateral for the loans.

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Debt Maturities Schedule

Future maturities of these mortgage loans as of December 31, 2015 are set forth in the table below:

Year	Principal (1)
2016	\$ 1,238,876
2017	4,071,990
Total payments	5,310,866
Less discounts	(4,955)
Less deferred financing costs, net	(41,718)
Total mortgage loans, net	<u>\$ 5,264,193</u>

- (1) Each mortgage loan is subject to three one-year extension options at the borrower's discretion, of which IH1 2013-1, IH1 2014-1, and IH1 2014-2 have exercised the first extension options.

Warehouse Loans

The Invitation Homes Partnerships entered into unsecured warehouse loan agreements with BREP VII and Affiliates. Interest accrues at rates based on a spread to LIBOR, and any unpaid interest amounts are compounded into the remaining unpaid principal balance on a monthly basis. The following table sets forth a summary of the outstanding principal amounts under such loans as of December 31, 2015 and 2014:

	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Rate (1)</u>	<u>December 31, 2015</u>	<u>December 31, 2014</u>
IH2 warehouse loan (2)	October 11, 2013	October 10, 2014	3.68%	\$ —	\$ 139,216
IH3 warehouse loan (3)	December 16, 2013	December 31, 2017	3.18%	38,137	84,079
IH4 warehouse loan (4)	May 7, 2014	May 6, 2015	3.18%	4,740	47,380
IH5 warehouse loan (5)	April 27, 2015	April 26, 2016	2.93%	71,146	—
Total warehouse loans				<u>\$ 114,023</u>	<u>\$ 270,675</u>

- (1) Interest rates are based on a spread to LIBOR; and as of December 31, 2015, LIBOR was 0.43%.
- (2) This loan bore interest at LIBOR + 325 basis points. BREP VII and Affiliates informally extended the original due date of the loan until fully paid without any additional changes to the terms of the agreement. This did not constitute an event of default under the loan agreement. Interest continued to be incurred past the original due date until all principal and interest was fully paid at the original stated rate.
- (3) This loan bears interest at LIBOR + 275 basis points. BREP VII and Affiliates informally extended the original due date of the loan until fully paid without any additional changes to the terms of the agreement. This did not constitute an event of default under the loan agreement. Interest will continue to be incurred past the original due date until all principal and interest is fully paid at the original stated rate. On October 11, 2016, the maturity date of this loan was extended to December 31, 2017 (see Note 12).
- (4) This loan bears interest at LIBOR + 275 basis points. BREP VII and Affiliates informally extended the original due date of the loan until fully paid without any additional changes to the terms of the agreement. This did not constitute an event of default under the loan agreement. Interest will continue to be incurred past the original due date until all principal and interest is fully paid at the original stated rate. This loan was paid off subsequent to December 31, 2015 (see Note 12).
- (5) This loan bears interest at LIBOR + 250 basis points. BREP VII and Affiliates have informally extended the original due date of the loan until fully paid without any additional changes to the terms of the agreement. This did not constitute an event of default under the loan agreement. Interest will continue to be incurred past the original due date until all principal and interest is fully paid at the original stated rate. This loan was paid off subsequent to December 31, 2015 (see Note 12).

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Note 5—Restricted Cash

Pursuant to the terms of the credit facility agreements and the mortgage loans described in Note 4, we are required to establish, maintain, and fund from time to time (generally either monthly or at the time borrowings are funded) certain specified reserve accounts. These reserve accounts include, but are not limited to the following types of accounts: (i) completion reserves; (ii) renovation reserves; (iii) leasing commission reserves; (iv) debt service reserves; (v) property tax reserves; (vi) insurance premium and deductible reserves; (vii) standing reserves; (viii) special reserves; (ix) termination fee reserves; (x) eligibility reserves; (xi) collections; and (xii) non-conforming property reserves. These reserve accounts are under the sole control of the Administrative Agent, as defined in the credit facility agreements, and the loan servicer of the mortgage loans. Additionally, we hold security deposits pursuant to resident lease agreements that are required to be segregated. Accordingly, amounts funded to these reserve accounts and security deposit accounts have been classified within our combined and consolidated balance sheets as restricted cash.

The amounts funded, and to be funded, to the reserve accounts are subject to formulae included in the credit facility agreements and mortgage loan agreements and are to be released to us subject to certain conditions (in consultation with the other named lenders to the credit facility agreements) specified therein being met. To the extent that an event of default were to occur, the loan servicer (as it relates to the Securitizations) and the Administrative Agent (in consultation with the other named lenders to the credit facilities, as it relates to the credit facilities) have discretion to use such funds to either settle the applicable operating expenses to which such reserves relate or reduce the allocated loan amount associated with a residential property of ours.

At December 31, 2015 and 2014, the balances in these reserve accounts are as set forth in the table below. No amounts were funded to the completion, renovation, leasing commission, debt service, termination fee, and nonconforming property reserve accounts as the conditions specified in the credit facility agreements that require such funding did not exist.

	December 31, 2015	December 31, 2014
Resident security deposits	\$ 80,311	\$ 70,711
Collections	47,256	53,332
Property taxes	44,697	62,816
Insurance premium and deductible	4,298	6,740
Standing and capital expenditure reserves	21,382	37,021
Special reserves	7,495	134
Eligibility reserves	13,735	45,365
Total	<u>\$ 219,174</u>	<u>\$ 276,119</u>

Note 6—Equity

As described in Note 1, IH1, IH3, IH4, IH5, and IH6 are partnerships. These entities each have limited partners and a general partner (the “Class A Partners”), along with a board of directors elected by the limited partners.

IH2 is a Delaware corporation and has issued 1,000 shares of common stock and 113 shares of Series A Preferred Stock. IH2 has a board of directors elected by the common stockholders.

The same board of directors is responsible for directing the significant activities of the Invitation Homes Partnerships on a combined basis.

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The IH2 Series A Preferred Stock ranks, in respect of rights to the payment of dividends and the distribution of assets in the event of any liquidation or dissolution, senior to the IH2 common stock. Holders of such IH2 Series A Preferred Stock shares are entitled to receive, when and if declared by our board of directors, cumulative cash dividends at the rate of 12.0% per annum of the total of a liquidation preference plus all accumulated and unpaid dividends thereon as defined in the IH2 organizational documents. During the year ended December 31, 2014, IH2 issued 113 shares of Series A Preferred Stock for \$1,130. During the years ended December 31, 2015 and 2014, IH2 made dividend payments of \$136 and \$127, respectively, to the holders thereof. As of December 31, 2015 and 2014, there are no dividend amounts declared and outstanding related to the 12.0% per annum dividend requirements of the Series A Preferred Stock. Holders of the Series A Preferred Stock have no voting rights, and shares of such series are not convertible or exchangeable into common stock or other series of preferred stock that may from time to time be designated by our board of directors. They may, however, be redeemed at our sole discretion, in whole or in part, subject to certain provisions within the IH2 organizational documents.

As further described in Note 9, we have granted certain individuals incentive compensation units in IH1, IH2, IH3, and IH4, which currently consists of Class B units that are accounted for as a substantive class of equity due to the terms of the agreements and rights of the holders.

Profits and losses, and cash distributions are allocated in accordance with the terms of the respective entity's organizational documents.

During the years ended December 31, 2015 and 2014, we made \$682,470 and \$776,448, respectively, of distributions, including common stock dividends. We also made \$11,023 of non-recourse cash advance distributions to certain Class B unitholders during the year ended December 31, 2014. No distributions were made to the Class B unitholders in 2015. Any amounts distributed to the holders of the Class B units in the event of a liquidating event will be reduced by amounts previously paid to such Class B unitholders as advance distributions.

We executed notes receivables with certain Class B unitholders (the "Class B Notes") of \$1,500 and \$19,000 during the years ended December 31, 2015 and 2014, respectively, of which \$20,228 has been funded as of December 31, 2015. The Class B Notes are secured by certain of the Class B units of the makers of the Class B Notes and are otherwise non-recourse to the makers. The Class B Notes mature the earlier of a liquidation event or defined dates in 2024 and bear interest of 1.57% to 1.97% per annum. As such, the Class B Notes have been recorded as a component of combined equity in our combined and consolidated balance sheets as of December 31, 2015 and 2014. Additionally, the non-recourse nature of the Class B Notes resulted in modifications to the Class B management subscription incentive unit agreements, which resulted in additional incentive unit expense being recorded for the years ended December 31, 2015 and 2014, with respect to the Class B Notes (see Note 9).

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Note 7—Other Assets

At December 31, 2015 and 2014, the balances in other assets, net are as follows:

	December 31, 2015	December 31, 2014
Investments in debt securities	\$ 193,045	\$ 74,469
Prepaid expenses	21,238	19,296
Deferred leasing costs, net	9,102	15,071
Rent and other receivables, net	8,846	5,577
Corporate fixed assets, net	6,980	9,521
In-place lease intangibles, net	—	829
Other	4,096	7,369
Total	<u>\$ 243,307</u>	<u>\$ 132,132</u>

Investments in Debt Securities

In connection with certain of the Securitizations, we acquired the Class G certificates, and these investments in debt securities are classified as held to maturity investments (for additional information about the Securitizations, see Note 4). As of December 31, 2015 and 2014, there were no gross unrecognized holding gains or losses and there were no other than temporary impairments recognized in accumulated other comprehensive income. As of December 31, 2015, the Class G certificates are scheduled to mature over the next 12 to 24 months.

Rent and Other Receivables

We lease our properties to residents pursuant to leases that generally have an initial contractual term of at least 12 months, provide for monthly payments, and are cancellable by the resident and us under certain conditions specified in the related lease agreements.

Included in other assets, net within the combined and consolidated balance sheets, is an allowance for doubtful accounts of \$1,139 and \$1,471, as of December 31, 2015 and 2014, respectively.

Note 8—Related Party Transactions

On October 1, 2012, the Manager entered into a services agreement with CAS Residential, LLC, a related party affiliated with certain of our equity investors, who provided property accounting services to the Manager pursuant to a services agreement. This agreement provided for fees based upon a full reimbursement of actual expenses incurred, as well as an additional 10.0% of compensation costs less any severance payments. The agreement was terminated effective October 31, 2014. For the year ended December 31, 2014, we incurred \$4,049 of service fees pursuant to the terms of the services agreement which is included in property management expense in the combined and consolidated statements of operations.

Through December 31, 2014, certain related parties provided us with consulting services for which we recorded payables. We also made offsetting income tax payments related to distributions on behalf of these related parties during the year ended December 31, 2014. As of December 31, 2015 and 2014, net payables to related parties were \$1,959 and \$1,963, respectively, and are included in accounts payable and accrued expenses in our combined and consolidated balance sheets.

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Note 9—Incentive Compensation Units

IH1, IH2, IH3, and IH4 have incentive compensation unit programs for the purpose of retaining certain key employees of the Manager. Under these programs, certain individuals were granted incentive compensation units, which originally consisted of two classes of interests for IH1, IH2, and IH3 (Class B Units and Class C Units, collectively the “Units”). The Units are profits interests for United States federal income tax purposes, and certain Units were issued in exchange for nominal contributions. Due to the terms of the agreements with each Class B and Class C Unit holder and each parties’ respective rights thereunder, we account for the Class B and Class C Units as a substantive class of equity.

On May 30, 2014, pursuant to amended and restated limited partnership agreements for IH1, IH2, and IH3 and upon the execution of certain exchange and separation agreements, the Class C Units were converted to Class B Units. IH1, IH2, IH3, and IH4 are each authorized to issue 10,000 Class B Units.

The Units generally vest pro rata on an annual basis over a three to five year period pursuant to provisions of the individual incentive unit agreements. For IH1, because the Units were granted to employees of the Manager, which is a wholly owned subsidiary of IH1, noncash incentive compensation expense is calculated based on the grant-date fair value of the Units and is recognized in expense over the service period. Additional compensation expense is recognized if modifications to existing incentive unit agreements result in an increase in the post-modification fair value of the Class B Units that exceeds their pre-modification fair value. For IH2, IH3, and IH4, the Units were granted to non-employees of the issuing entities. As such, noncash incentive compensation expense is initially recorded based on the estimated fair value of the Units at grant date and recognized in expense over the service period. Fair value is subsequently remeasured for the unvested units at the end of each reporting period.

Certain of the Units are performance-based units that only vest upon the occurrence of a liquidity event. Compensation cost for performance based units is recognized when it is probable that the performance condition will be achieved. No compensation expense has been recognized for performance-based units in 2015 and 2014 as the liquidity event was not considered probable of occurring.

The following tables summarize awards and activity of the Units for the years ended December 31, 2015 and 2014:

	<i>Class B Units</i>					
	<i>Employee</i>		<i>Non-employee</i>		<i>Total Class B Units</i>	
	<i>Number of Units</i>	<i>Weighted Average Fair Value</i>	<i>Number of Units</i>	<i>Weighted Average Fair Value</i>	<i>Number of Units</i>	<i>Weighted Average Fair Value</i>
Units outstanding, January 1, 2014	8,855	\$ 4.1	15,678	\$ 14.5	24,533	\$ 10.7
Conversion of Class C Units	378	0.7	—	—	378	0.7
Granted	1,904	7.4	10,119	2.7	12,023	3.5
Forfeited	(1,420)	(4.1)	(274)	(12.5)	(1,694)	(5.5)
Units outstanding, December 31, 2014	9,717	4.6	25,523	4.5	35,240	4.5
Granted	300	10.1	4,321	1.4	4,621	1.9
Forfeited	(85)	(9.4)	(179)	(2.1)	(264)	(4.4)
Units outstanding, December 31, 2015 (1)	9,932	\$ 4.6	29,665	\$ 3.5	39,597	\$ 3.8

(1) Included in units outstanding are 5,026 performance-based units at December 31, 2015.

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	Employee		<i>Class C Units</i>		Total Class C Units	
	Number of Units	Weighted Average Fair Value	Non-employee		Number of Units	Weighted Average Fair Value
			Number of Units	Weighted Average Fair Value		
Units outstanding, January 1, 2014	7,100	\$ 2.8	14,250	\$ 3.7	21,350	\$ 3.4
Conversion of Class C Units	(7,100)	(2.8)	(14,250)	(3.7)	(21,350)	(3.4)
Units outstanding, December 31, 2014	—	\$ —	—	\$ —	—	\$ —

As of December 31, 2015 and 2014, 26,234 and 13,891, respectively, of Class B Units were fully vested. The estimated fair value of the 12,343 Units that vested during the year ended December 31, 2015 was \$63,068. No Units are exercisable as the Units are only entitled to distributions after certain return thresholds are achieved.

The fair value of the Units was estimated as of December 31, 2015 and 2014 using an income approach based on discounted cash flows and a market approach based on comparable companies and transactions. Significant inputs and assumptions utilized in applying these valuation approaches include discount rates, terminal capitalization rates, market rent growth rates, expense growth rates and revenue and EBITDA multiples of companies who we deemed to be comparable to us. These fair value estimates were then utilized in an Invitation Homes entity specific Monte-Carlo option pricing model for purposes of deriving a per unit fair value. The following table summarizes the significant inputs utilized in this model:

	December 31, 2015	December 31, 2014
Expected volatility (1)	27%-34%	25%-32%
Risk-free rate	1.31%	0.60%-0.70%
Expected holding period (years)	3.0	2.0-2.6

(1) Expected volatility is estimated based on the leverage adjusted historical volatility of certain of our peer companies over a historical term commensurate with the remaining expected holding period.

During the years ended December 31, 2015 and 2014, we recognized \$27,924 and \$24,335, respectively, of noncash incentive compensation expense, of which \$23,758 and \$19,318, respectively, was recorded in general and administrative expense, and \$4,166 and \$5,017, respectively, was recorded in property management expense. At December 31, 2015, there was \$9,522 of unrecognized incentive unit compensation expense related to unvested units (excluding performance-based units), which is expected to be recognized over a weighted average period of between one and two years depending on the respective partnership.

Note 10—Fair Value Measurements

The carrying amounts of restricted cash, certain components of other assets, accounts payable and accrued expenses, resident security deposits, and other liabilities approximate fair value because of the short maturity of these amounts. The Company's interest rate cap agreements are the only financial instruments recorded at fair value on a recurring basis within our combined and consolidated financial statements and are not material to our combined and consolidated financial statements.

Further, we believe the carrying amounts of the held to maturity investments, credit facilities, net, mortgage loans, net, and warehouse loans from BREP VII and Affiliates approximate their fair values as of December 31, 2015 and 2014, which have been estimated by discounting future cash flows at market rates (Level 2).

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Our assets measured at fair value on a nonrecurring basis are those assets for which we have recorded impairments. See Note 2 for information regarding significant considerations used to estimate the fair value of our investments in real estate. The assets for which we have recorded impairments, measured at fair value on a nonrecurring basis, are summarized below:

<u>Residential real estate held for use (Level 3)</u>	<u>Year Ended</u> <u>December 31,</u>	
	<u>2015</u>	<u>2014</u>
Pre-impairment amount	\$ 2,230	\$ 467
Total losses	(1,448)	(423)
Fair value	<u>\$ 782</u>	<u>\$ 44</u>

For additional information related to our single-family residential properties during the years ended December 31, 2015 and 2014, refer to Note 3.

Note 11—Commitments and Contingencies

Leasing Commitments

From time to time, the Manager enters into lease agreements with third parties for purposes of obtaining office and other administrative space. During the years ended December 31, 2015 and 2014, we incurred rent and other related occupancy expenses of \$4,510 and \$5,334, respectively. Annual base rental commitments associated with these leases, excluding operating expense reimbursements, month-to-month lease payments and other related fees and expenses during the remaining lease terms are as follows:

<u>Year</u>	<u>Payments</u>
2016	\$ 2,331
2017	1,248
2018	866
2019	866
2020	866
Thereafter	722
Total	<u>\$ 6,899</u>

Insurance Policies

Pursuant to the terms of our credit facility agreements and mortgage loan agreements (see Note 4), laws and regulations of the jurisdictions in which our properties are located, and general business practices, we are required to procure insurance on our properties. For the years ended December 31, 2015 and 2014, no material uninsured losses have been incurred with respect to the properties.

Legal Matters

We are subject to various legal proceedings and claims that arise in the ordinary course of our business. We accrue a liability when we believe that it is both probable that a liability has been incurred and that we can reasonably estimate the amount of the loss. We do not believe that the final outcome of these proceedings or matters will have a material adverse effect on our combined and consolidated financial statements.

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Note 12—Subsequent Events

Subsequent events have been evaluated through October 17, 2016, the date the combined and consolidated financial statements were available to be issued.

New Credit Facility

On April 13, 2016, IH6 entered into a credit facility agreement to provide access to an aggregate commitment of \$550,000 from multiple lenders. The credit facility has a maturity date of April 13, 2018, and includes a one-year option to extend. Interest payments are determined utilizing the adjusted LIBOR rate plus the applicable margin, which is 250 basis points per annum with respect to loans for eligible properties, and 375 basis points per annum with respect to loans for non-conforming properties. The credit facility opened on April 13, 2016 with an initial draw of \$141,000. As of October 17, 2016, the outstanding balance was \$166,144.

Extensions of Existing Credit Facilities

On May 5, 2016, the IH4 2014 credit facility was amended to extend the maturity date from May 5, 2016 to November 4, 2016, and to provide for a twelve-month extension option thereafter.

On May 27, 2016, the IH3 2013 credit facility was amended to extend the maturity date from June 17, 2016 to June 30, 2017.

On September 2, 2016, we executed our one-year extension option on the IH1 2015 credit facility to extend the maturity date from October 3, 2016 to October 3, 2017.

On October 3, 2016, we submitted a notification to request an extension of the maturity of the IH4 2014 credit facility from November 4, 2016 to November 4, 2017 upon approval.

Extensions of Existing Mortgage Loans

On March 9, 2016, we exercised our first extension option on IH1 2014-1, extending the maturity date from June 9, 2016 to June 9, 2017.

On June 9, 2016, we exercised our first extension option on IH1 2014-2, extending the maturity date from September 9, 2016 to September 9, 2017.

On September 9, 2016, we submitted a notification to exercise our second extension option on IH1 2013-1, extending the maturity from December 9, 2016 to December 9, 2017 upon approval.

On September 9, 2016, we submitted a notification to exercise our first extension option on IH1 2014-3, extending the maturity from December 9, 2016 to December 9, 2017 upon approval.

Extension of Warehouse Loan

On October 11, 2016, the maturity date of the IH3 warehouse loan was extended from March 25, 2015 to December 31, 2017.

Residential Property Dispositions

Between January 1, 2016 and September 30, 2016, we disposed of 842 properties with a net carrying amount of \$92,291 as of December 31, 2015, for an aggregate net sales price of \$106,049. These proceeds were used to make various repayments on our credit facilities and mortgage loans. At December 31, 2015, these properties were classified in investments in residential properties on our combined and consolidated balance sheet.

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On October 5, 2016, we executed a purchase and sale agreement for the disposition of 254 homes with a net carrying amount of \$23,627 as of December 31, 2015 for an aggregate sales price of \$32,447, subject to customary terms and conditions. At December 31, 2015, these properties were classified in investments in residential properties on our combined and consolidated balance sheet.

Other Debt Repayments

On March 1, 2016, we made repayments totaling approximately \$14,000 on our mortgage loans related to the collateral release of 75 properties.

On June 30, 2016, we made repayments of approximately \$35,500 and \$19,200 on our IH1 2015 and IH2 2015 credit facilities, respectively, which were funded by operating cash flows. As a result, the commitment for IH1 2015 credit facility was reduced from \$180,000 to \$144,500, and the commitment for IH2 2015 credit facility was reduced from \$125,000 to \$105,800.

Between January 1, 2016 and October 17, 2016, we repaid \$103,385 of our outstanding warehouse loans from BREP VII and Affiliates, including a payment in full of the IH4 and IH5 warehouse loans.

Bond Purchases

Between April 2016 and June 2016, we purchased \$4,823 of IH1 2014-2 Class F Certificates, and \$11,600 of IH2 2015-3 Class F Certificates.

Issuance of Class B Incentive Units

For the period from January 1, 2016 through October 17, 2016, IH5 has issued 9,676 Class B incentive Units to certain individuals pursuant to an amended and restated partnership agreement dated February 25, 2016.

Supplemental Bonus Plan

In October 2016, the Company established a supplemental bonus plan for certain key executives and employees. The payment of a bonus under the plan is triggered upon an initial public offering or exit event. The board of directors has the ability to determine whether the bonus will be paid in stock or cash and, in the event of an initial public offering, anticipates paying the bonus in stock.

**Schedule III Real Estate and Accumulated Depreciation
As of December 31, 2015
(dollar amounts in thousands)**

Market	Number of Properties	Number of Encumbered Properties ¹	Encumbrances ¹	Initial cost to company		Cost capitalized subsequent to acquisition		Gross amount at which carried at close of period			Accumulated Depreciation	Date of construction	Date acquired	Depreciable Period
				Land	Depreciable Properties	Land	Depreciable Properties	Land	Depreciable Properties	Total ²				
Atlanta	7,642	7,529	\$ 864,298	\$ 169,641	\$ 765,416	\$ —	\$ 180,793	\$ 169,641	\$ 946,208	\$ 1,115,849	\$ (71,598)	1905-2015	2012-2015	7-28.5 years
Charlotte	3,245	3,136	377,299	117,849	300,019	—	67,789	117,849	367,807	485,656	(25,656)	1900-2015	2012-2015	7-28.5 years
Chicago	3,028	3,018	554,309	185,453	358,588	—	147,559	185,453	506,147	691,600	(36,610)	1849-2012	2012-2015	7-28.5 years
Inland Empire	2,067	2,061	460,523	154,626	296,724	—	63,038	154,626	359,761	514,387	(34,480)	1903-2010	2012-2015	7-28.5 years
Jacksonville	2,051	2,031	301,574	93,820	237,198	—	45,525	93,820	282,723	376,543	(21,186)	1932-2014	2012-2015	7-28.5 years
Los Angeles	2,444	2,380	685,021	360,624	383,505	—	99,197	360,624	482,702	843,326	(38,655)	1890-2013	2012-2015	7-28.5 years
Las Vegas	933	918	147,535	43,737	112,050	—	17,762	43,737	129,811	173,548	(11,224)	1961-2013	2012-2015	7-28.5 years
Minneapolis	1,188	1,188	207,429	72,443	148,947	—	48,783	72,443	197,730	270,173	(14,424)	1886-2015	2013-2015	7-28.5 years
Orlando	3,686	3,601	490,635	133,753	390,770	—	87,706	133,753	478,475	612,228	(38,418)	1947-2015	2012-2015	7-28.5 years
Phoenix	5,363	5,275	614,863	163,700	441,619	—	102,730	163,700	544,349	708,049	(55,951)	1925-2015	2012-2015	7-28.5 years
Sacramento	2,898	2,854	539,416	183,497	377,435	—	74,220	183,497	451,654	635,151	(39,156)	1900-2012	2012-2015	7-28.5 years
Seattle	3,024	2,949	555,268	238,781	389,207	—	105,148	238,781	494,355	733,136	(30,162)	1890-2015	2012-2015	7-28.5 years
South Florida	5,547	5,487	1,164,581	524,649	889,101	—	146,698	525,414	1,035,178	1,560,592	(69,121)	1922-2014	2012-2015	7-28.5 years
Tampa	5,022	4,908	704,064	197,277	570,088	—	108,796	197,277	678,884	876,161	(57,057)	1945-2015	2012-2015	7-28.5 years
Total	48,138	47,335	\$ 7,666,815	\$ 2,639,850	\$ 5,660,667	\$ —	\$ 1,295,744	\$ 2,640,615	\$ 6,955,784	\$ 9,596,399	\$ (543,698)			

- 1 Encumbrances include the number of properties pledged under the credit facility and the number of properties secured by first priority mortgages under the mortgage loans, as well as the aggregate value of outstanding debt attributable to such properties, excluding the original issue discount and deferred financing costs.
- 2 The gross aggregate cost of total real estate for federal income tax purposes was approximately \$9,607,499 as of December 31, 2015 (unaudited).

Schedule III Real Estate and Accumulated Depreciation
(dollar amounts in thousands)

	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
<i>Residential Real Estate</i>		
Balance at beginning of period	\$ 8,796,708	\$ 7,049,927
Additions during the period		
Acquisitions	790,467	1,404,686
Improvements, etc.	103,765	301,589
Other	49,261	54,779
Deductions during the period		
Dispositions and other	(143,802)	(14,273)
Balance at close of period	<u>\$ 9,596,399</u>	<u>\$ 8,796,708</u>
<i>Accumulated Depreciation</i>		
Balance at beginning of period	\$ (308,155)	\$ (101,227)
Depreciation expense	(245,065)	(207,289)
Dispositions and other	9,522	361
Balance at close of period	<u>\$ (543,698)</u>	<u>\$ (308,155)</u>

INVITATION HOMES
CONDENSED COMBINED AND CONSOLIDATED BALANCE SHEETS
As of September 30, 2016 and December 31, 2015
(in thousands)

	<u>September 30,</u> <u>2016</u> <u>(unaudited)</u>	<u>December 31,</u> <u>2015</u>
Assets:		
Investments in single-family residential properties:		
Land	\$ 2,702,656	\$ 2,640,615
Building and improvements	7,091,594	6,955,784
	<u>9,794,250</u>	<u>9,596,399</u>
Less: accumulated depreciation	(727,175)	(543,698)
Investments in single-family residential properties, net	9,067,075	9,052,701
Cash and cash equivalents	274,140	274,818
Restricted cash	272,690	219,174
Amounts deposited and held by others	4,419	6,978
Other assets, net	292,109	243,307
Total assets	<u>\$ 9,910,433</u>	<u>\$ 9,796,978</u>
Liabilities:		
Credit facilities, net	\$ 2,407,364	\$ 2,347,741
Mortgage loans, net	5,261,832	5,264,193
Warehouse loans	11,760	114,023
Accounts payable and accrued expenses	136,838	82,817
Resident security deposits	85,781	81,169
Other liabilities	20,392	20,004
Total liabilities	<u>7,923,967</u>	<u>7,909,947</u>
Equity:		
Combined equity	1,986,466	1,887,031
Total equity	<u>1,986,466</u>	<u>1,887,031</u>
Total liabilities and equity	<u>\$ 9,910,433</u>	<u>\$ 9,796,978</u>

The accompanying notes are an integral part of these condensed combined and consolidated financial statements.

INVITATION HOMES
CONDENSED COMBINED AND CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands)
(Unaudited)

	For the Nine Months Ended September 30,	
	2016	2015
Revenues:		
Rental revenues	\$ 654,726	\$ 587,913
Other property income	33,310	31,451
Total revenues	688,036	619,364
Operating expenses:		
Property operating and maintenance	270,494	257,130
Property management expense	22,638	31,568
General and administrative	49,579	59,534
Depreciation and amortization	198,261	186,448
Impairment and other	1,642	3,943
Total operating expenses	542,614	538,623
Operating income	145,422	80,741
Other income (expenses):		
Interest expense	(209,165)	(204,130)
Other	(1,025)	(552)
Total other income (expenses)	(210,190)	(204,682)
Loss from continuing operations	(64,768)	(123,941)
Gain on sale of property	13,178	2,275
Net loss	\$ (51,590)	\$ (121,666)

The accompanying notes are an integral part of these condensed combined and consolidated financial statements.

INVITATION HOMES
CONDENSED COMBINED AND CONSOLIDATED STATEMENTS OF EQUITY
For the Nine Months Ended September 30, 2016
(in thousands)
(Unaudited)

	Combined Equity
Balance as of December 31, 2015	\$1,887,031
Net loss	(51,590)
Contributions	138,002
Noncash incentive compensation expense	13,023
Balance as of September 30, 2016	<u>\$1,986,466</u>

The accompanying notes are an integral part of these condensed combined and consolidated financial statements.

INVITATION HOMES
CONDENSED COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Nine Months Ended September 30,	
	2016	2015
Operating Activities:		
Net loss	\$ (51,590)	\$ (121,666)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	198,261	186,448
Noncash incentive compensation expense	13,023	22,267
Amortization of deferred leasing costs	10,505	16,029
Amortization of deferred financing costs	37,323	48,507
Amortization of discount on mortgage loans	4,158	4,230
Accretion of investments in debt securities	(209)	—
Recoveries of uncollectible resident receivables	(343)	(519)
Provisions for impairment	1,595	1,448
Gain on sale of property	(13,178)	(2,275)
Paid in kind interest on warehouse loans	1,122	2,881
Straight-line rent	(576)	(582)
Changes in operating assets and liabilities:		
Restricted cash related to security deposits	(4,917)	(8,694)
Resident security deposits	4,612	8,091
Other assets, net	(7,010)	(15,246)
Accounts payable and accrued expenses	54,545	54,153
Other liabilities	388	1,017
Net cash provided by operating activities	<u>247,709</u>	<u>196,089</u>
Investing Activities:		
Changes in amounts deposited and held by others	2,559	10,594
Acquisition of single-family residential properties	(257,108)	(627,069)
Initial renovations to single-family residential properties	(47,621)	(89,460)
Other capital expenditures for single-family residential properties	(35,454)	(40,065)
Corporate capital expenditures	(3,673)	(1,752)
Proceeds from sale of residential properties	107,147	130,810
Purchases of investments in debt securities	(16,036)	(118,576)
Changes in restricted cash	(48,599)	40,211
Net cash used in investing activities	<u>(298,785)</u>	<u>(695,307)</u>
Financing Activities:		
Contributions	138,002	45,027
Distributions and dividends	—	(631,472)
Proceeds from credit facilities	184,682	897,367
Repayments on credit facilities	(126,675)	(1,985,113)
Proceeds from mortgage loans	—	2,370,870
Repayments on mortgage loans	(33,452)	(16,770)
Proceeds from warehouse loans	—	144,698
Repayments on warehouse loans	(103,385)	(290,129)
Deferred financing costs paid	(8,774)	(44,069)
Net cash provided by financing activities	<u>50,398</u>	<u>490,409</u>
Change in cash and cash equivalents	(678)	(8,809)
Cash and cash equivalents, beginning of year	274,818	285,596
Cash and cash equivalents, end of period	<u>\$ 274,140</u>	<u>\$ 276,787</u>
Supplemental cash flow disclosures:		
Interest paid, net of amounts capitalized	\$ 165,487	\$ 153,707
Non-cash investing and financing activities:		
Accrued renovation improvements	\$ 6,303	\$ 4,551
Accrued residential property capital improvements	3,684	1,653
Residential properties classified as held for sale in other assets, net	36,616	—
Reclassification of deferred financing costs upon loan funding	—	4,397

The accompanying notes are an integral part of these condensed combined and consolidated financial statements.

INVITATION HOMES
NOTES TO UNAUDITED CONDENSED COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

Note 1—Organization and Formation

Invitation Homes (the “Company” or “Invitation Homes”) is a combination of six entities formed by Blackstone Real Estate Partners VII L.P. (“BREP VII”), an investment fund sponsored by The Blackstone Group L.P., along with BREP VII’s affiliated side-by-side funds and co-investment vehicles (“BREP VII and Affiliates”).

The first Invitation Homes partnership was formed on June 12, 2012, through the establishment of Invitation Homes L.P. (“IH1”) and its wholly owned subsidiary, THR Property Management L.P. (the “Manager”). Preeminent Holdings Inc. (“IH2”) was created on February 14, 2013, Invitation Homes 3 L.P. (“IH3”) on August 8, 2013, Invitation Homes 4 L.P. (“IH4”) on January 10, 2014, Invitation Homes 5 L.P. (“IH5”) on August 22, 2014, and Invitation Homes 6 L.P. (“IH6”) on June 15, 2015 (collectively with IH1, the “Invitation Homes Partnerships”). The Company is a combination of the Invitation Homes Partnerships.

We were formed for the purpose of owning, renovating, leasing, and operating single-family residential properties. Moreover, through the Manager, we provide all management and other administrative services with respect to the properties we own.

IH1 is owned by Invitation Homes GP LLC as general partner and, collectively, THR Investor LLC and certain management individuals as limited partners. IH2, a Delaware corporation, is owned by Preeminent Parent L.P. and IH2 Property Holdings Inc. IH3 is owned by Invitation Homes 3 GP LLC as general partner and, collectively, BREP IH3 Co-Investment Partners, L.P., BREP IH3 Holdings LLC, BTO IH3 Holdings L.P., Blackstone Real Estate Holdings VII—ESC L.P., and Blackstone Family Tactical Opportunities Investment Partnership ESC L.P. as limited partners. IH4 is owned by Invitation Homes 4 GP LLC as general partner and, collectively, BREP IH4 Holdings LLC, BTO IH3 Holdings L.P., Blackstone Real Estate Holdings VII—ESC L.P., and Blackstone Family Tactical Opportunities Investment Partnership ESC L.P., and certain management individuals as limited partners. IH5 is owned by Invitation Homes 5 GP LLC as general partner and, collectively, BREP IH5 Holdings LLC, Blackstone Total Alternatives Solution 2014 L.P., Blackstone Real Estate Holdings VII—ESC L.P., and certain management individuals as limited partners. IH6 is owned by Invitation Homes 6 GP LLC as general partner and BREP IH6 Holdings LLC as limited partner.

Each of the Invitation Homes Partnerships is comprised of wholly owned subsidiaries that were formed for specific operating purposes and several wholly owned subsidiaries that were formed to facilitate our financing arrangements (the “Borrower Entities”). These Borrower Entities are used to align the ownership of our single-family residential properties with individual debt instruments. Collateral for the individual debt instruments is in the form of equity interests in the Borrower Entities or in pools of single-family residential properties owned either directly by the Borrower Entities or indirectly by their wholly owned subsidiaries (see Note 4).

The Invitation Homes Partnerships are under the common control of BREP VII and Affiliates. BREP VII and Affiliates have the ability to control each of the Invitation Homes Partnerships and manage and operate the Invitation Homes Partnerships through the Manager and a common board of directors. The historical financial statements of the Invitation Homes Partnerships and their consolidated subsidiaries have been combined in these financial statements.

References to “Invitation Homes,” or the “Company,” “we,” “our,” and “us” refer, collectively, to IH1, IH2, IH3, IH4, IH5, IH6, and the Manager.

INVITATION HOMES
NOTES TO UNAUDITED CONDENSED COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

Note 2—Significant Accounting Policies

Basis of Presentation

The accompanying condensed combined and consolidated financial statements are unaudited and have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) and with the rules and regulations of the Securities and Exchange Commission for interim financial information and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements and should be read in conjunction with the Company’s audited combined and consolidated financial statements and notes thereto included in this filing as of and for the year ended December 31, 2015. These condensed combined and consolidated financial statements include the accounts of the Invitation Homes Partnerships and their consolidated wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in the condensed combined and consolidated financial statements. In the opinion of management, all adjustments which are of a normal recurring nature considered necessary for a fair presentation of our interim financial statements have been included in these condensed combined and consolidated financial statements. Operating results for the nine months ended September 30, 2016, are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2016.

The Company consolidates entities when it owns, directly or indirectly, a majority interest in the entity or is otherwise able to control the entity. The Company consolidates variable interest entities (“VIEs”) in accordance with Accounting Standards Codification (“ASC”) 810, Consolidation, as amended by Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2015-02, *Consolidation (Topic 810)— Amendments to the Consolidation Analysis* (“ASU 2015-02”), if it is the primary beneficiary of the VIE as determined by our power to direct the VIE’s activities and the obligation to absorb its losses or the right to receive its benefits, which are potentially significant to the VIE. A VIE is broadly defined as an entity with one or more of the following characteristics: (a) the total equity investment at risk is insufficient to finance the entity’s activities without additional subordinated financial support; (b) as a group, the holders of the equity investment at risk lack (i) the ability to make decisions about the entity’s activities through voting or similar rights, (ii) the obligation to absorb the expected losses of the entity, or (iii) the right to receive the expected residual returns of the entity; or (c) the equity investors have voting rights that are not proportional to their economic interests, and substantially all of the entity’s activities either involve, or are conducted on behalf of, an investor that has disproportionately few voting rights.

Statements of comprehensive loss have not been included in these condensed combined and consolidated financial statements due to there being no items of other comprehensive loss that would cause a difference between our net loss and our comprehensive loss.

Use of Estimates

The preparation of the condensed combined and consolidated financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed combined and consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. These estimates are inherently subjective in nature and actual results could differ from those estimates.

INVITATION HOMES
NOTES TO UNAUDITED CONDENSED COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

Accounting Policies

There have been no changes to our significant accounting policies that have had a material impact on our condensed combined and consolidated financial statements and related notes, compared to those policies disclosed in our audited combined and consolidated financial statements included in this filing as of and for the year ended December 31, 2015.

Recent Accounting Pronouncements

In August 2016, the FASB issued ASU No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments*, which clarifies the classification of certain cash receipts and cash payments including debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing, proceeds from the settlement of insurance claims, and beneficial interests in securitization transactions. The new standard will be effective for the Company for annual reporting periods beginning after December 15, 2017, and for interim periods within those annual periods. The Company is currently evaluating the impact of the guidance on our combined and consolidated financial statements.

In March 2016, the FASB issued ASU No. 2016-09, *Compensation — Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting (Topic 718)*, which simplifies several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. The guidance will be effective for the Company for annual reporting periods beginning after December 15, 2016, and for interim periods within those annual periods, with early adoption permitted. The Company is currently evaluating the impact of the guidance on our combined and consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which will require lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than one year. Lessor accounting will remain similar to lessor accounting under current GAAP, while aligning with the FASB's new revenue recognition guidance. The new standard will be effective for the Company for annual reporting periods beginning after December 15, 2018, and for interim periods within those annual periods, with early adoption permitted. The Company is currently evaluating the impact of the guidance on our combined and consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, which amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments, including the requirement to measure certain equity investments at fair value with changes in fair value recognized in net income. The new standard will be effective for the Company for annual reporting periods beginning after December 15, 2017, and for interim periods within those annual periods. The Company is currently evaluating the impact of the guidance on our combined and consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15, *Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern*, which provides guidance with respect to management's responsibility related to evaluating whether there is a substantial doubt about an entity's ability to continue as a going concern as well as to provide related footnote disclosures. This guidance is effective for the annual period ending after December 15, 2016, and interim periods thereafter, with early adoption permitted. The adoption of this accounting standard will not have a material impact on our combined and consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which provides guidance on revenue recognition and supersedes the revenue recognition requirements in

INVITATION HOMES
NOTES TO UNAUDITED CONDENSED COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

Topic 605, *Revenue Recognition*, most industry-specific guidance and some cost guidance included in Subtopic 605-35, *Revenue Recognition-Construction-Type and Production-Type Contracts*. The standard's core principle is that a company recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under current guidance. These judgments may include identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to fulfill a contract. The guidance will be effective for the Company for annual reporting periods beginning after December 15, 2017, and for interim periods within those annual periods. At that time, the Company may adopt the full retrospective approach or the modified retrospective approach. Early adoption is permitted only as of annual reporting periods, and interim periods therein, beginning after December 15, 2016. The Company is currently evaluating the method of adoption of this guidance, as well as the impact of the guidance on our combined and consolidated financial statements.

Note 3—Investments in Single-Family Residential Properties

The following table sets forth the net carrying amount associated with our properties by component:

	September 30, 2016	December 31, 2015
Land	\$ 2,702,656	\$ 2,640,615
Single-family residential property	6,828,513	6,696,760
Capital improvements	231,628	226,993
Equipment	31,453	32,031
Total gross investments in the properties	<u>9,794,250</u>	<u>9,596,399</u>
Less: accumulated depreciation	<u>(727,175)</u>	<u>(543,698)</u>
Investments in single-family residential properties, net (1)	<u>\$ 9,067,075</u>	<u>\$ 9,052,701</u>

(1) As of September 30, 2016, 358 properties with a net carrying amount of \$36,103 were classified as held for sale (see Note 7).

As of September 30, 2016 and December 31, 2015, the carrying amount of the residential property above included \$121,805 and \$120,477, respectively, of capitalized acquisition costs (excluding purchase price), along with \$61,857 and \$61,602, respectively, of capitalized interest, \$26,030 and \$25,880, respectively, of capitalized property taxes, \$4,760 and \$4,778, respectively, of capitalized insurance, and \$2,877 and \$2,857, respectively, of capitalized HOA fees.

During the nine months ended September 30, 2016 and 2015, we recognized \$194,630 and \$182,339, respectively, of depreciation expense related to the components of the properties, \$0 and \$828, respectively of amortization related to in-place lease intangible assets, and \$3,631 and \$3,281, respectively, of depreciation and amortization related to corporate furniture and equipment. Further, during the nine months ended September 30, 2016 and 2015, impairments totaling \$1,595 and \$1,448, respectively, have been recognized and are included in impairment and other on the condensed combined and consolidated statements of operations.

INVITATION HOMES
NOTES TO UNAUDITED CONDENSED COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

Note 4—Debt

Credit Facilities

Invitation Homes' credit facilities were comprised of the following as of September 30, 2016 and December 31, 2015:

Credit Facility	Origination Date	Maturity Date ⁽¹⁾	Interest Rate ⁽²⁾	Outstanding Principal Balance ⁽³⁾	
				September 30, 2016 ⁽⁴⁾	December 31, 2015
IH1 2015 ⁽⁵⁾	April 3, 2015	October 3, 2017	3.28%	\$ 118,976	\$ 161,105
IH2 2015 ⁽⁶⁾	September 29, 2015	March 29, 2017	3.28%	63,373	116,109
IH3 2013 ⁽⁷⁾	December 19, 2013	June 30, 2017	3.53%	938,921	958,622
IH4 2014 ⁽⁸⁾	May 5, 2014	May 5, 2017	3.54%	549,304	556,987
IH5 2014 ⁽⁹⁾	December 5, 2014	June 5, 2017	3.03%	577,238	563,125
IH6 2016 ⁽¹⁰⁾	April 13, 2016	April 13, 2018	3.13%	166,144	—
Total				2,413,956	2,355,948
Less deferred financing costs, net				(6,592)	(8,207)
Total				\$ 2,407,364	\$ 2,347,741

- (1) The maturity dates above are reflective of all extensions that have been exercised. See Note 12 for extensions exercised subsequent to September 30, 2016 and other subsequent activity related to credit facilities.
- (2) Interest rates are based on a spread to LIBOR; and as of September 30, 2016, LIBOR was 0.53%.
- (3) Outstanding Principal Balance does not include capitalized deferred financing costs, net.
- (4) From October 1, 2016 to January 4, 2017, we made repayments of \$92,371 on our credit facilities. Included in this amount, on December 16, 2016, we made voluntary repayments of \$32,000 on the IH1 2015 credit facility, \$15,000 on the IH2 2015 credit facility, \$15,000 on the IH4 2014 credit facility and \$11,000 on the IH5 2014 credit facility, which were funded by operating cash flows and the release of restricted cash.
- (5) Right to borrow up to \$144,500 and \$180,000 as of September 30, 2016 and December 31, 2015, respectively; bears interest at LIBOR + 275 basis points; and has an unused commitment fee of 50 basis points per year. On September 2, 2016, we submitted a notification to request an extension of the maturity of IH1 2015 from its initial maturity of October 3, 2016. The maturity date of the facility was subsequently extended for twelve months after its initial maturity date to October 3, 2017.
- (6) Right to borrow up to \$105,800 and \$125,000 at September 30, 2016 and December 31, 2015, respectively; bears interest at LIBOR + 275 basis points, and has an unused commitment fee of 50 basis points per year. Subject to certain conditions being met, has an optional twelve month extension.
- (7) Right to borrow up to \$966,000, bears interest at either LIBOR + 275 or 400 basis points (depending on the nature of the financed property), and has an unused commitment fee of 50 basis points per year. The facility was extended for six months after its initial maturity of December 18, 2015. An extension fee of 0.25% was paid in connection with the extension. On May 27, 2016, the credit facility was amended to extend the maturity date from June 17, 2016 to June 30, 2017, bearing interest at either LIBOR + 300 or 425 basis points (depending on the nature of the financed property) during the extended period.
- (8) Right to borrow up to \$570,000, bears interest at either LIBOR + 300 or 425 basis points as of September 30, 2016 or LIBOR + 275 or 400 basis points as of December 31, 2015 (depending on the nature of the financed property), and has an unused commitment fee of 50 basis points. The LIBOR spread was increased pursuant to a May 5, 2016 amendment which also provided for an extension of the maturity date

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from May 5, 2016 to November 4, 2016. An extension fee of 0.25% was paid in connection with this extension. Subsequent to September 30, 2016, the credit facility was amended to extend the maturity date from November 4, 2016 to May 5, 2017 and to provide for an additional six-month extension period subject to certain conditions being met. An extension fee of 0.175% was paid in connection with this extension. See Note 12 for subsequent activity related to IH4 2014.

- (9) Right to borrow up to \$660,000, bears interest at either LIBOR + 250 or 375 basis points (depending on the nature of the financed property), and has an unused commitment fee of 50 basis points per year. Subject to certain conditions being met, has an optional six-month extension with a 0.25% extension fee. Subsequent to September 30, 2016, we extended the maturity of the IH5 2014 credit facility from December 5, 2016 to June 5, 2017 for an extension fee of 0.25%. See Note 12 for subsequent activity related to IH5 2014.
- (10) Right to borrow up to \$550,000, bears interest at either LIBOR + 250 or 375 basis points (depending on the nature of the financed property), and has an unused commitment fee of 50 basis points per year. Subject to certain conditions being met, has an optional twelve month extension.

All of our credit facilities are subject to certain terms and conditions that must be satisfied to obtain additional draws. These terms and conditions are specific to each credit facility agreement and include the following range of provisions which are detailed in the respective credit facility agreements: (i) the aggregate loan principal balance may not exceed 55.00%-90.00% of the total cost basis associated with financed properties; (ii) the aggregate loan principal balance may not exceed 55.00%-75.00% of the value associated with financed properties; (iii) the aggregate debt yield may not be less than 5.75%-7.00%; and (iv) the aggregate debt service coverage ratio may not be less than 1.35 to 1.00.

All of our credit facilities also require us to maintain compliance with certain affirmative, negative, and financial covenants. Affirmative covenants with which we must comply include our, and certain of our affiliates', compliance with (i) use of proceeds requirements specified in the credit facility agreement, (ii) licensing, permitting and legal requirements specified in the respective credit facility agreement, (iii) organizational requirements of the jurisdictions in which we, and certain of our affiliates, are organized, (iv) federal and state tax laws, and (v) books and records requirements specified in the credit facility agreement. Negative covenants with which we must comply include our, and certain of our affiliates', compliance with limitations surrounding (i) the operation of our properties, (ii) the amount of our indebtedness and the nature of our investments, (iii) the execution of transactions with affiliates, and (iv) the nature of our business activities. Financial covenants are specific to each credit facility agreement and include (i) a maximum loan to value ratio of 65.00%-80.00%, (ii) a maximum loan to cost ratio of 65.00%-90.00%, (iii) a debt service coverage ratio of not less than 1.10 to 1.00, and (iv) a debt yield of not less than 5.75%-7.00%. Our IH3 2013, IH4 2014, IH5 2014, and IH6 2016 credit facilities have an additional financial covenant related to an adjusted debt service coverage ratio of not less than 0.70 to 1.00 or 1.00 to 1.00. At September 30, 2016 and through the date our financial statements were available to be issued, we believe we were in compliance with all affirmative, negative, and financial covenants related to the aforementioned credit facilities.

Collateral

Collateral for the amounts borrowed include all of the equity value of the respective Borrower Entities and the constituent parts thereof, all of our rights, title and interest in, and to, any lease agreements, and all of our rights title and interest in, and to, any other agreements, documents, and instruments related to the foregoing.

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Debt Maturities Schedule

Future maturities of credit facilities as of September 30, 2016 are as follows:

<u>Year</u>	<u>Principal</u>
2017	\$ 2,247,812
2018	166,144
Total payments	2,413,956
Less deferred financing costs, net	(6,592)
Total credit facilities, net	<u>\$ 2,407,364</u>

Mortgage Loans

As of September 30, 2016, we have completed seven securitization transactions (the “Securizations” or the “mortgage loans”) collateralized by homes owned by the respective Invitation Homes Borrower Entities. The proceeds from the mortgage loans were used to fund (i) partial repayments of the then-outstanding IH1 and IH2 credit facilities, (ii) initial deposits in the reserve accounts, (iii) closing costs in connection with the mortgage loans, (iv) general costs associated with our operations, and (v) distributions and dividends to IH1 and IH2 equity investors.

The following table sets forth a summary of the mortgage loan indebtedness as of September 30, 2016 and December 31, 2015:

	<u>Maturity Date (1)</u>	<u>Rate (2)</u>	<u>Range of Spreads</u>	<u>Outstanding Principal Balance (3)</u>	
				<u>September 30, 2016 (4)</u>	<u>December 31, 2015</u>
IH1 2013-1 (5)	December 9, 2017	2.21%	115-365 bps	\$ 464,055	\$ 469,554
IH1 2014-1	June 9, 2017	2.37%	100-375 bps	981,803	993,738
IH1 2014-2, net (6)	September 9, 2017	2.42%	110-400 bps	713,074	718,610
IH1 2014-3, net (7)	December 9, 2017	2.83%	120-500 bps	767,826	766,043
IH2 2015-1, net (8)	March 9, 2017	2.89%	145-430 bps	532,216	536,174
IH2 2015-2	June 9, 2017	2.48%	135-370 bps	630,714	631,097
IH2 2015-3	August 9, 2017	2.70%	130-475 bps	1,186,928	1,190,695
Total Securizations				5,276,616	5,305,911
Less deferred financing costs, net				(14,784)	(41,718)
Total				<u>\$ 5,261,832</u>	<u>\$ 5,264,193</u>

- (1) Each mortgage loan’s initial maturity term is two years, individually subject to three, one-year extension options at the borrower’s discretion (provided that there is no event of default under the loan agreement and the borrower obtains a replacement interest rate cap agreement in a form reasonably acceptable to the lender). Our IH1 2014-1, IH1 2014-2 and IH1 2014-3 mortgage loans have exercised the first extension options, and IH1 2013-1 has exercised the second extension option. The maturity dates above are reflective of all extensions that have been exercised.
- (2) Interest rates are based on a weighted average spread to LIBOR; and as of September 30, 2016, LIBOR was 0.53%
- (3) Outstanding Principal Balance is net of discounts and does not include capitalized deferred financing costs, net.
- (4) From October 1, 2016 to January 4, 2017, we made repayments of \$11,978 on our mortgage loans.

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- (5) On December 5, 2016, we exercised our second one-year extension option on IH1 2013-1, extending the maturity from December 9, 2016 to December 9, 2017. See Note 12 for subsequent activity related to this mortgage loan.
- (6) Net of unamortized discount of \$1,325 as of December 31, 2015.
- (7) Net of unamortized discount of \$667 and \$3,279 as of September 30, 2016 and December 31, 2015, respectively. On December 9, 2016, we exercised our first one-year extension option on IH1 2014-3, extending the maturity from December 9, 2016 to December 9, 2017. See Note 12 for subsequent activity related to this mortgage loan.
- (8) Net of unamortized discount of \$130 and \$351 as of September 30, 2016 and December 31, 2015, respectively.

Securitization Transactions

IH1 2013-1: In November 2013, we completed our first securitization transaction (“IH1 2013-1”), in which 2013-1 IH Borrower L.P. (“S1 Borrower”), a newly-formed special purpose entity and wholly owned subsidiary of IH1, executed a loan agreement with a third-party lender. The third-party lender made a six component term loan to S1 Borrower in the amount of \$479,137. All six components of the loan were sold at par. We are obligated to make monthly payments of interest and principal with the first payment being due upon the closing of the loan, and subsequent payments began January 9, 2014 and continue monthly thereafter.

IH1 2014-1: In May 2014, we completed our second securitization transaction (“IH1 2014-1”), in which 2014-1 IH Borrower L.P. (“S2 Borrower”), a newly-formed special purpose entity and wholly owned subsidiary of IH1, executed a loan agreement with a third-party lender. The third-party lender made a six component term loan to S2 Borrower in the amount of \$993,738. All six components of the loan were sold at par. We are obligated to make monthly payments of interest with the first payment being due upon the closing of the loan, and subsequent payments began July 9, 2014 and continue monthly thereafter.

IH1 2014-2: In August 2014, we completed our third securitization transaction (“IH1 2014-2”), in which 2014-2 IH Borrower L.P. (“S3 Borrower”), a newly-formed special purpose entity and wholly owned subsidiary of IH1, executed a loan agreement with a third-party lender. The third-party lender made a term loan comprised of (1) six floating rate components and (2) one fixed rate component to the S3 Borrower in the amount of \$719,935. Of the seven loan components, the Class A, B, C, D and G certificates sold at par; however, the Class E and F certificates sold at a total discount of \$3,970. The unamortized balance of this discount is included in mortgage loans, net on our condensed combined and consolidated balance sheets as of September 30, 2016 and December 31, 2015. We are obligated to make monthly payments of interest with the first payment being due upon the closing of the loan, and subsequent payments began October 9, 2014 and continue monthly thereafter.

IH1 2014-3: In November 2014, we completed our fourth securitization transaction (“IH1 2014-3”), in which 2014-3 IH Borrower L.P. (“S4 Borrower”), a newly-formed special purpose entity and wholly owned subsidiary of IH1, executed a loan agreement with a third-party lender. The third-party lender issued a term loan comprised of (1) six floating rate components and (2) one fixed rate component to S4 Borrower in the amount of \$769,322. Of the seven components, the Class B and G certificates sold at par; however, the Class A, C, D, E and F certificates sold at a total discount of \$7,235. The unamortized balance of this discount is included in mortgage loans, net on our condensed combined and consolidated balance sheets as of September 30, 2016 and December 31, 2015. We are obligated to make monthly payments of interest with the first payment being due upon the closing of the loan, and subsequent payments began December 9, 2014 and continue monthly thereafter.

IH2 2015-1: In January 2015, we completed our fifth securitization transaction (“IH2 2015-1”) in which 2015-1 IH2 Borrower L.P. (“S5 Borrower”), a newly-formed special purpose entity and wholly owned subsidiary of IH2, executed a loan agreement with a third-party lender. The third-party lender made a seven component term

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loan to S5 Borrower in the amount of \$540,854. Six of the seven components, the Class A, B, C, D, E, and G certificates sold at par; however, the Class F certificates sold at a total discount of \$622. The unamortized balance of this discount is included in mortgage loans, net on our condensed combined and consolidated balance sheets as of September 30, 2016 and December 31, 2015. We are obligated to make monthly payments of interest with the first payment being due upon the closing of the loan, and subsequent payments began March 9, 2015 and continue monthly thereafter.

IH2 2015-2: In April 2015, we completed our sixth securitization transaction (“IH2 2015-2”), in which 2015-2 IH2 Borrower L.P. (“S6 Borrower”), a newly-formed special purpose entity and wholly owned subsidiary of IH2, executed a loan agreement with a third-party lender. The third-party lender made a seven component term loan to S6 Borrower in the amount of \$636,686. All of the components of the loan were sold at par. We are obligated to make monthly payments of interest with the first payment being due upon the closing of the loan, and subsequent payments began June 9, 2015 and continue monthly thereafter.

IH2 2015-3: In June 2015, we completed our seventh securitization transaction (“IH2 2015-3”), in which 2015-3 IH2 Borrower L.P. (“S7 Borrower”), a newly-formed special purpose entity and wholly owned subsidiary of IH2, executed a loan agreement with a third-party lender. The third-party lender made a seven component term loan to S7 Borrower in the amount of \$1,193,950. All of the components of the loan were sold at par. We are obligated to make monthly payments of interest with the first payment being due upon the closing of the loan, and subsequent payments began August 7, 2015 and continue monthly thereafter.

Concurrent with the execution of each loan agreement, the respective third-party lender sold each loan it originated with us to individual depositor entities (the “Depositor Entities”) who subsequently transferred each loan to Securitization-specific trust entities (the “Trusts”). The Depositor Entities associated with the IH1 2014-2 and IH1 2014-3 securitizations are wholly owned subsidiaries of IH1, the Depositor Entities associated with the IH2 2015-1, IH2 2015-2, and IH2 2015-3 securitizations are wholly owned subsidiaries of IH2, and the Depositor Entities associated with the IH1 2013-1 and IH1 2014-1 securitizations are wholly owned by third parties not affiliated with the Company.

The Company accounted for the transfer of the individual Securitizations from the Depositor Entities wholly owned by IH1 and IH2 to the respective Trusts as a sale under ASC Topic 860, *Transfers and Servicing*, with no resulting gain or loss as the Securitizations were both originated by the lender and immediately transferred at the same fair market value.

As consideration for the transfer of each loan to the Trusts, the Trusts issued certificate classes which mirror the components of the individual loan agreements (collectively, the “Certificates”) to the Depositor Entities, except that Class R certificates do not have related loan components as they represent residual interests in the Trusts. The Certificates represent the entire beneficial interest in the Trusts. Following receipt of the Certificates, the Depositor Entities sold the Certificates to investors using the proceeds as consideration for the loans sold to the Depositor Entities by the lenders. These transactions had no effect on our condensed combined and consolidated financial statements other than with respect to the Class G certificates purchased by IH1 and IH2.

For IH1 2014-2, IH1 2014-3, IH2 2015-1, IH2 2015-2, and IH2 2015-3, the Trusts made the Class A through Class F certificates available for sale to both domestic and foreign investors. With the introduction of foreign investment, IH1 and IH2, as sponsors of the respective loans, are required to retain a portion of the risk that represents a material net economic interest in each loan. The Class G certificates for IH1 2014-2, IH1 2014-3, IH2 2015-1, IH2 2015-2, and IH2 2015-3 are equal to 5% of the original principal amount of the loans in accordance with the agreements. Per the terms of the Securitization agreements, the Class G certificates are restricted certificates and were made available exclusively to IH1 and IH2, as applicable. They are principal only

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and bear a stated annual interest rate of 0.0005%. The Class G certificates are classified as held to maturity investments and are recorded in other assets, net in the condensed combined and consolidated balance sheets (see Note 7).

The Trusts are structured as pass through entities that receive principal and interest from the Securitizations and distribute those payments to the holders of the Certificates. The assets held by the Trusts are restricted and can only be used to fulfill the obligations of those entities. The obligations of the Trusts do not have any recourse to the general credit of any entities in these condensed combined and consolidated financial statements. The Company has evaluated its interests in the Class G certificates of the Trusts and determined that they do not create a more than insignificant variable interest in the Trusts. Additionally, the Class G certificates do not provide the Company with any ability to direct the activities that could impact the Trusts' economic performance. Therefore, the Company does not consolidate the Trusts.

General Terms

The general terms that apply to all of the mortgage loans require us to maintain compliance with certain affirmative and negative covenants. Affirmative covenants with which we must comply include our, and certain of our affiliates', compliance with (i) licensing, permitting and legal requirements specified in the loan agreement, (ii) organizational requirements of the jurisdictions in which we, and certain of our affiliates, are organized, (iii) federal and state tax laws, and (iv) books and records requirements specified in the respective loan agreements. Negative covenants with which we must comply include our, and certain of our affiliates', compliance with limitations surrounding (i) the amount of our indebtedness and the nature of our investments, (ii) the execution of transactions with affiliates, (iii) the Manager, and (iv) the nature of our business activities. At September 30, 2016 and through the date our financial statements were available to be issued, we believe we were in compliance with all affirmative and negative covenants.

Prepayments

For the mortgage loans, prepayments of amounts owed are generally not permitted by us under the terms of the respective loan agreements unless such prepayments are made pursuant to the voluntary election and mandatory provisions specified in such agreements. The specified mandatory provisions become effective to the extent that a property becomes characterized as a disqualified property, a property is sold, and/or upon the occurrence of a condemnation or casualty event associated with a property. To the extent either a voluntary election is made, or a mandatory prepayment condition exists, in addition to paying all interest and principal, we must also pay certain breakage costs as determined by the loan servicer and a spread maintenance premium if prepayment occurs before the month following the one year anniversary of the closing dates of the mortgage loans. For the nine months ended September 30, 2016 and September 30, 2015, mandatory prepayments of \$29,681 and \$13,173, respectively, were made under the terms of the loan agreements.

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Collateral

Collateral for the mortgage loans includes first priority mortgages on certain of our properties and a grant of a security interest in all of our personal property. The following table lists the gross carrying values of the single-family residential properties pledged as collateral for the loans as of September 30, 2016 and December 31, 2015:

	Number of Homes ⁽¹⁾	September 30, 2016	December 31, 2015
IH1 2013-1	3,189	\$ 535,729	\$ 535,079
IH1 2014-1	6,354	1,132,598	1,140,370
IH1 2014-2	3,688	790,705	795,784
IH1 2014-3	4,009	854,772	852,067
IH2 2015-1	3,026	594,366	595,494
IH2 2015-2	3,521	743,227	740,547
IH2 2015-3	7,192	1,382,804	1,377,551
Total	<u>30,979</u>	<u>\$ 6,034,201</u>	<u>\$ 6,036,892</u>

- (1) The loans are secured by first priority mortgages on portfolios of single-family residential properties owned by S1 Borrower, S2 Borrower, S3 Borrower, S4 Borrower, S5 Borrower, S6 Borrower, and S7 Borrower. The number of homes noted above are as of September 30, 2016.

Interest Rate Caps

Concurrent with entering into the mortgage loan agreements, we maintain interest rate cap agreements with terms and notional amounts equivalent to the terms and amounts of the loans made by the third-party lenders and strike prices equal to approximately 2.95% for IH1 2013-1, 3.82% for IH1 2014-1, 3.09% for IH1 2014-2, 2.10% for IH1 2014-3, 2.07% for IH2 2015-1, 2.71% for IH2 2015-2, and 2.52% for IH2 2015-3 (collectively, the "Strike Prices"). To the extent that the maturity date of one or more of the loans is extended through an exercise of one or more of the extension options, replacement or extension interest rate cap agreements must be executed with terms similar to those associated with the initial interest rate cap agreements and strike prices equal to the greater of the Strike Prices and the interest rate at which the debt service coverage ratio (as defined) is not less than 1.2 to 1.0. The interest rate cap agreements, including all of our rights to payments owed by the counterparty and all other rights, have been pledged as additional collateral for the loans.

Debt Maturities Schedule

Future maturities of these mortgage loans as of September 30, 2016 are set forth in the table below:

Year	Principal ⁽¹⁾
2017	\$ 5,277,413
Less discounts	(797)
Less deferred financing costs, net	(14,784)
Total mortgage loans, net	<u>\$ 5,261,832</u>

- (1) Each mortgage loan is subject to three one-year extension options at the borrower's discretion, of which IH1 2014-1, IH1 2014-2 and IH1 2014-3 have exercised the first extension options, and IH1 2013-1 has exercised the second extension option.

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Warehouse Loans

The Invitation Homes Partnerships entered into unsecured warehouse loan agreements with BREP VII and Affiliates. Interest accrues at rates based on a spread to LIBOR, and any unpaid interest amounts are compounded into the remaining unpaid principal balance on a monthly basis. The following table sets forth a summary of the outstanding principal amounts under such loans as of September 30, 2016 and December 31, 2015:

	<u>Origination Date</u>	<u>Maturity Date</u>	<u>Rate (1)</u>	<u>September 30, 2016</u>	<u>December 31, 2015</u>
IH3 warehouse loan (2)	March 26, 2014	December 31, 2017	3.28%	\$ 11,760	\$ 38,137
IH4 warehouse loan (3)	May 7, 2014	May 6, 2015	3.28%	—	4,740
IH5 warehouse loan (4)	April 27, 2015	April 26, 2016	3.03%	—	71,146
Total warehouse loans				<u>\$ 11,760</u>	<u>\$ 114,023</u>

- (1) Interest rates are based on a spread to LIBOR; and as of September 30, 2016, LIBOR was 0.53%.
- (2) This loan bears interest at LIBOR + 275 basis points. On October 11, 2016, the original maturity date of March 25, 2015 was extended to December 31, 2017, without any additional changes to the terms of the agreement (see Note 12). Interest will continue to be incurred past the original due date until all principal and interest is fully paid at the original stated rate. As of December 29, 2016, the outstanding balance has been fully repaid. See Note 12 for subsequent activity related to this warehouse loan.
- (3) This loan bore interest at LIBOR + 275 basis points. The loan was paid off in full during the nine months ended September 30, 2016.
- (4) This loan bore interest at LIBOR + 250 basis points. The loan was paid off in full during the nine months ended September 30, 2016.

Note 5—Restricted Cash

Pursuant to the terms of the credit facility agreements and the mortgage loans described in Note 4, we are required to establish, maintain, and fund from time to time (generally either monthly or at the time borrowings are funded) certain specified reserve accounts. These reserve accounts include, but are not limited to the following types of accounts: (i) completion reserves; (ii) renovation reserves; (iii) leasing commission reserves; (iv) debt service reserves; (v) property tax reserves; (vi) insurance premium and deductible reserves; (vii) standing reserves; (viii) special reserves; (ix) termination fee reserves; (x) eligibility reserves; (xi) collections; and (xii) non-conforming property reserves. These reserve accounts are under the sole control of the Administrative Agent, as defined in the credit facility agreements, and the loan servicer of the mortgage loans. Additionally, we hold security deposits pursuant to resident lease agreements that are required to be segregated. Accordingly, amounts funded to these reserve accounts and security deposit accounts have been classified within our condensed combined and consolidated balance sheets as restricted cash.

The amounts funded, and to be funded, to the reserve accounts are subject to formulae included in the credit facility agreements and mortgage loan agreements, and are to be released to us subject to certain conditions (in consultation with the other named lenders to the credit facility agreements) specified therein being met. To the extent that an event of default were to occur, the loan servicer (as it relates to the Securitizations) and the Administrative Agent (in consultation with the other named lenders to the credit facilities, as it relates to the credit facilities) have discretion to use such funds to either settle the applicable operating expenses to which such reserves relate or reduce the allocated loan amount associated with a residential property of ours.

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At September 30, 2016 and December 31, 2015, the balances in these reserve accounts are as set forth in the table below. No amounts were funded to the completion, renovation, leasing commission, debt service, termination fee, and nonconforming property reserve accounts as the conditions specified in the credit facility agreements that require such funding did not exist.

	<u>September 30,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>
Resident security deposits	\$ 85,228	\$ 80,311
Collections	60,746	47,256
Property taxes	81,338	44,697
Insurance premium and deductible	4,462	4,298
Standing and capital expenditure reserves	26,936	21,382
Special reserves	34	7,495
Eligibility reserves	11,266	13,735
Letters of credit	2,680	—
Total	<u>\$ 272,690</u>	<u>\$ 219,174</u>

Note 6—Equity

As described in Note 1, IH1, IH3, IH4, IH5, and IH6 are partnerships. These entities each have limited partners and a general partner (the “Class A Partners”), along with a board of directors elected by the limited partners.

IH2 is a Delaware corporation and has issued 1,000 shares of common stock and 113 shares of Series A Preferred Stock. IH2 has a board of directors elected by the common stockholders.

The same board of directors is responsible for directing the significant activities of the Invitation Homes Partnerships on a combined basis.

The IH2 Series A Preferred Stock ranks, in respect of rights to the payment of dividends and the distribution of assets in the event of any liquidation or dissolution, senior to the IH2 common stock. Holders of such IH2 Series A Preferred Stock shares are entitled to receive, when and if declared by our board of directors, cumulative cash dividends at the rate of 12.0% per annum of the total of a liquidation preference plus all accumulated and unpaid dividends thereon as defined in the IH2 organizational documents. During the nine months ended September 30, 2016 and 2015, no additional shares of Series A Preferred Stock were issued and no dividend payments were made to current holders. As of September 30, 2016 and 2015, there are no dividend amounts declared and outstanding related to the 12.0% per annum dividend requirements of the Series A Preferred Stock. Holders of the Series A Preferred Stock have no voting rights, and shares of such series are not convertible or exchangeable into common stock or other series of preferred stock that may from time to time be designated by our board of directors. They may, however, be redeemed at our sole discretion, in whole or in part, subject to certain provisions within the IH2 organizational documents.

As further described in Note 9, we have granted certain individuals incentive compensation units in IH1, IH2, IH3, IH4, and IH5, which currently consists of Class B units that are accounted for as a substantive class of equity due to the terms of the agreements and rights of the holders.

Profits and losses, and cash distributions are allocated in accordance with the terms of the respective entity’s organizational documents.

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During the nine months ended September 30, 2016 and 2015, we made \$0 and \$631,472, respectively, of distributions, including common stock dividends. During the nine months ended September 30, 2016 and 2015, no distributions were made to the Class B unitholders. Any amounts previously distributed to the holders of the Class B units in the event of a liquidating event will be reduced by amounts previously paid to such Class B unitholders as advance distributions.

We have executed \$20,500 of notes receivables with certain Class B unitholders (the “Class B Notes”) of which \$20,228 has been funded as of September 30, 2016 and December 31, 2015. The Class B Notes are secured by certain of the Class B units of the makers of the Class B Notes and are otherwise non-recourse to the makers. The Class B Notes mature the earlier of a liquidation event or defined dates in 2024 and bear interest of 1.57% to 1.97% per annum. As such, the Class B Notes have been recorded as a component of combined equity in our condensed combined and consolidated balance sheets as of September 30, 2016 and December 31, 2015.

Note 7—Other Assets

At September 30, 2016 and December 31, 2015, the balances in other assets, net are as follows:

	September 30, 2016	December 31, 2015
Investments in debt securities, net	\$ 209,290	\$ 193,045
Held for sale assets (1)	36,103	—
Prepaid expenses	17,102	21,238
Deferred leasing costs, net	7,141	9,102
Rent and other receivables, net	9,855	8,846
Corporate fixed assets, net	6,679	6,980
Other	5,939	4,096
Total	<u>\$ 292,109</u>	<u>\$ 243,307</u>

(1) As of September 30, 2016, 358 properties with a net carrying amount of \$36,103 were classified as held for sale (see Note 12).

Investments in Debt Securities

In connection with certain of the Securitizations, we acquired \$193,045 of Class G certificates. In 2016, we purchased \$16,423 of Class F certificates, net of discount of \$387. These investments in debt securities are classified as held to maturity investments (for additional information about the Securitizations, see Note 4). As of September 30, 2016 and December 31, 2015, there were no gross unrecognized holding gains or losses and there were no other-than-temporary impairments recognized in accumulated other comprehensive income. As of September 30, 2016, the Class G and F certificates are scheduled to mature over the next 6 to 15 months.

Rent and Other Receivables

We lease our properties to residents pursuant to leases that generally have an initial contractual term of at least 12 months, provide for monthly payments, and are cancellable by the resident and us under certain conditions specified in the related lease agreements.

Included in other assets, net within the condensed combined and consolidated balance sheets, is an allowance for doubtful accounts of \$796 and \$1,139 as of September 30, 2016 and December 31, 2015, respectively.

INVITATION HOMES
NOTES TO UNAUDITED CONDENSED COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

Note 8—Related Party Transactions

Through December 31, 2014, certain related parties provided us with consulting services for which we recorded payables. We also made offsetting income tax payments related to distributions on behalf of these related parties. As of December 31, 2015, net payables to related parties were \$1,959 and are included in accounts payable and accrued expenses in our condensed combined and consolidated balance sheets. All amounts were repaid during the nine months ended September 30, 2016.

Note 9—Incentive Compensation Units

IH1, IH2, IH3, IH4, and IH5 have incentive compensation unit programs for the purpose of retaining certain key employees of the Manager. Under these programs, certain individuals were granted incentive compensation units. The Units are profits interests for United States federal income tax purposes, and certain Units were issued in exchange for nominal contributions. Due to the terms of the agreements with each Class B Unit holder and each parties' respective rights thereunder, we account for the Class B Units as a substantive class of equity. IH1, IH2, IH3, IH4, and IH5 are each authorized to issue 10,000 Class B Units.

Pursuant to an amended and restated partnership agreement dated February 25, 2016, IH5 was authorized to issue Class B Units and 9,676 were issued during the nine months ended September 30, 2016.

The Units generally vest pro rata on an annual basis over a three to five year period pursuant to provisions of the individual incentive unit agreements. For IH1, because the Units were granted to employees of the Manager, which is a wholly-owned subsidiary of IH1, noncash incentive compensation expense is calculated based on the grant-date fair value of the Units and is recognized in expense over the service period. Additional compensation expense is recognized if modifications to existing incentive unit agreements result in an increase in the post-modification fair value of the Class B Units that exceeds their pre-modification fair value. For IH2, IH3, IH4, and IH5 the Units were granted to non-employees of the issuing entities. As such, noncash incentive compensation expense is initially recorded based on the estimated fair value of the Units at grant date and recognized in expense over the service period. Fair value is subsequently remeasured for the unvested units at the end of each reporting period.

Certain of the Units are performance-based units that only vest upon the occurrence of a liquidity event. Compensation cost for performance based units is recognized when it is probable that the performance condition will be achieved. No compensation expense has been recognized for performance-based units for the nine months ended September 30, 2016 or 2015, as the liquidity event was not considered probable of occurring.

The following table summarizes awards and activity of the Units for the nine months ended September 30, 2016:

	Employee		Class B Units Non-employee		Total Class B Units	
	Number of Units	Weighted Average Fair Value	Number of Units	Weighted Average Fair Value	Number of Units	Weighted Average Fair Value
Units outstanding as of December 31, 2015	9,932	\$ 4.6	29,665	\$ 3.5	39,597	3.8
Granted	90	13.3	10,122	0.7	10,212	0.8
Forfeited	(22)	(6.0)	(182)	(1.9)	(204)	(2.3)
Units outstanding as of September 30, 2016 ⁽¹⁾	<u>10,000</u>	\$ 4.2	<u>39,605</u>	\$ 3.0	<u>49,605</u>	3.2

(1) Included in units outstanding are 6,879 performance-based units at September 30, 2016.

INVITATION HOMES
NOTES TO UNAUDITED CONDENSED COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

As of September 30, 2016, 35,524 Class B Units were fully vested. The estimated fair value of the 9,290 Units that vested during the nine months ended September 30, 2016 was \$18,344. No Units are exercisable as the Units are only entitled to distributions after certain return thresholds are achieved.

The fair value of the Units was estimated as of September 30, 2016, using an income approach based on discounted cash flows and a market approach based on comparable companies and transactions. Significant inputs and assumptions utilized in applying these valuation approaches include discount rates, terminal capitalization rates, market rent growth rates, expense growth rates and revenue and EBITDA multiples of companies who we deemed to be comparable to us. These fair value estimates were then utilized in an Invitation Homes entity specific Monte-Carlo option pricing model for purposes of deriving a per unit fair value. The following table summarizes the significant inputs utilized in this model:

	<u>September 30, 2016</u>	<u>September 30, 2015</u>
Expected volatility (1)	28%-39%	27%-34%
Risk-free rate	0.66%	1.31%
Expected holding period (years)	1.5	3.0

- (1) Expected volatility is estimated based on the leverage adjusted historical volatility of certain of our peer companies over a historical term commensurate with the remaining expected holding period.

During the nine months ended September 30, 2016 and 2015, we recognized \$13,023 and \$22,267, respectively, of noncash incentive compensation expense, of which \$12,724 and \$18,161, respectively, was recorded in general and administrative expense, and \$299 and \$4,106, respectively, was recorded in property management expense. At September 30, 2016, there was \$7,007 of unrecognized incentive unit compensation expense related to unvested units (excluding performance-based units), which is expected to be recognized over a weighted average period of between one and two years depending on the respective partnership.

Note 10—Fair Value Measurements

The carrying amounts of restricted cash, certain components of other assets, accounts payable and accrued expenses, resident security deposits, and other liabilities approximate fair value because of the short maturity of these amounts. The Company's interest rate cap agreements are the only financial instruments recorded at fair value on a recurring basis within our condensed combined and consolidated financial statements and are not material to our condensed combined and consolidated financial statements.

Further, we believe the carrying amounts of the held to maturity investments, credit facilities, net, mortgage loans, net, and warehouse loans from BREP VII and Affiliates approximate their fair values as of September 30, 2016, which have been estimated by discounting future cash flows at market rates (Level 2).

INVITATION HOMES
NOTES TO UNAUDITED CONDENSED COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

Our assets measured at fair value on a nonrecurring basis are those assets for which we have recorded impairments. See Note 2 for information regarding significant considerations used to estimate the fair value of our investments in real estate. The assets for which we have recorded impairments, measured at fair value on a nonrecurring basis, are summarized below:

	Nine Months Ended September 30,	
	2016	2015
Residential real estate held for sale (Level 3)		
Pre-impairment amount	\$ 40,657	\$ —
Total losses	(945)	—
Fair value	<u>\$ 39,712</u>	<u>\$ —</u>
	Nine Months Ended September 30,	
	2016	2015
Residential real estate held for use (Level 3)		
Pre-impairment amount	\$ 2,407	\$ 2,230
Total losses	(650)	(1,448)
Fair value	<u>\$ 1,757</u>	<u>\$ 782</u>

For additional information related to our single-family residential properties during the nine months ended September 30, 2016, refer to Note 3.

Note 11—Commitments and Contingencies*Insurance Policies*

Pursuant to the terms of our credit facility agreements and the mortgage loan agreements (see Note 4), laws and regulations of the jurisdictions in which our properties are located, and general business practices, we are required to procure insurance on our properties. For the nine months ended September 30, 2016 and 2015, no material uninsured losses have been incurred with respect to the properties.

Legal Matters

We are subject to various legal proceedings and claims that arise in the ordinary course of our business. We accrue a liability when we believe that it is both probable that a liability has been incurred and that we can reasonably estimate the amount of the loss. We do not believe that the final outcome of these proceedings or matters will have a material adverse effect on our condensed combined and consolidated financial statements.

Note 12—Subsequent Events

Subsequent events have been evaluated through January 6, 2017, the date the condensed combined and consolidated financial statements were available to be issued.

Extensions of Existing Credit Facilities

On November 3, 2016, we amended the IH4 2014 credit facility to extend the maturity date from November 4, 2016 to May 5, 2017 for an extension fee of \$961, or 0.175%. Additionally, the amendment removed the existing one-year extension option and provided for an additional six-month extension with a 0.175% extension fee.

INVITATION HOMES
NOTES TO UNAUDITED CONDENSED COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

On December 5, 2016, we extended the maturity of the IH5 2014 credit facility from December 5, 2016 to June 5, 2017 for an extension fee of \$1,440, or 0.25%.

Extension of Warehouse Loan

On October 11, 2016, the maturity date of the IH3 warehouse loan was extended from March 25, 2015 to December 31, 2017.

Extensions of Existing Mortgage Loans

On December 5, 2016, we exercised our second one-year extension option on IH1 2013-1, extending the maturity from December 9, 2016 to December 9, 2017.

On December 9, 2016, we exercised our first one-year extension option on IH1 2014-3, extending the maturity from December 9, 2016 to December 9, 2017.

Existing Debt Repayments

On November 1, 2016, a total of \$5,165 of respective mortgage loan balances were paid off for 24 properties that had previously been identified as disqualified properties.

As of December 29, 2016, we fully repaid our outstanding IH3 warehouse loan.

On December 16, 2016, we made repayments totaling approximately \$73,000 on our IH1 2015, IH2 2015, IH4 2014 and IH5 2014 credit facilities, which were funded by operating cash flows and the release of restricted cash.

Residential Property Dispositions

Between October 1, 2016 and January 4, 2017, we disposed of 250 properties with a net carrying amount of \$32,409 as of September 30, 2016, for gross proceeds of \$40,405. Of those proceeds, \$23,806 was used to make various repayments on our credit facilities and mortgage loans. At September 30, 2016, 155 of these properties were classified as investments in residential properties, and 95 were classified as held for sale and presented in other assets, net on our condensed combined and consolidated balance sheet.

On October 5, 2016, we executed a purchase and sale agreement for the disposition of 254 homes with a net carrying amount of \$23,627 as of September 30, 2016, for an aggregate sales price of \$32,447, subject to customary terms and conditions. At September 30, 2016, these properties were classified as held for sale in other assets, net on our condensed combined and consolidated balance sheet. Subsequently, we entered into an amendment to the purchase and sale agreement, which adjusted the portfolio to include 235 homes for an aggregate sales price of \$30,056.

New Credit Facility

On December 16, 2016, Invitation Homes Operating Partnership LP (the "Operating Partnership"), an affiliate of the Company, entered into a commitment letter with a syndicate of banks, financial institutions and institutional lenders for a new credit facility (the "New Credit Facility").

INVITATION HOMES
NOTES TO UNAUDITED CONDENSED COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS
(dollar amounts in thousands)

The New Credit Facility will provide \$2,500,000 of borrowing capacity and consist of:

- A revolving credit facility, which will mature four years from the closing date of the New Credit Facility (the “Closing Date”), with a one-year extension option; and
- A term loan facility, which will mature five years from the Closing Date.

The New Credit Facility would close and be funded in connection with a potential initial public offering associated with the Company and the Operating Partnership. At that time, the proceeds from the New Credit Facility will be used to repay existing indebtedness and for general corporate purposes. The New Credit Facility will bear interest at our election of either a base rate or LIBOR plus an applicable margin. The New Credit Facility will be guaranteed and secured by certain of the Invitation Homes Partnerships and certain Borrower Entities of the Company.

On December 21, 2016, the Operating Partnership entered into interest rate swap agreements with two financial institutions for an aggregate notional amount of \$1,500,000 to hedge the risk arising from changes in one-month LIBOR. The interest rate swaps are effective February 28, 2017, will mature January 31, 2022 and will effectively convert our variable rate interest payments to a fixed rate of 1.97%. Certain of the Invitation Homes Partnerships and certain Borrower Entities have guaranteed the Operating Partnership’s obligations under the interest rate swaps.

Supplemental Bonus Plan

In October 2016, the Company established a supplemental bonus plan for certain key executives and employees. The payment of a bonus under the plan is triggered upon an initial public offering or exit event. The board of directors has the ability to determine whether the bonus will be paid in stock or cash and, in the event of an initial public offering, anticipates paying the bonus in stock.

Hurricane Matthew

Certain of our properties in the Florida and Carolina markets were impacted by Hurricane Matthew. The Company is assessing potential damages, which are estimated to be approximately \$1,600 to \$1,800.

Issuance of Class B Incentive Units and Grant of Bonus Awards

Pursuant to its amended and restated partnership agreement, in January 2017, IH6 issued certain individuals a total of 9,450 Class B Units with similar terms and vesting conditions to the Class B Units described in Note 9. In addition to the Class B Units, these individuals were also granted bonus awards, entitling them to receive bonus payments in connection with an initial public offering or exit event. These bonus awards are payable in cash or common stock.

Class B Note Cancellation

On January 5, 2017, we cancelled \$7,500 of the Class B Notes, resulting in a Class B advance distribution.

Shares

Invitation Homes Inc.

Common Stock



PROSPECTUS

Deutsche Bank Securities
J.P. Morgan
BofA Merrill Lynch
Goldman, Sachs & Co.
Wells Fargo Securities
Credit Suisse
Morgan Stanley
RBC Capital Markets
Blackstone Capital Markets
BTIG
Evercore ISI
FBR
JMP Securities
Keefe, Bruyette & Woods
A Stifel Company
Raymond James
Siebert Cisneros Shank & Co., L.L.C.
Zelman Partners LLC

, 2017

Until _____, 2017 (25 days after the date of this prospectus), all dealers that buy, sell or trade shares of our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PART II**INFORMATION NOT REQUIRED IN PROSPECTUS****Item 31. Other Expenses of Issuance and Distribution.**

The following table sets forth the estimated costs and expenses, other than the underwriting discount, payable by us in connection with the sale of the shares of common stock being registered hereby. All amounts shown are estimates except the SEC registration fee, the FINRA filing fee and the NYSE listing fee.

Filing Fee—Securities and Exchange Commission	\$ 11,590
Fee—Financial Industry Regulatory Authority, Inc.	15,500
Listing Fee—New York Stock Exchange	295,000
Fees of Transfer Agent	25,000
Fees and Expenses of Counsel	*
Printing Expenses	650,000
Fees and Expenses of Accountants	*
Miscellaneous Expenses	*
Total	*

* To be filed by amendment.

Item 32. Sales to Special Parties.

See “Item 33. Recent Sales of Unregistered Equity Securities.”

Item 33. Recent Sales of Unregistered Equity Securities.

On October 4, 2016, Invitation Homes Inc. issued 100 shares of its common stock, par value \$0.01 per share, to Invitation Homes 2-A L.P. for \$1.00 in cash. The issuance of such shares of common stock was not registered under the Securities Act, because the shares were offered and sold in a transaction by the issuer not involving any public offering exempt from registration under Section 4(a)(2) of the Securities Act.

Shares of common stock of Invitation Homes Inc. will be issued to certain of our pre-IPO owners pursuant to the Pre-IPO Transactions. See “Organizational Structure—Pre-IPO Transactions” in the prospectus that forms part of this registration statement for additional information. Such securities will be issued in reliance on the exemption contained in Section 4(a)(2) of the Securities Act, as transactions by issuers not involving a public offering. No general solicitation or underwriters will be involved in such issuances.

Item 34. Indemnification of Directors and Officers.

Maryland law permits us to include a provision in our charter eliminating the liability of our directors and officers to us and our stockholders for money damages, except for liability resulting from (a) actual receipt of an improper benefit or profit in money, property or services or (b) active and deliberate dishonesty that is established by a final judgment and is material to the cause of action. Our charter will contain a provision that eliminates our directors’ and officers’ liability to the maximum extent permitted by Maryland law.

Maryland law requires us (unless our charter were to provide otherwise, which our charter will not) to indemnify a director or officer who has been successful, on the merits or otherwise, in the defense of any proceeding to which he or she is made a party by reason of his or her service in that capacity. Maryland law permits us to indemnify our present and former directors and officers, among others, against judgments,

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penalties, fines, settlements and reasonable expenses actually incurred by them in connection with any proceeding to which they may be made or threatened to be made a party by reason of their service in those or certain other capacities unless it is established that:

- the act or omission of the director or officer was material to the matter giving rise to the proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty;
- the director or officer actually received an improper personal benefit in money, property or services; or
- in the case of any criminal proceeding, the director or officer had reasonable cause to believe that the act or omission was unlawful.

Maryland law prohibits us from indemnifying a director or officer who has been adjudged liable in a suit by us or on our behalf or in which the director or officer was adjudged liable on the basis that a personal benefit was improperly received. A court may order indemnification if it determines that the director or officer is fairly and reasonably entitled to indemnification, even though the director or officer did not meet the prescribed standard of conduct or was adjudged liable on the basis that personal benefit was improperly received; however, indemnification for an adverse judgment in a suit by us or on our behalf, or for a judgment of liability on the basis that personal benefit was improperly received, is limited to expenses.

In addition, Maryland law permits us to advance reasonable expenses to a director or officer upon our receipt of (a) a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification and (b) a written undertaking by him or her or on his or her behalf to repay the amount paid or reimbursed if it is ultimately determined that the standard of conduct was not met.

To the maximum extent permitted by Maryland law, our charter will authorize us to indemnify any person who serves or has served, and our bylaws will obligate us to the maximum extent permitted by Maryland law, to indemnify any individual who is made or threatened to be made a party to or witness in a proceeding by reason of his or her service:

- as our director or officer; or
- while a director or officer and at our request, as a director, officer, partner, manager, member or trustee of another corporation, real estate investment trust, partnership, joint venture, limited liability company, trust, employee benefit plan or other enterprise,

from and against any claim or liability to which he or she may become subject or that he or she may incur by reason of his or her service in any of these capacities, and to pay or reimburse his or her reasonable expenses in advance of final disposition of a proceeding. Our charter and bylaws will also permit us to indemnify and advance expenses to any individual who served any of our predecessors in any of the capacities described above and any employee or agent of us or any of our predecessors.

Furthermore, our officers and directors are indemnified against specified liabilities by the underwriters, and the underwriters are indemnified against certain liabilities by us, under the underwriting agreement relating to this offering. See “Underwriting” in the prospectus that forms part of this registration statement.

We intend to enter into indemnification agreements with our directors and executive officers. These agreements will require us to indemnify these individuals to the fullest extent permitted under Maryland law and our charter against liabilities that may arise by reason of their service to us, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors or executive officers, we have been informed that, in the opinion of the SEC, such indemnification is against public policy and is therefore unenforceable.

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In addition, our directors and officers will be indemnified for specified liabilities and expenses pursuant to the organizational documents of certain of our subsidiaries.

Item 35. Treatment of Proceeds from Stock Being Registered.

Not applicable.

Item 36. Financial Statements and Exhibits.

(a) See Page F-1 for an index of the financial statements that are being filed as part of this registration statement on Form S-11.

(b) See Page II-5 for a list of exhibits being filed as part of, or incorporated by reference into, this registration statement on Form S-11.

Certain agreements filed as exhibits to this registration statement contain representations and warranties that the parties thereto made to each other. These representations and warranties have been made solely for the benefit of the other parties to such agreements and may have been qualified by certain information that has been disclosed to the other parties to such agreements and that may not be reflected in such agreements. In addition, these representations and warranties may be intended as a way of allocating risks among parties if the statements contained therein prove to be incorrect, rather than as actual statements of fact. Accordingly, there can be no reliance on any such representations and warranties as characterizations of the actual state of facts. Moreover, information concerning the subject matter of any such representations and warranties may have changed since the date of such agreements.

Item 37. Undertakings.

(a) The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the purchase agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(c) The undersigned registrant hereby further undertakes that:

- (1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.
- (2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-11 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in Dallas, Texas, on the 6th day of January, 2017.

Invitation Homes Inc.

By: /s/ John B. Bartling Jr.
Name: John B. Bartling Jr.
Title: President and Chief Executive Officer

POWER OF ATTORNEY

Know all men by these presents, that each person whose signature appears below hereby constitutes and appoints John B. Bartling Jr., Ernest M. Freedman and Mark A. Solls, and each of them, any of whom may act without joinder of the other, the individual's true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for the person and in his or her name, place and stead, in any and all capacities, to sign this registration statement and any or all amendments, including post-effective amendments to the registration statement, including a prospectus or an amended prospectus therein and any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462 under the Securities Act, and all other documents in connection therewith to be filed with the SEC, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact as agents or any of them, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this registration statement and power of attorney have been signed by the following persons in the capacities indicated on the 6th day of January, 2017.

<u>Signature</u>	<u>Title</u>
<u>/s/ John B. Bartling Jr.</u> John B. Bartling Jr.	President, Chief Executive Officer and Director (Principal Executive Officer)
<u>/s/ Mark A. Solls</u> Mark A. Solls	Executive Vice President, Chief Legal Officer and Director
<u>/s/ Ernest M. Freedman</u> Ernest M. Freedman	Executive Vice President, Chief Financial Officer and Director (Principal Financial Officer)
<u>/s/ Kimberly K. Norrell</u> Kimberly K. Norrell	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)

EXHIBIT INDEX

<u>Exhibit number</u>	<u>Description</u>
1.1	Form of Underwriting Agreement*
3.1	Form of Charter of the Registrant*
3.2	Form of Amended and Restated Bylaws of the Registrant*
5.1	Opinion of Venable LLP regarding validity of the shares registered*
8.1	Opinion of Simpson Thacher & Bartlett LLP regarding certain tax matters*
10.1	Form of Amended and Restated Agreement of Limited Partnership of Invitation Homes Operating Partnership LP
10.2	Form of Stockholders' Agreement*
10.3	Form of Registration Rights Agreement*
10.4	Form of Invitation Homes Inc. 2017 Omnibus Incentive Plan†
10.5	Form of Director and Officer Indemnification Agreement†
10.6	Loan Agreement, between 2014-2 IH Borrower L.P. and German American Capital Corporation, dated as of August 14, 2014
10.7	Loan Agreement, between 2014-3 IH Borrower L.P. and German American Capital Corporation, dated as of November 12, 2014
10.8	Loan Agreement, between 2015-1 IH2 Borrower L.P. and JPMorgan Chase Bank, National Association, dated as of January 29, 2015
10.9	Loan Agreement, between 2015-2 IH2 Borrower L.P. and JPMorgan Chase Bank, National Association, dated as of April 10, 2015
10.10	Loan Agreement, between 2015-3 IH2 Borrower L.P. and JPMorgan Chase Bank, National Association, dated as of June 25, 2015
10.11	Employment Agreement with John B. Bartling Jr., dated November 25, 2014†
10.12	Employment Agreement with Dallas B. Tanner, dated November 9, 2015†
10.13	Employment Agreement with Ernest M. Freedman, dated September 4, 2015†
10.14	Invitation Homes 6 L.P. Bonus Award Program Letter Agreement†
10.15	Invitation Homes Inc. Restricted Stock Grant and Acknowledgment†
10.16	Award Notice and Restricted Stock Unit Agreement under the Invitation Homes Inc. 2017 Omnibus Incentive Plan†
21.1	Subsidiaries of the Registrant
23.1	Consent of Deloitte & Touche LLP
23.2	Consent of Deloitte & Touche LLP
23.3	Consent of Venable LLP (included in the opinion filed as Exhibit 5.1)*
23.4	Consent of Simpson Thacher & Bartlett LLP (included in the opinion filed as Exhibit 8.1)*
23.5	Consent of John Burns Real Estate Consulting LLC

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<u>Exhibit number</u>	<u>Description</u>
23.6	Consent of Bryce Blair to be named as a director nominee
23.7	Consent of Kenneth A. Caplan to be named as a director nominee
23.8	Consent of Nicholas C. Gould to be named as a director nominee
23.9	Consent of Jonathan D. Gray to be named as a director nominee
23.10	Consent of Robert G. Harper to be named as a director nominee
23.11	Consent of John B. Rhea to be named as a director nominee
23.12	Consent of David A. Roth to be named as a director nominee
23.13	Consent of John G. Schreiber to be named as a director nominee
23.14	Consent of Janice L. Sears to be named as a director nominee
23.15	Consent of William J. Stein to be named as a director nominee
24.1	Power of Attorney (included on signature pages to this registration statement)

* To be filed by amendment.

† This document has been identified as a management contract or compensatory plan or arrangement.

Certain agreements filed as exhibits to this registration statement contain representations and warranties that the parties thereto made to each other. These representations and warranties have been made solely for the benefit of the other parties to such agreements and may have been qualified by certain information that has been disclosed to the other parties to such agreements and that may not be reflected in such agreements. In addition, these representations and warranties may be intended as a way of allocating risks among parties if the statements contained therein prove to be incorrect, rather than as actual statements of fact. Accordingly, there can be no reliance on any such representations and warranties as characterizations of the actual state of facts. Moreover, information concerning the subject matter of any such representations and warranties may have changed since the date of such agreements.

FORM OF
AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
OF
INVITATION HOMES OPERATING PARTNERSHIP LP
a Delaware limited partnership

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “*SECURITIES ACT*”), OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION, UNLESS IN THE OPINION OF COUNSEL SATISFACTORY TO THE PARTNERSHIP THE PROPOSED SALE, TRANSFER OR OTHER DISPOSITION MAY BE EFFECTED WITHOUT REGISTRATION UNDER THE SECURITIES ACT AND UNDER APPLICABLE STATE SECURITIES OR “BLUE SKY” LAWS.

dated as of [●], 201[●]

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**AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
OF INVITATION HOMES OPERATING PARTNERSHIP LP**

THIS AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF INVITATION HOMES OPERATING PARTNERSHIP LP, dated as of [●], 201[●], is made and entered into by and among Invitation Homes OP GP LLC, a Delaware limited liability company, as the General Partner, Invitation Homes Inc., a Maryland corporation, as the Special Limited Partner, and any Additional Limited Partner that is admitted from time to time to the Partnership and listed in the books and records of the Partnership. This Agreement shall be effective at the Effective Time.

WHEREAS, the Partnership was originally formed by the General Partner and the Special Limited Partner on [●], 2016; and

WHEREAS, the General Partner and the Special Limited Partner desire to amend and restate the Original Partnership Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

**ARTICLE 1
DEFINED TERMS**

The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement:

“*Act*” means the Delaware Revised Uniform Limited Partnership Act, as it may be amended from time to time, and any successor to such statute.

“*Actions*” has the meaning set forth in Section 7.7 hereof.

“*Additional Funds*” has the meaning set forth in Section 4.3A hereof.

“*Additional Limited Partner*” means a Person who is admitted to the Partnership as a limited partner pursuant to Section 12.2A hereof and listed in the books and records of the Partnership.

“*Adjusted Capital Account*” means, with respect to any Partner, the balance in such Partner’s Capital Account as of the end of the relevant Partnership Year or other applicable period, after giving effect to the following adjustments:

(i) increase such Capital Account by any amounts that such Partner is obligated to restore pursuant to this Agreement upon liquidation of such Partner’s Partnership Interest or that such Person is deemed to be obligated to restore pursuant to Regulations Section 1.704-1(b)(2)(ii)(c) or the penultimate sentence of each of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5); and

(ii) decrease such Capital Account by the items described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6).

The foregoing definition of “Adjusted Capital Account” is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

“ *Adjusted Capital Account Deficit* ” means, with respect to any Partner, the deficit balance, if any, in such Partner’s Adjusted Capital Account as of the end of the relevant Partnership Year or other applicable period.

“ *Affiliate* ” means, with respect to any Person, any Person directly or indirectly controlling or controlled by or under common control with such Person. For the purposes of this definition, “control” when used with respect to any Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise, and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“ *Agreement* ” means this Amended and Restated Agreement of Limited Partnership of Invitation Homes Operating Partnership LP, as now or hereafter amended, restated, modified, supplemented or replaced.

“ *Applicable Percentage* ” has the meaning set forth in Section 15.1.B hereof.

“ *Appraisal* ” means, with respect to any assets, the written opinion of an independent third party experienced in the valuation of similar assets, selected by the General Partner in its sole discretion. Such opinion may be in the form of an opinion by such independent third party that the value for such property or asset as set by the General Partner is fair, from a financial point of view, to the Partnership.

“ *Assignee* ” means a Person to whom a Partnership Interest has been Transferred in a manner permitted under this Agreement, but who has not become a Substituted Limited Partner, and who has the rights set forth in Section 11.5 hereof.

“ *Book-Up Target* ” for an LTIP Unit shall mean (i) initially, the Common Unit Economic Balance as determined on the date such LTIP Unit was granted assuming the Gross Asset Values of the Partnership’s assets are adjusted pursuant to subsection (b) of the definition of Gross Asset Value at such time, and (ii) thereafter, as of any determination date, the remaining amount required to be allocated to such LTIP Unit for the Economic Capital Account Balance, to the extent attributable to such LTIP Unit, to be equal to the Common Unit Economic Balance as of such date. Notwithstanding the foregoing, the Book-Up Target shall be zero for any LTIP Unit for which the Economic Capital Account Balance attributable to such LTIP Unit has at any time reached an amount equal to the Common Unit Economic Balance determined as of such time.

“ *Business Day* ” means any day except a Saturday, Sunday or other day on which commercial banks in New York City are authorized by law to close.

“ *Capital Account* ” means, with respect to any Partner, the capital account maintained by the General Partner for such Partner on the Partnership’s books and records in accordance with the following provisions:

(i) To each Partner’s Capital Account, there shall be added such Partner’s Capital Contributions, such Partner’s distributive share of Net Income and any items in the nature of income or gain that are specially allocated pursuant to Section 6.3 hereof, and the amount of any Partnership liabilities assumed by such Partner or that are secured by any property distributed to such Partner.

(ii) From each Partner’s Capital Account, there shall be subtracted the amount of cash and the Gross Asset Value of any Partnership property distributed to such Partner pursuant to any provision of this Agreement, such Partner’s distributive share of Net Losses and any items in the nature of expenses or

losses that are specially allocated pursuant to Section 6.3 hereof, and the amount of any liabilities of such Partner assumed by the Partnership or that are secured by any property contributed by such Partner to the Partnership (except to the extent already reflected in the amount of such Partner's Capital Contribution).

(iii) In the event any interest in the Partnership is Transferred in accordance with the terms of this Agreement (which Transfer does not result in the termination of the Partnership for U.S. federal income tax purposes), the transferee shall succeed to the Capital Account of the transferor to the extent that it relates to the Transferred interest.

(iv) In determining the amount of any liability for purposes of subsections (i) and (ii) hereof, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

(v) The provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations promulgated under Code Section 704, and shall be interpreted and applied in a manner consistent with such Regulations. If the General Partner shall determine that it is necessary or prudent to modify the manner in which the Capital Accounts are maintained in order to comply with such Regulations, the General Partner may make such modification, provided that such modification is not likely to have any material adverse effect on the amounts distributable to any Partner pursuant to Article 13 hereof upon the dissolution of the Partnership. The General Partner may, in its sole and absolute discretion, (a) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Partners and the amount of Partnership capital reflected on the Partnership's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q) and (b) make any appropriate modifications in the event that unanticipated events might otherwise cause this Agreement not to comply with Regulations Section 1.704-1(b) or Section 1.704-2.

“*Capital Contribution*” means, with respect to any Partner, the amount of money and the initial Gross Asset Value of any Contributed Property that such Partner contributes or is deemed to contribute to the Partnership pursuant to Article 4 hereof.

“*Capital Share*” means a share of any class or series of stock of the Special Limited Partner now or hereafter authorized other than a REIT Share.

“*Cash Amount*” means an amount of cash equal to the product of (i) the Value of a REIT Share and (ii) the REIT Shares Amount determined as of the applicable Valuation Date.

“*Certificate*” means the Certificate of Limited Partnership of the Partnership filed with the Secretary of State of the State of Delaware, as amended from time to time in accordance with the terms hereof and the Act.

“*Charity*” means an entity described in Code Section 501(c)(3) or any trust all the beneficiaries of which are such entities.

“*Closing Price*” has the meaning set forth in the definition of “*Value*.”

“*Code*” means the Internal Revenue Code of 1986, as amended and in effect from time to time or any successor statute thereto, as interpreted by the applicable Regulations thereunder. Any reference herein to a specific section or sections of the Code shall be deemed to include a reference to any corresponding provision of future law.

“ *Common Unit Economic Balance* ” shall mean (i) the Capital Account balance of the General Partner, plus the amount of the General Partner’s share of any Partner Nonrecourse Debt Minimum Gain or Partnership Minimum Gain, in either case to the extent attributable to the General Partner’s ownership of Partnership Common Units and computed on a hypothetical basis after taking into account all allocations through the date on which any allocation is made under Article 6 of this Agreement, divided by (ii) the number of the General Partner’s Partnership Common Units.

“ *Consent* ” means the consent to, approval of, or vote in favor of a proposed action by a Partner given in accordance with Article 14 hereof.

“ *Consent of the General Partner* ” means the Consent of the sole General Partner, which Consent, except as otherwise specifically required by this Agreement, may be obtained prior to or after the taking of any action for which it is required by this Agreement and may be given or withheld by the General Partner in its sole and absolute discretion.

“ *Consent of the Limited Partners* ” means the Consent of a Majority in Interest of the Limited Partners, which Consent shall be obtained prior to the taking of any action for which it is required by this Agreement and, except as otherwise provided in this Agreement, may be given or withheld by each Limited Partner in its sole and absolute discretion.

“ *Contributed Property* ” means each Property or other asset, in such form as may be permitted by the Act, but excluding cash, contributed or deemed contributed to the Partnership (or deemed contributed by the Partnership to a “new” partnership pursuant to Code Section 708).

“ *Controlled Entity* ” means, as to any Partner, (a) any corporation more than fifty percent (50%) of the outstanding voting stock of which is owned by such Partner or such Partner’s Family Members or Affiliates, (b) any trust, whether or not revocable, of which such Partner or such Partner’s Family Members or Affiliates are the sole beneficiaries, (c) any partnership of which such Partner or its Affiliates are the managing partners and in which such Partner, such Partner’s Family Members or Affiliates hold partnership interests representing at least twenty-five percent (25%) of such partnership’s capital and profits and (d) any limited liability company of which such Partner or its Affiliates are the managers and in which such Partner, such Partner’s Family Members or Affiliates hold membership interests representing at least twenty-five percent (25%) of such limited liability company’s capital and profits.

“ *Cut-Off Date* ” means the fifth (5th) Business Day after the General Partner’s receipt of a Notice of Redemption.

“ *Debt* ” means, as to any Person, as of any date of determination: (i) all indebtedness of such Person for borrowed money or for the deferred purchase price of property or services; (ii) all amounts owed by such Person to banks or other Persons in respect of reimbursement obligations under letters of credit, surety bonds and other similar instruments guaranteeing payment or other performance of obligations by such Person; (iii) all indebtedness for borrowed money or for the deferred purchase price of property or services secured by any lien on any property owned by such Person, to the extent attributable to such Person’s interest in such property, even though such Person has not assumed or become liable for the payment thereof; and (iv) lease obligations of such Person that, in accordance with generally accepted accounting principles, should be capitalized.

“ *Delaware Courts* ” has the meaning set forth in Section 15.9.B hereof.

“*Depreciation*” means, for each Partnership Year or other applicable period, an amount equal to the U.S. federal income tax depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such year or other period, except that if the Gross Asset Value of an asset differs from its adjusted basis for U.S. federal income tax purposes at the beginning of such year or other period, Depreciation shall be an amount that bears the same ratio to such beginning Gross Asset Value as the U.S. federal income tax depreciation, amortization or other cost recovery deduction for such year or other period bears to such beginning adjusted tax basis; *provided, however*, that if the U.S. federal income tax depreciation, amortization or other cost recovery deduction for such year or other period is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the General Partner in its sole discretion.

“*Disregarded Entity*” means, with respect to any Person, (i) any “qualified REIT subsidiary” (within the meaning of Code Section 856(i)(2)) of such Person, (ii) any entity treated as a disregarded entity for U.S. federal income tax purposes with respect to such Person, or (iii) any grantor trust if the sole owner of the assets of such trust for U.S. federal income tax purposes is such Person.

“*Distributed Right*” has the meaning set forth in the definition of “*REIT Share Adjustment Factor*.”

“*Economic Capital Account Balance*” with respect to a Partner shall mean an amount equal to its Capital Account balance, plus the amount of its share of any Partner Nonrecourse Debt Minimum Gain or Partnership Minimum Gain.

“*Eligible LTIP Unit*” shall mean a LTIP Unit that has a Book-Up Target of zero (0).

“*ERISA*” means the Employee Retirement Income Security Act of 1974, as amended.

“*Exchange Act*” means the Securities Exchange Act of 1934, as amended, and any successor statute thereto, and the rules and regulations of the SEC promulgated thereunder.

“*Family Members*” means, as to a Person that is an individual, such Person’s spouse, ancestors, descendants (whether by blood or by adoption or step-descendants by marriage, civil union, domestic partnership or equivalent status), brothers and sisters, nieces and nephews and *inter vivos* or testamentary trusts (whether revocable or irrevocable) of which only such Person and his or her spouse, ancestors, descendants (whether by blood or by adoption or step-descendants by marriage, civil union, domestic partnership or equivalent status), brothers and sisters and nieces and nephews are beneficiaries.

“*Flow-Through Entity*” has the meaning set forth in Section 3.4.C hereof.

“*Flow-Through Partners*” has the meaning set forth in Section 3.4.C hereof.

“*Funding Debt*” means any Debt incurred by or on behalf of the General Partner or the Special Limited Partner for the purpose of providing funds to the Partnership.

“*General Partner*” means Invitation Homes OP GP LLC and its successors and assigns as a general partner of the Partnership, in each case, that is admitted from time to time to the Partnership as a general partner pursuant to the Act and this Agreement and is listed as a general partner in the books and records of the Partnership, in such Person’s capacity as a general partner of the Partnership.

“ *General Partner Interest* ” means the entire Partnership Interest held by a General Partner hereof, which Partnership Interest may be expressed as a number of Partnership Common Units, Partnership Preferred Units or any other Partnership Units.

“ *Gross Asset Value* ” means, with respect to any asset, the asset’s adjusted basis for U.S. federal income tax purposes, except as follows:

(a) The initial Gross Asset Value of any asset contributed by a Partner to the Partnership shall be the gross fair market value of such asset on the date of contribution, as determined by the General Partner and agreed to by the contributing Person.

(b) The Gross Asset Values of all Partnership assets immediately prior to the occurrence of any event described in clauses (i) through (v) below shall be adjusted to equal their respective gross fair market values, as determined by the General Partner using such reasonable method of valuation as it may adopt, as of the following times:

(i) the acquisition of an additional interest in the Partnership (other than in connection with the execution of this Agreement but including, without limitation, acquisitions pursuant to Section 4.2 hereof or contributions or deemed contributions by the General Partner pursuant to Section 4.2 hereof) by a new or existing Partner in exchange for more than a *de minimis* Capital Contribution, if the General Partner reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership;

(ii) the distribution by the Partnership to a Partner of more than a *de minimis* amount of Partnership property as consideration for an interest in the Partnership if the General Partner reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership;

(iii) the liquidation of the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g);

(iv) the grant of an interest in the Partnership (other than a *de minimis* interest) as consideration for the provision of services to or for the benefit of the Partnership, if the General Partner reasonably determines that such adjustment is necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership; and

(v) at such other times as the General Partner shall reasonably determine necessary or advisable in order to comply with Regulations Sections 1.704-1(b) and 1.704-2.

(c) The Gross Asset Value of any Partnership asset distributed to a Partner shall be the gross fair market value of such asset on the date of distribution, as determined by the distributee and the General Partner; *provided, however*, that if the distributee is the General Partner or if the distributee and the General Partner cannot agree on such a determination, such gross fair market value shall be determined by Appraisal.

(d) The Gross Asset Values of Partnership assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulations Section 1.704-1(b)(2)(iv)(m); *provided, however*, that Gross Asset Values shall not be adjusted pursuant to this subsection (d) to the extent that the General Partner reasonably determines that an adjustment pursuant to subsection (b) above is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this subsection (d).

(e) If the Gross Asset Value of a Partnership asset has been determined or adjusted pursuant to subsection (a), subsection (b) or subsection (d) above, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Net Income and Net Losses.

“ *Hart-Scott-Rodino Act* ” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

“ *Holder* ” means either (a) a Partner or (b) an Assignee owning a Partnership Interest.

“ *Incapacity* ” or “ *Incapacitated* ” means: (i) as to any Partner who is an individual, death, total physical disability or entry by a court of competent jurisdiction adjudicating such Partner incompetent to manage his or her person or his or her estate; (ii) as to any Partner that is a corporation, the filing of a certificate of dissolution, or its equivalent, for the corporation or the revocation of its charter; (iii) as to any Partner that is a partnership or limited liability company, the dissolution and commencement of winding up of the partnership or limited liability company; (iv) as to any Partner that is an estate, the distribution by the fiduciary of the estate’s entire interest in the Partnership; (v) as to any trustee of a trust that is a Partner, the termination of the trust (but not the substitution of a new trustee); or (vi) as to any Partner, the bankruptcy of such Partner. For purposes of this definition, bankruptcy of a Partner shall be deemed to have occurred when (a) the Partner commences a voluntary proceeding seeking liquidation, reorganization or other relief of or against such Partner under any bankruptcy, insolvency or other similar law now or hereafter in effect, (b) the Partner is adjudged as bankrupt or insolvent, or a final and non-appealable order for relief under any bankruptcy, insolvency or similar law now or hereafter in effect has been entered against the Partner, (c) the Partner executes and delivers a general assignment for the benefit of the Partner’s creditors, (d) the Partner files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Partner in any proceeding of the nature described in clause (b) above, (e) the Partner seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator for the Partner or for all or any substantial part of the Partner’s properties, (f) any proceeding seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law now or hereafter in effect has not been dismissed within one hundred twenty (120) days after the commencement thereof, (g) the appointment without the Partner’s consent or acquiescence of a trustee, receiver or liquidator has not been vacated or stayed within ninety (90) days of such appointment, or (h) an appointment referred to in clause (g) above is not vacated within ninety (90) days after the expiration of any such stay.

“ *Indemnitee* ” means (i) any Person made, or threatened to be made, a party to a proceeding by reason of its status as (a) the Special Limited Partner or the General Partner or (b) a member, manager or managing member of the General Partner or a director or officer of the Special Limited Partner, (ii) any Person that is required to be indemnified by the Special Limited Partner in accordance with the charter or Bylaws of the Special Limited Partner as in effect from time to time and (iii) such other Persons (including Affiliates, employees or agents of the Special Limited Partner, the General Partner or the Partnership) as the General Partner may designate from time to time (whether before or after the event giving rise to potential liability), in its sole and absolute discretion.

“ *IRS* ” means the United States Internal Revenue Service.

“ *Limited Partner* ” means any Person that is admitted from time to time to the Partnership as a limited partner pursuant to the Act or this Agreement and is listed as a limited partner in the books and records of the Partnership, including the Special Limited Partner, any Substituted Limited Partner or Additional Limited Partner, in such Person’s capacity as a limited partner of the Partnership.

“ *Limited Partner Interest* ” means a Partnership Interest of a Limited Partner in the Partnership representing a fractional part of the Partnership Interests of all Limited Partners and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. A Limited Partner Interest may be expressed as a number of Partnership Common Units, Partnership Preferred Units or other Partnership Units.

“ *Liquidating Event* ” has the meaning set forth in Section 13.1 hereof.

“ *Liquidating Gains* ” shall mean any Net Income realized in connection with the actual or hypothetical sale of all or substantially all of the assets of the Partnership (including upon the occurrence of any event of liquidation of the Partnership), including but not limited to Net Income realized in connection with an adjustment to the book value of Partnership assets under clause (b) of the definition of Gross Asset Value.

“ *Liquidating Losses* ” shall mean any Net Loss realized in connection with the actual or hypothetical sale of all or substantially all of the assets of the Partnership (including upon the occurrence of any event of liquidation of the Partnership), including but not limited to Net Loss realized in connection with an adjustment to the book value of Partnership assets under clause (b) of the definition of Gross Asset Value.

“ *Liquidator* ” has the meaning set forth in Section 13.2.A hereof.

“ *LTIP Fraction* ” shall mean, with respect to an LTIP Unit that is issued, one (1) unless a fraction is specifically designated in the relevant Vesting Agreement or other documentation pursuant to which such LTIP Unit is granted as the LTIP Fraction for such LTIP Unit.

“ *LTIP Full Participation Date* ” shall mean, for an LTIP Unit that is issued, such date as is specified in the relevant Vesting Agreement or other documentation pursuant to which such LTIP Unit is granted as the LTIP Full Participation Date for such LTIP Unit or, if no such date is so specified, the date such LTIP Unit is vested in accordance with the terms of the relevant Vesting Agreement.

“ *LTIP Unit* ” shall mean a Partnership Unit which is designated as an LTIP Unit in the relevant Vesting Agreement or other documentation pursuant to which such LTIP Unit is granted or issued, having the rights, powers, privileges, restrictions, qualifications and limitations set forth in Schedule I hereto or in this Agreement in respect of the Holder, as well as the relevant Vesting Agreement or other documentation pursuant to which such LTIP Unit is granted or issued.

“ *LTIP Unit Limited Partner* ” shall mean any Person that holds LTIP Units or Partnership Common Units resulting from a conversion of LTIP Units.

“ *Majority in Interest of the Limited Partners* ” means Limited Partners holding in the aggregate Percentage Interests that are greater than fifty percent (50%) of the aggregate Percentage Interests of all Limited Partners entitled to Consent to or withhold Consent from a proposed action.

“ *Majority in Interest of the Partners* ” means Partners holding in the aggregate Percentage Interests that are greater than fifty percent (50%) of the aggregate Percentage Interests of all Partners entitled to Consent to or withhold Consent from a proposed action.

“ *Market Price* ” has the meaning set forth in the definition of “ *Value* .”

“ *Net Income* ” or “ *Net Loss* ” means, for each Partnership Year or other applicable period, an amount equal to the Partnership’s taxable income or loss for such year or other applicable period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

(a) Any income of the Partnership that is exempt from U.S. federal income tax and not otherwise taken into account in computing Net Income (or Net Loss) pursuant to this definition of “Net Income” or “Net Loss” shall be added to (or subtracted from, as the case may be) such taxable income (or loss);

(b) Any expenditure of the Partnership described in Code Section 705(a)(2)(B) or treated as a Code Section 705(a)(2)(B) expenditure pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Income (or Net Loss) pursuant to this definition of “Net Income” or “Net Loss,” shall be subtracted from (or added to, as the case may be) such taxable income (or loss);

(c) In the event the Gross Asset Value of any Partnership asset is adjusted pursuant to subsection (b) or subsection (c) of the definition of “Gross Asset Value,” the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Net Income or Net Loss;

(d) Gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for U.S. federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Gross Asset Value;

(e) In lieu of the depreciation, amortization and other cost recovery deductions that would otherwise be taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Partnership Year or other applicable period;

(f) To the extent that an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Partner’s interest in the Partnership, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Net Income or Net Loss; and

(g) Notwithstanding any other provision of this definition of “Net Income” or “Net Loss,” any item that is specially allocated pursuant to Section 6.3 hereof shall not be taken into account in computing Net Income or Net Loss. The amounts of the items of Partnership income, gain, loss or deduction available to be specially allocated pursuant to Section 6.3 hereof shall be determined by applying rules analogous to those set forth in this definition of “Net Income” or “Net Loss.”

“ *New Securities* ” means (i) any rights, options, warrants or convertible or exchangeable securities having the right to subscribe for or purchase REIT Shares or Preferred Shares, excluding grants under the Stock Option Plans, or (ii) any Debt issued by the Special Limited Partner that provides any of the rights described in clause (i).

“*Nonrecourse Deductions*” has the meaning ascribed to the term “nonrecourse deductions” in Regulations Section 1.704-2(b)(1), and the amount of Nonrecourse Deductions for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(c).

“*Nonrecourse Liability*” has the meaning ascribed to the term “nonrecourse deductions” in Regulations Sections 1.704-2(b)(3) and 1.752-1(a)(2).

“*Notice of Redemption*” means the Notice of Redemption substantially in the form of Exhibit B attached to this Agreement.

“*Operating Income*” shall mean Net Income determined without taking into account any Liquidating Gains and Liquidating Losses.

“*Operating Loss*” shall mean Net Loss determined without taking into account any Liquidating Gains and Liquidating Losses.

“*Original Partnership Agreement*” means the Agreement of Limited Partnership of the Partnership, dated as of [●], 2016, by and between the General Partner and the Special Limited Partner.

“*Partner*” means the General Partner or a Limited Partner, and “*Partners*” means the General Partner and the Limited Partners.

“*Partner Nonrecourse Debt*” has the meaning set forth in Regulations Section 1.704-2(b)(4).

“*Partner Nonrecourse Debt Minimum Gain*” has the meaning ascribed to the term “partner nonrecourse debt minimum gain” in Regulations Section 1.704-2(i)(2).

“*Partner Nonrecourse Deductions*” has the meaning ascribed to the term “partner nonrecourse deductions” in Regulations Section 1.704-2(i)(1), and the amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(i)(2).

“*Partnership*” means the limited partnership formed under the Act by the execution of the Original Partnership Agreement and the filing of the Certificate of Limited Partnership with the Secretary of State of the State of Delaware, and continued under the Act and pursuant to this Agreement, and any successor thereto.

“*Partnership Common Unit*” means a fractional, undivided share of the Partnership Interests of all Partners issued pursuant to Sections 4.1 and 4.2 hereof, but does not include any Partnership Preferred Unit or any other Partnership Unit specified in a Partnership Unit Designation as being other than a Partnership Common Unit.

“*Partnership Equivalent Units*” has the meaning set forth in Section 4.7.A hereof.

“*Partnership Interest*” means an ownership interest in the Partnership held by either a Limited Partner or a General Partner and includes any and all benefits to which the holder of such a Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms and provisions of this Agreement. There may be one or more classes or series of Partnership Interests. A Partnership Interest may be expressed as a number of Partnership Common Units, Partnership Preferred Units or other Partnership Units.

“ *Partnership Minimum Gain* ” has the meaning ascribed to the term “partner nonrecourse deductions” in Regulations Section 1.704-2(b)(2), and the amount of Partnership Minimum Gain, as well as any net increase or decrease in Partnership Minimum Gain, for a Partnership Year shall be determined in accordance with the rules of Regulations Section 1.704-2(d).

“ *Partnership Preferred Unit* ” means a fractional, undivided share of the Partnership Interests that the General Partner has caused the Partnership to issue pursuant to Section 4.2 hereof that has distribution rights, or rights upon liquidation, winding up and dissolution, that are superior or prior to the Partnership Common Units.

“ *Partnership Record Date* ” means the record date established by the General Partner for a distribution pursuant to Section 5.1 hereof, which record date shall generally be the same as the record date established by the Special Limited Partner for a distribution to its stockholders of some or all of its portion of such distribution.

“ *Partnership Unit* ” means a Partnership Common Unit, a Partnership Preferred Unit or any other unit of the fractional, undivided share of the Partnership Interests that the General Partner has caused the Partnership to issue pursuant to Section 4.1, Section 4.2 or Section 4.3 hereof; *provided, however*, that Partnership Units comprising a General Partner Interest or a Limited Partner Interest shall have the differences in rights and privileges as specified in this Agreement.

“ *Partnership Unit Designation* ” shall have the meaning set forth in Section 4.2.A hereof.

“ *Partnership Year* ” means the fiscal year of the Partnership, which shall be the calendar year.

“ *Percentage Interest* ” means, with respect to each Partner, the fraction, expressed as a percentage, the numerator of which is the aggregate number of Partnership Units of all classes and series held by such Partner and the denominator of which is the total number of Partnership Units of all classes and series held by all Partners; *provided, however*, that (x) to the extent applicable in context, the term “Percentage Interest” means, with respect to a Partner, the fraction, expressed as a percentage, the numerator of which is the aggregate number of Partnership Units of a specified class or series (or specified group of classes and/or series) held by such Partner and the denominator of which is the total number of Partnership Units of such specified class or series (or specified group of classes and/or series) held by all Partners and (y) prior to the earlier to occur of (A) the LTIP Full Participation Date of an LTIP Unit or (B) the date of conversion of an LTIP Unit into a Partnership Common Unit, each LTIP Unit shall be treated as a fraction of an LTIP Unit equal to the LTIP Fraction for that LTIP Unit for purposes of both the numerator and denominator. For the avoidance of doubt, from and after its applicable LTIP Full Participation Date, no LTIP Unit shall be treated as a fraction of an LTIP Unit for the purpose of the foregoing calculation, regardless of the Book-Up Target for such LTIP Unit.

“ *Permitted Transfer* ” has the meaning set forth in Section 11.3.A hereof.

“ *Person* ” means an individual or a corporation, partnership, trust, unincorporated organization, association, limited liability company or other entity.

“ *Pledge* ” has the meaning set forth in Section 11.3.A hereof.

“ *Preferred Share* ” means a share of stock of the Special Limited Partner of any class or series now or hereafter authorized or reclassified that has dividend rights, or rights upon liquidation, winding up and dissolution, that are superior or prior to the REIT Shares.

“*Properties*” means any assets and property of the Partnership such as, but not limited to, interests in real property and personal property, including, without limitation, fee interests, interests in ground leases, easements and rights of way, interests in limited liability companies, joint ventures or partnerships, interests in mortgages, and Debt instruments as the Partnership may hold from time to time and “*Property*” means any one such asset or property.

“*Qualified DRIP/COPP*” means a dividend reinvestment plan or a cash option purchase plan of the Special Limited Partner that permits participants to acquire REIT Shares using the proceeds of dividends paid by the Special Limited Partner or cash of the participant, respectively; provided, however, that if such shares are offered at a discount, such discount must (i) be designed to pass along to the stockholders of the Special Limited Partner the savings enjoyed by the Special Limited Partner in connection with the avoidance of stock issuance costs, and (ii) not exceed 5% of the value of a REIT Share as computed under the terms of such plan.

“*Qualified Transferee*” means an “accredited investor” as defined in Rule 501 promulgated under the Securities Act.

“*Qualifying Party*” means (a) a Limited Partner, (b) an Assignee or (c) a Person, including a lending institution as the pledgee of a Pledge, who is the transferee of a Limited Partner Interest in a Permitted Transfer; *provided, however*, that a Qualifying Party shall not include the Special Limited Partner.

“*Redemption*” has the meaning set forth in Section 15.1.A hereof.

“*Regulations*” means the income tax regulations under the Code, whether such regulations are in proposed, temporary or final form, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

“*Regulatory Allocations*” has the meaning set forth in Section 6.3.A(ix) hereof.

“*REIT*” means a real estate investment trust qualifying under Code Section 856.

“*REIT Partner*” means (a) the Special Limited Partner or any Affiliate of the Special Limited Partner to the extent such person has in place an election to qualify as a REIT and (b) any Disregarded Entity with respect to any such Person.

“*REIT Payment*” has the meaning set forth in Section 15.12 hereof.

“*REIT Requirements*” has the meaning set forth in Section 5.1 hereof.

“*REIT Share*” means a share of common stock of the Special Limited Partner, \$0.01 par value per share, but shall not include any class or series of the Special Limited Partner’s common stock or preferred stock authorized after the date of this Agreement.

“*REIT Share Adjustment Factor*” means 1.0; *provided, however*, that in the event that:

(i) the Special Limited Partner (a) declares or pays a dividend on its outstanding REIT Shares wholly or partly in REIT Shares or makes a distribution to all holders of its outstanding REIT Shares wholly or partly in REIT Shares, (b) splits or subdivides its outstanding REIT Shares or (c) effects a reverse stock split or otherwise combines its outstanding REIT Shares into a smaller number of REIT Shares, the REIT Share Adjustment Factor shall be adjusted by multiplying the REIT Share Adjustment

Factor previously in effect by a fraction, (i) the numerator of which shall be the number of REIT Shares issued and outstanding on the record date for such dividend, distribution, split, subdivision, reverse split or combination (assuming for such purposes that such dividend, distribution, split, subdivision, reverse split or combination has occurred as of such time) and (ii) the denominator of which shall be the actual number of REIT Shares (determined without the above assumption) issued and outstanding on the record date for such dividend, distribution, split, subdivision, reverse split or combination;

(ii) the Special Limited Partner distributes any rights, options or warrants to all holders of its REIT Shares to subscribe for or to purchase or to otherwise acquire REIT Shares, or other securities or rights convertible into, exchangeable for or exercisable for REIT Shares, at a price per share less than the Value of a REIT Share on the record date for such distribution (other than REIT Shares issuable pursuant to a Qualified DRIP/COPP or as compensation to employees or other service providers) (each a “*Distributed Right*”), then, as of the distribution date of such Distributed Rights or, if later, the date such Distributed Rights become exercisable, the REIT Share Adjustment Factor shall be adjusted by multiplying the REIT Share Adjustment Factor previously in effect by a fraction (a) the numerator of which shall be the number of REIT Shares issued and outstanding on the record date (or, if later, the date such Distributed Rights become exercisable) plus the maximum number of REIT Shares purchasable under such Distributed Rights and (b) the denominator of which shall be the number of REIT Shares issued and outstanding on the record date (or, if later, the date such Distributed Rights become exercisable) plus a fraction (1) the numerator of which is the maximum number of REIT Shares purchasable under such Distributed Rights times the minimum purchase price per REIT Share under such Distributed Rights and (2) the denominator of which is the Value of a REIT Share as of the record date (or, if later, the date such Distributed Rights become exercisable); provided, however, that, if any such Distributed Rights expire or become no longer exercisable, then the REIT Share Adjustment Factor shall be adjusted, effective retroactive to the date of distribution of the Distributed Rights (or if applicable, the later date that the Distributed Rights became exercisable), to reflect a reduced maximum number of REIT Shares or any change in the minimum purchase price for the purposes of the above fraction; and

(iii) the Special Limited Partner shall, by dividend or otherwise, distribute to all holders of its REIT Shares evidences of its indebtedness or assets (including securities, but excluding any dividend or distribution referred to in subsection (i) or (ii) above), which evidences of indebtedness or assets relate to assets not received by the Special Limited Partner pursuant to a pro rata distribution by the Partnership, then the REIT Share Adjustment Factor shall be adjusted to equal the amount determined by multiplying the REIT Share Adjustment Factor in effect immediately prior to the close of business as of the record date by a fraction (a) the numerator of which shall be such Value of a REIT Share as of the record date and (b) the denominator of which shall be the Value of a REIT Share as of the record date less the then fair market value (as determined by the General Partner, whose determination shall be conclusive) of the portion of the evidences of indebtedness or assets so distributed applicable to one REIT Share.

Notwithstanding the foregoing, no adjustments to the REIT Share Adjustment Factor will be made for any class or series of Partnership Interests to the extent that the Partnership makes or effects any correlative distribution or payment to all of the Partners holding Partnership Interests of such class or series, or effects any correlative split or reverse split in respect of the Partnership Interests of such class or series. Any adjustments to the REIT Share Adjustment Factor shall become effective immediately after such event, retroactive to the record date, if any, for such event. For illustrative purposes, examples of adjustments to the REIT Share Adjustment Factor are set forth on Exhibit A attached hereto.

“*REIT Share Ownership Limit*” means the restriction or restrictions on the ownership and transfer of stock of the Special Limited Partner imposed under the Special Limited Partner Charter.

“ *REIT Shares Amount* ” means a number of REIT Shares equal to the product of (a) the number of Tendered Units and (b) the REIT Share Adjustment Factor; *provided, however*, that, in the event that the Special Limited Partner issues to all holders of REIT Shares as of a certain record date rights, options, warrants or convertible or exchangeable securities entitling the Special Limited Partner’s stockholders to subscribe for or purchase REIT Shares, or any other securities or property (collectively, the “ *Rights* ”), with the record date for such Rights issuance falling within the period starting on the date of the Notice of Redemption and ending on the day immediately preceding the Specified Redemption Date, which Rights will not be distributed before the relevant Specified Redemption Date, then the REIT Shares Amount shall also include such Rights that a holder of that number of REIT Shares on the applicable record date would be entitled to receive, expressed, where relevant hereunder, in a number of REIT Shares determined by the Special Limited Partner.

“ *Related Party* ” means, with respect to any Person, any other Person to whom ownership of shares of the Special Limited Partner’s stock by the first such Person would be attributed under Code Section 544 (as modified by Code Section 856(h)(1)(B)) or Code Section 318(a) (as modified by Code Section 856(d)(5)).

[“ *Restricted Period* ” means, as to any Qualifying Party, a fourteen-month period ending on the day before the first fourteen-month anniversary of such Qualifying Party’s first becoming a Holder of Partnership Common Units; *provided, however*, that the General Partner may, in its sole and absolute discretion, by written agreement with a Qualifying Party, shorten or lengthen the applicable Restricted Period to a period of shorter or longer than fourteen (14) months, without the consent of any other Partner and such written agreement shall govern the Restricted Period with respect to such Qualifying Party notwithstanding Section 14.2 hereof; *provided further*, that the General Partner hereby agrees that no such period shall apply to affiliates of The Blackstone Group L.P.]

“ *Rights* ” has the meaning set forth in the definition of “ *REIT Shares Amount* .”

“ *Safe Harbors* ” has the meaning set forth in Section 11.3.C hereof.

“ *SEC* ” means the Securities and Exchange Commission.

“ *Securities Act* ” means the Securities Act of 1933, as amended, and any successor statute thereto, and the rules and regulations of the SEC promulgated thereunder.

“ *Special Limited Partner* ” means Invitation Homes Inc., a Maryland corporation, and its successors and assigns as the Special Limited Partner of the Partnership, in each case, that is admitted from time to time as a Limited Partner pursuant to the Act and this Agreement and is listed as the Special Limited Partner in the books and records of the Partnership, in such Person’s capacity as the Special Limited Partner of the Partnership.

“ *Special Limited Partner Charter* ” means the charter of the Special Limited Partner, as the same may be amended, restated, modified, supplemented or replaced from time to time.

“ *Special Redemption* ” has the meaning set forth in Section 15.1.A hereof.

“ *Specified Redemption Date* ” means the tenth (10th) Business Day after the receipt by the General Partner of a Notice of Redemption[; *provided, however*, that no Specified Redemption Date shall occur during the Restricted Period, if any, applicable to the Tendering Party (except pursuant to a Special Redemption)].

“*Stock Option Plans*” means any stock option plan heretofore, now or hereafter adopted by the Partnership, the General Partner or the Special Limited Partner.

“*Subsidiary*” means, with respect to any Person, any corporation or other entity of which a majority of (i) the voting power of the voting equity securities or (ii) the outstanding equity interests is owned, directly or indirectly, by such Person; provided, however, that, with respect to the Partnership, “*Subsidiary*” means solely a partnership or limited liability company (taxed, for U.S. federal income tax purposes, as a partnership or as a Disregarded Entity and not as an association or publicly traded partnership taxable as a corporation) of which the Partnership is a member or any “taxable REIT subsidiary” of the Special Limited Partner in which the Partnership owns shares of stock, unless the ownership of shares of stock of a corporation or equity interest in another entity (other than a “taxable REIT subsidiary”) will not jeopardize the Special Limited Partner’s status as a REIT or any Special Limited Partner Affiliate’s status as a “qualified REIT subsidiary” (within the meaning of Code Section 856(i)(2)), in which event the term “Subsidiary” shall include such corporation or other entity.

“*Substituted Limited Partner*” means a Person who is admitted as a Limited Partner to the Partnership pursuant to Section 11.4 hereof.

“*Surviving Partnership*” has the meaning set forth in Section 11.2.B(ii) hereof.

“*Tax Items*” has the meaning set forth in Section 6.4.A hereof.

“*Tendered Units*” has the meaning set forth in Section 15.1.A hereof.

“*Tendering Party*” has the meaning set forth in Section 15.1.A hereof.

“*Terminating Capital Transaction*” means any sale or other disposition of all or substantially all of the assets of the Partnership or a related series of transactions that, taken together, result in the sale or other disposition of all or substantially all of the assets of the Partnership, in any case, not in the ordinary course of the Partnership’s business.

“*Termination Transaction*” has the meaning set forth in Section 11.2.B hereof.

“*Transfer*” means any sale, assignment, bequest, conveyance, devise, gift (outright or in trust), Pledge, encumbrance, hypothecation, mortgage, exchange, transfer or other disposition or act of alienation, whether voluntary, involuntary or by operation of law; *provided, however*, that when the term is used in Article 11 hereof, except as otherwise expressly provided, “*Transfer*” does not include (a) any Redemption of Partnership Common Units by the Partnership, or acquisition of Tendered Units by the Special Limited Partner, pursuant to Section 15.1, (b) any pledge, encumbrance, hypothecation or mortgage by the General Partner of all or any portion of its Partnership Interest or (c) any redemption of Partnership Units pursuant to any Partnership Unit Designation. The terms “*Transferred*” and “*Transferring*” have correlative meanings.

“*Unvested LTIP Units*” shall have the meaning set forth in Section 1.2 of Schedule I hereto.

“*Valuation Date*” means the date of receipt by the General Partner of a Notice of Redemption pursuant to Section 15.1 herein, or such other date as specified herein, or, if such date is not a Business Day, the immediately preceding Business Day.

“*Value*” means on any Valuation Date with respect to a REIT Share, the average of the daily Market Prices for the ten (10) consecutive trading days immediately preceding the Valuation Date. The

term “ *Market Price* ” on any date means, with respect to any class or series of outstanding REIT Shares, the Closing Price for such REIT Shares on such date. The “ *Closing Price* ” on any date means the last sale price for such REIT Shares, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, for such REIT Shares, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the [New York Stock Exchange] or, if such REIT Shares are not listed or admitted to trading on the [New York Stock Exchange], as reported on the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which such REIT Shares are listed or admitted to trading or, if such REIT Shares are not listed or admitted to trading on any national securities exchange, the last quoted price, or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotation system that may then be in use or, if such REIT Shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such REIT Shares selected by the General Partner or, in the event that no trading price is available for such REIT Shares, the fair market value of the REIT Shares, as determined by the General Partner in its sole discretion.

In the event that the REIT Shares Amount includes Rights that a holder of REIT Shares would be entitled to receive, then the Value of such Rights shall be determined by the General Partner on the basis of such quotations and other information as it considers appropriate.

“ *Vested LTIP Units* ” shall have the meaning set forth in Section 1.2 of Schedule I hereto.

“ *Vesting Agreement* ” shall have the meaning set forth in Section 1.2 of Schedule I hereto.

ARTICLE 2 ORGANIZATIONAL MATTERS

Section 2.1 Formation .

The Partnership is a limited partnership heretofore formed and continued pursuant to the provisions of the Act and upon the terms and subject to the conditions set forth in this Agreement. The Partners hereby approve, ratify and confirm the amendment and restatement of the Original Partnership Agreement, and this Agreement shall be effective upon the execution by the General Partner and the Special Limited Partner (the “ *Effective Time* ”). Except as expressly provided herein to the contrary, the rights and obligations of the Partners and the administration and termination of the Partnership shall be governed by the Act. The Partnership Interest of each Partner shall be personal property for all purposes.

Section 2.2 Name .

The name of the Partnership is “Invitation Homes Operating Partnership LP.” The Partnership’s business may be conducted under any other name or names deemed advisable by the General Partner, including the name of the General Partner or any Affiliate thereof. The words “Limited Partnership,” “LP,” “L.P.,” “Ltd.” or similar words or letters shall be included in the Partnership’s name where necessary for the purposes of complying with the laws of any jurisdiction that so requires. The General Partner in its sole and absolute discretion may change the name of the Partnership at any time and from time to time and shall notify the Limited Partners of such change in the next regular communication to the Limited Partners.

Section 2.3 *Registered Office and Registered Agent; Principal Executive Office.*

The address of the registered office of the Partnership in the State of Delaware is located at c/o Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808, or such other place as the General Partner may from time to time designate by amendment to the Certificate, and the name and address of the registered agent of the Partnership in the State of Delaware is Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808, or such other registered agent as the General Partner may from time to time designate by amendment to the Certificate. The principal office of the Partnership is located at 1717 Main Street, Suite 2000, Dallas, Texas 75201, or such other place as the General Partner may from time to time designate by notice to the Limited Partners. The Partnership may maintain offices at such other place or places as the General Partner deems advisable.

Section 2.4 *Power of Attorney* .

A. Each Limited Partner and Assignee hereby irrevocably constitutes and appoints the General Partner, any Liquidator, and authorized officers and attorneys-in-fact of each (the “*Attorney in Fact*”), and each of those acting singly, in each case with full power of substitution, as its true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead to:

(1) execute, swear to, seal, acknowledge, deliver, file and record in the appropriate public offices: (a) all certificates, documents and other instruments (including, without limitation, this Agreement and the Certificate and all amendments, supplements or restatements thereof) that the Attorney in Fact deems appropriate or necessary to form, qualify or continue the existence or qualification of the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability to the extent provided by applicable law) in the State of Delaware and in all other jurisdictions in which the Partnership may conduct business or own property; (b) all instruments that the Attorney in Fact deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement duly adopted in accordance with its terms; (c) all conveyances and other instruments or documents that the Attorney in Fact deems appropriate or necessary to reflect the dissolution and winding up of the Partnership pursuant to the terms of this Agreement, including, without limitation, a certificate of cancellation; (d) all conveyances and other instruments or documents that the Attorney in Fact deems appropriate or necessary to reflect the distribution or exchange of assets of the Partnership pursuant to the terms of this Agreement; (e) all instruments relating to the admission, acceptance, withdrawal, removal or substitution of any Partner pursuant to the terms of this Agreement or the Capital Contribution of any Partner; and (f) all certificates, documents and other instruments relating to the determination of the rights, preferences and privileges relating to Partnership Interests; and

(2) execute, swear to, acknowledge and file all ballots, consents, approvals, waivers, certificates and other instruments appropriate or necessary, in the sole and absolute discretion of the Attorney in Fact, to make, evidence, give, confirm or ratify any vote, consent, approval, agreement or other action that is made or given by the Partners hereunder or is consistent with the terms of this Agreement.

Nothing contained herein shall be construed as authorizing the Attorney in Fact to amend this Agreement except in accordance with Section 14.2 hereof or as may be otherwise expressly provided for in this Agreement.

B. The foregoing power of attorney is hereby declared to be irrevocable and a special power coupled with an interest, in recognition of the fact that the General Partner and the Liquidator will be relying upon the power of the Attorney in Fact to act as contemplated by this Agreement in any filing or

other action by it on behalf of the Partnership, and it shall survive and not be affected by the subsequent Incapacity of any Limited Partner or Assignee or the Transfer of all or any portion of such Person's Partnership Interest and shall extend to such Person's heirs, successors, assigns, transferees and personal representatives. Each such Limited Partner and Assignee hereby agrees to be bound by any representation made by the Attorney in Fact, acting in good faith pursuant to such power of attorney; and, to the fullest extent permitted by law, each such Limited Partner and Assignee hereby waives any and all defenses that may be available to contest, negate or disaffirm the action of the General Partner or the Liquidator, taken in good faith under such power of attorney. Each Limited Partner and Assignee shall execute and deliver to the General Partner or the Liquidator, within fifteen (15) days after receipt of the General Partner's or the Liquidator's request therefor, such further designation, powers of attorney and other instruments as the General Partner or the Liquidator (as the case may be) deems necessary to effectuate this Agreement and the purposes of the Partnership. Notwithstanding anything else set forth in this Section 2.4.B, no Limited Partner shall incur any personal liability for any action of the Attorney in Fact taken under such power of attorney.

Section 2.5 Term .

The term of the Partnership shall continue indefinitely unless the Partnership is dissolved sooner pursuant to the provisions of Article 13 hereof or as otherwise provided by law.

Section 2.6 Partnership Interests Are Securities .

Each Partnership Interest shall constitute a "security" within the meaning of, and shall be governed by, (i) Article 8 of the Uniform Commercial Code (including Section 8-102(a)(15) thereof) as in effect from time to time in the State of Delaware, and (ii) the corresponding provisions of the Uniform Commercial Code of any other applicable jurisdiction that now or hereafter substantially includes the 1994 revisions to Article 8 thereof as adopted by the American Law Institute and the National Conference of Commissioners on Uniform State Laws and approved by the American Bar Association on February 14, 1995.

Section 2.7 Admission .

The General Partner has been admitted as the general partner of the Partnership upon its execution of the Original Partnership Agreement and hereby continues as the general partner of the Partnership upon its execution of a counterpart hereof. The Special Limited Partner has been admitted as the general partner of the Partnership upon its execution of the Original Partnership Agreement and hereby continues as the general partner of the Partnership upon its execution of a counterpart hereof. A Person shall be admitted as a limited partner of the Partnership at the time that (a) this Agreement or a counterpart hereof is executed by or on behalf of such Person and (b) such Person is listed by the General Partner as a limited partner of the Partnership in the books and records of the Partnership.

**ARTICLE 3
PURPOSE**

Section 3.1 Purpose and Business .

The purpose and nature of the Partnership is to conduct any business, enterprise or activity permitted by or under the Act, including, without limitation, (i) to conduct the business of ownership, construction, reconstruction, development, redevelopment, alteration, improvement, maintenance, operation, sale, leasing, transfer, encumbrance, financing, refinancing, conveyance and exchange of the Properties, (ii) to acquire and invest in any securities and/or loans relating to the Properties, (iii) to enter

into any partnership, joint venture, business or statutory trust arrangement, limited liability company or other similar arrangement to engage in any business permitted by or under the Act, or to own interests in any entity engaged in any business permitted by or under the Act, (iv) to conduct the business of providing property and asset management and brokerage services, whether directly or through one or more partnerships, joint ventures, Subsidiaries, business trusts, limited liability companies or similar arrangements, and (v) to do anything necessary or incidental to the foregoing.

Section 3.2 Powers .

The Partnership shall be empowered to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of the purposes and business described herein and for the protection and benefit of the Partnership including, without limitation, full power and authority, directly or through its ownership interest in other entities, to enter into, perform and carry out contracts of any kind, to borrow and lend money and to issue evidence of indebtedness, whether or not secured by mortgage, deed of trust, pledge or other lien, to acquire, own, manage, improve and develop real property and lease, sell, transfer and dispose of real property. However, the Partnership may not, without the General Partner's specific consent, which it may give or withhold in its sole and absolute discretion, take or refrain from taking, any action that, in its judgment, in its sole and absolute discretion (i) could adversely affect the Special Limited Partner's ability to continue to qualify as a REIT, (ii) could subject the Special Limited Partner to any taxes under Code Sections 857 or 4981 or any other related or successor provision under the Code, or (iii) could violate any law or regulation of any governmental body or agency having jurisdiction over the Special Limited Partner, its securities or the Partnership.

Section 3.3 Partnership Only for Purposes Specified .

The Partnership shall be a limited partnership formed pursuant to the Act to conduct its business in accordance with this Agreement, and this Agreement shall not be deemed to create a company, venture or partnership between or among the Partners or any other Persons with respect to any activities whatsoever other than the activities within the purposes of the Partnership as specified in Section 3.1 hereof. Except as otherwise provided in this Agreement, no Partner shall have any authority to act for, bind, commit or assume any obligation or responsibility on behalf of the Partnership, its properties or any other Partner. No Partner, in its capacity as a Partner under this Agreement, shall be responsible or liable for any indebtedness or obligation of another Partner, nor shall the Partnership be responsible or liable for any indebtedness or obligation of any Partner, incurred either before or after the execution and delivery of this Agreement by such Partner, except as to those responsibilities, liabilities, indebtedness or obligations incurred pursuant to and as limited by the terms of this Agreement and the Act.

Section 3.4 Representations and Warranties by the Partners .

A. Each Partner that is an individual (including, without limitation, each Additional Limited Partner or Substituted Limited Partner as a condition to becoming an Additional Limited Partner or a Substituted Limited Partner) represents and warrants to, and covenants with, each other Partner that (i) the consummation of the transactions contemplated by this Agreement to be performed by such Partner will not result in a breach or violation of, or a default under, any material agreement by which such Partner or any of such Partner's property is bound, or any statute, regulation, order or other law to which such Partner is subject, (ii) if five percent (5%) or more (by value) of the Partnership's interests are or will be owned by such Partner within the meaning of Code Section 7704(d) (3), such Partner does not, and for so long as it is a Partner will not, own, directly or indirectly, (a) stock of any corporation that is a tenant of (I) the Special Limited Partner or any Disregarded Entity with respect to the Special Limited Partner, (II) the Partnership or (III) any partnership, venture or limited liability company of which the Special Limited

Partner, any Disregarded Entity with respect to the Special Limited Partner, or the Partnership is a direct or indirect member or (b) an interest in the assets or net profits of any non-corporate tenant of (I) the Special Limited Partner or any Disregarded Entity with respect to the Special Limited Partner, (II) the Partnership or (III) any partnership, venture, or limited liability company of which the Special Limited Partner, any Disregarded Entity with respect to the Special Limited Partner, or the Partnership is a direct or indirect member, (iii) such Partner has the legal capacity to enter into this Agreement and perform such Partner's obligations hereunder, and (iv) this Agreement is binding upon, and enforceable against, such Partner in accordance with its terms. Notwithstanding the foregoing, a Partner that is an individual shall not be subject to the ownership restrictions set forth in clause (ii) of the immediately preceding sentence to the extent such Partner obtains the written Consent of the General Partner prior to violating any such restrictions. Each Partner that is an individual shall also represent and warrant to the Partnership that such Partner is neither a "foreign person" within the meaning of Code Section 1445(f) nor a foreign partner within the meaning of Code Section 1446(e).

B. Each Partner that is not an individual (including, without limitation, each Additional Limited Partner or Substituted Limited Partner as a condition to becoming an Additional Limited Partner or a Substituted Limited Partner) represents and warrants to, and covenants with, each other Partner that (i) all transactions contemplated by this Agreement to be performed by it have been duly authorized by all necessary action, including, without limitation, that of its general partner(s), manager(s), committee(s), trustee(s), beneficiaries, directors and/or stockholder(s) (as the case may be) as required, (ii) the consummation of such transactions shall not result in a breach or violation of, or a default under, its partnership or operating agreement, trust agreement, charter or bylaws (as the case may be), any material agreement by which such Partner or any of such Partner's properties or any of its partners, members, beneficiaries, trustees or stockholders (as the case may be) is or are bound, or any statute, regulation, order or other law to which such Partner or any of its partners, members, trustees, beneficiaries or stockholders (as the case may be) is or are subject, (iii) if five percent (5%) or more (by value) of the Partnership interests are or will be owned by such Partner within the meaning of Code Section 7704(d)(3), such Partner does not, and for so long as it is a Partner will not, own, directly or indirectly, (a) stock of any corporation that is a tenant of (I) the Special Limited Partner or any Disregarded Entity with respect to the Special Limited Partner, (II) the Partnership or (III) any partnership, venture or limited liability company of which the Special Limited Partner, any Disregarded Entity with respect to the Special Limited Partner, or the Partnership is a direct or indirect member or (b) an interest in the assets or net profits of any non-corporate tenant of (I) the Special Limited Partner, or any Disregarded Entity with respect to the Special Limited Partner, (II) the Partnership or (III) any partnership, venture or limited liability company for which the Special Limited Partner, any Disregarded Entity with respect to the Special Limited Partner, or the Partnership is a direct or indirect member, and (iv) this Agreement is binding upon, and enforceable against, such Partner in accordance with its terms. Notwithstanding the foregoing, a Partner that is not an individual shall not be subject to the ownership restrictions set forth in clause (iii) of the immediately preceding sentence to the extent such Partner obtains the written Consent of the General Partner prior to violating any such restrictions. Each Partner that is not an individual shall also represent and warrant to the Partnership that such Partner is neither a "foreign person" within the meaning of Code Section 1445(f) nor a foreign partner within the meaning of Code Section 1446(e).

C. Each Partner (including, without limitation, each Additional Limited Partner or Substituted Limited Partner as a condition to becoming an Additional Limited Partner or Substituted Limited Partner) represents, warrants and agrees that (i) it is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act, (ii) it has acquired and continues to hold its interest in the Partnership for its own account for investment purposes only and not for the purpose of, or with a view toward, the resale or distribution of all or any part thereof in violation of applicable laws, and not with a view toward selling or otherwise distributing such interest or any part thereof at any particular time or

under any predetermined circumstances in violation of applicable laws, (iii) it is a sophisticated investor, able and accustomed to handling sophisticated financial matters for itself, particularly real estate investments, and that it has a sufficiently high net worth that it does not anticipate a need for the funds that it has invested in the Partnership in what it understands to be a highly speculative and illiquid investment, and (iv) without the Consent of the General Partner, it shall not take any action that would cause (a) the Partnership at any time to have more than 100 partners, including as partners those persons (“*Flow-Through Partners*”) indirectly owning an interest in the Partnership through an entity treated as a partnership, Disregarded Entity, S corporation or grantor trust (each such entity, a “*Flow-Through Entity*”), but only if substantially all of the value of such person’s interest in the Flow-Through Entity is attributable to the Flow-Through Entity’s interest (direct or indirect) in the Partnership; or (b) the Partnership Interest initially issued to such Partner or its predecessors to be held by more than two partners, including as partners any Flow-Through Partners.

D. The representations and warranties contained in Sections 3.4.A, 3.4.B and 3.4.C hereof shall survive the execution and delivery of this Agreement by each Partner (and, in the case of an Additional Limited Partner or a Substituted Limited Partner, the admission of such Additional Limited Partner or Substituted Limited Partner as a Limited Partner in the Partnership) and the dissolution, winding up and termination of the Partnership.

E. Each Partner (including, without limitation, each Additional Limited Partner or Substituted Limited Partner as a condition to becoming an Additional Limited Partner or Substituted Limited Partner) hereby acknowledges that no representations as to potential profit, cash flows, funds from operations or yield, if any, in respect of the Partnership, the Special Limited Partner or the General Partner have been made by any Partner or any employee or representative or Affiliate of any Partner, and that projections and any other information, including, without limitation, financial and descriptive information and documentation, that may have been in any manner submitted to such Partner shall not constitute any representation or warranty of any kind or nature, express or implied.

F. Notwithstanding the foregoing, the General Partner may, in its sole and absolute discretion, permit the modification of any of the representations and warranties contained in Sections 3.4.A, 3.4.B and 3.4.C above as applicable to any Partner (including, without limitation any Additional Limited Partner or Substituted Limited Partner or any transferee of either), provided that such representations and warranties, as modified, shall be set forth in either (i) a Partnership Unit Designation applicable to the Partnership Units held by such Partner or (ii) a separate writing addressed to the Partnership and the General Partner.

ARTICLE 4 CAPITAL CONTRIBUTIONS

Section 4.1 Capital Contributions of the Partners .

The Partners have heretofore made Capital Contributions to the Partnership. Each Partner owns Partnership Units in the amount set forth for such Partner in the books and records of the Partnership, as the same may be amended or updated from time to time by the General Partner to the extent necessary to reflect accurately sales, exchanges or other Transfers, redemptions, Capital Contributions, the issuance of additional Partnership Units, or similar events having an effect on a Partner’s ownership of Partnership Units. Except as provided by law or in Section 4.2, 4.3, or 10.4 hereof, the Partners shall have no obligation or, except with the prior Consent of the General Partner, right to make any additional Capital Contributions or loans to the Partnership.

Subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation:

A. *General* . The General Partner is hereby authorized to cause the Partnership to issue additional Partnership Interests for any Partnership purpose, at any time or from time to time, to the Partners (including the General Partner and the Special Limited Partner) or to other Persons, and to admit such Persons as Additional Limited Partners, for such consideration and on such terms and conditions as shall be established by the General Partner in its sole and absolute discretion, all without the approval of any Limited Partner or any other Person. Without limiting the foregoing, the General Partner is expressly authorized to cause the Partnership to issue Partnership Interests (i) upon the conversion, redemption or exchange of any Debt, Partnership Interests, or other securities issued by the Partnership, (ii) for less than fair market value, (iii) for no consideration and (iv) in connection with any merger or consolidation of any other Person with or into the Partnership. Any additional Partnership Interests may be issued in one or more classes, or one or more series of any of such classes, with such designations, preferences, conversion or other rights, voting powers or rights, restrictions, limitations as to distributions, qualifications or terms or conditions of redemption (including, without limitation, terms that may be senior or otherwise entitled to preference over existing Partnership Interests) as shall be determined by the General Partner, in its sole and absolute discretion and without the approval of any Limited Partner or any other Person, and set forth in a written document thereafter attached to and made an exhibit to this Agreement, which exhibit shall be an amendment to this Agreement and shall be incorporated herein by this reference (each, a “*Partnership Unit Designation*”). Without limiting the generality of the foregoing, the General Partner shall have authority to specify, in its sole and absolute discretion: (a) the allocations of items of Partnership income, gain, loss, deduction and credit to each such class or series of Partnership Interests; (b) the right of each such class or series of Partnership Interests to share (on a *pari passu* , junior or preferred basis) in Partnership distributions; (c) the rights of each such class or series of Partnership Interests upon dissolution and liquidation of the Partnership; (d) the voting rights, if any, of each such class or series of Partnership Interests; and (e) the conversion, redemption or exchange rights applicable to each such class or series of Partnership Interests. Upon the issuance of any additional Partnership Interest, the General Partner shall update the books and records of the Partnership as appropriate to reflect such issuance.

Pursuant to this Section 4.2.A, the General Partner hereby creates a class of Partnership Interests designated “LTIP Units” and hereby adopts Schedule I attached hereto as the Partnership Unit Designation for such units.

B. *Issuances to the General Partner or Special Limited Partner* . No additional Partnership Units shall be issued to the General Partner or the Special Limited Partner unless (i) the additional Partnership Units are issued to all Partners holding Partnership Units of a specified class or series in proportion to their respective Percentage Interests in the Partnership Units of such class or series, (ii) (a) the additional Partnership Units are (x) Partnership Common Units issued in connection with an issuance of REIT Shares, or (y) Partnership Equivalent Units (other than Partnership Common Units) issued in connection with an issuance of Preferred Shares, New Securities or other interests in the Special Limited Partner (other than REIT Shares), with corresponding economic terms, and (b) the General Partner or the Special Limited Partner (as the case may be) contributes directly or indirectly to the Partnership the cash proceeds (net of its expenses relating to such issuance) or other consideration received in connection with the issuance of such REIT Shares, Preferred Shares, New Securities or other interests in the Special Limited Partner, (iii) the additional Partnership Units are issued upon the conversion, redemption or exchange of Debt, Partnership Units or other securities issued by the Partnership or (iv) the additional Partnership Units are issued pursuant to Section 4.3.B, Section 4.3.D, Section 4.4, Section 4.5 or Section 4.7.

C. *No Preemptive Rights* . Except as specified in Section 4.2.B(i) hereof or as provided in a Partnership Unit Designation, no Person, including, without limitation, any Partner or Assignee, shall have any preemptive, preferential, participation or similar right or rights to subscribe for or acquire any Partnership Interest.

Section 4.3 *Additional Funds and Capital Contributions* .

A. *General* . The General Partner may, at any time and from time to time, determine that the Partnership requires additional funds (“ *Additional Funds* ”) for the acquisition or development of additional Properties, for the redemption of Partnership Interests or for such other purposes as the General Partner may determine, in its sole and absolute discretion. Additional Funds may be obtained by the Partnership, at the election of the General Partner, in any manner provided in, and in accordance with, the terms of this Section 4.3 without the approval of any Limited Partner or any other Person.

B. *Additional Capital Contributions* . The General Partner, on behalf of the Partnership, may obtain any Additional Funds by accepting Capital Contributions from any Partners or other Persons. In connection with any such Capital Contribution (of cash or property), the General Partner is hereby authorized, in its sole and absolute discretion, to cause the Partnership from time to time to issue additional Partnership Interests (as set forth in Section 4.2 above) in consideration therefor and the Percentage Interests of the General Partner and the Limited Partners shall be adjusted to reflect the issuance of such additional Partnership Interests.

C. *Loans* . The General Partner, in its sole and absolute discretion on behalf of the Partnership, may obtain any Additional Funds by causing the Partnership to incur Debt to any Person (including the General Partner or the Special Limited Partner) upon such terms as the General Partner determines appropriate in its sole and absolute discretion, including making such Debt convertible, redeemable or exchangeable for Partnership Units or REIT Shares; *provided, however* , that the Partnership shall not incur any such Debt if any Limited Partner would be personally liable for the repayment of such Debt (unless such Limited Partner otherwise agrees).

D. *Issuance of Securities by the Special Limited Partner* . The Special Limited Partner shall not issue any additional REIT Shares, Capital Shares or New Securities unless the Special Limited Partner contributes the cash proceeds or other consideration received from the issuance of such additional REIT Shares, Capital Shares or New Securities (as the case may be) and from the exercise of the rights contained in any such additional Capital Shares or New Securities directly or indirectly to the Partnership in exchange for (x) in the case of an issuance of REIT Shares, Partnership Common Units, or (y) in the case of an issuance of Capital Shares or New Securities, Partnership Equivalent Units; *provided, however* , that notwithstanding the foregoing, the Special Limited Partner may issue REIT Shares, Capital Shares or New Securities (a) pursuant to Section 4.4, Section 4.5 or Section 4.7 hereof, (b) pursuant to a dividend or distribution (including any stock split) of REIT Shares, Capital Shares or New Securities to all of the holders of REIT Shares, Capital Shares or New Securities (as the case may be), (c) upon a conversion, redemption or exchange of Capital Shares, (d) upon a conversion, redemption, exchange or exercise of New Securities, or (e) in connection with an acquisition of Partnership Interests or a property or other asset to be owned, directly or indirectly, by the Special Limited Partner. In the event of any issuance of additional REIT Shares, Capital Shares or New Securities by the Special Limited Partner, and the contribution to the Partnership, directly or indirectly, by the Special Limited Partner, of the cash proceeds or other consideration received from such issuance (or property acquired with such proceeds), if any, if the cash proceeds actually received by the Special Limited Partner are less than the gross proceeds of such issuance as a result of any underwriter’s discount or other expenses paid or incurred in connection with such issuance, then the Special Limited Partner shall be deemed to have made a Capital Contribution to the Partnership in the amount equal to the sum of the cash proceeds of such issuance plus the amount of

such underwriter's discount and other expenses paid by the Special Limited Partner (which discount and expense shall be treated as an expense for the benefit of the Partnership for purposes of Section 7.4). In the event that the Special Limited Partner issues any additional REIT Shares, Capital Shares or New Securities and contributes, directly or indirectly, the cash proceeds or other consideration received from the issuance thereof to the Partnership, the Partnership is expressly authorized to issue a number of Partnership Common Units or Partnership Equivalent Units to the Special Limited Partner equal to the number of REIT Shares, Capital Shares or New Securities so issued, divided by the REIT Share Adjustment Factor then in effect, in accordance with this Section 4.3.D without any further act, approval or vote of any Partner or any other Persons.

Section 4.4 *Stock Option Plans and Equity Plans* .

A. *Future Stock Incentive Plans* . Nothing in this Agreement shall be construed or applied to preclude or restrain the General Partner or the Special Limited Partner from adopting, modifying or terminating stock incentive plans for the benefit of employees, directors or other business associates of the General Partner, the Special Limited Partner, the Partnership or any of their Affiliates. The General Partner may implement such plans and any actions taken under such plans (such as the grant or exercise of options to acquire REIT Shares, or the issuance of restricted or unrestricted REIT Shares), whether taken with respect to or by an employee or other service provider of the Special Limited Partner, the Partnership or its Subsidiaries, in a manner reasonably determined by the General Partner, which may be set forth in plan implementation guidelines that the General Partner may adopt or amend from time to time. The Partners acknowledge and agree that, in the event that any such plan or implementation guideline is adopted, modified or terminated by the General Partner or the Special Limited Partner, amendments to this Agreement may become necessary or advisable and that any such amendments requested by the General Partner or the Special Limited Partner shall not require any Consent or approval by the Limited Partners or any other Person.

B. *Issuance of Partnership Units; REIT Shares and New Securities* . The Partnership is expressly authorized to issue Partnership Units and the Special Limited Partner is expressly authorized to issue REIT Shares or New Securities as contemplated by this Section 4.4 or any plan or plan implementation guidelines referred to in paragraph A above without any further act, approval or vote of any Partner or any other Persons.

Section 4.5 *Dividend Reinvestment Plan, Cash Option Purchase Plan, Stock Incentive Plan or Other Plan* .

Except as may otherwise be provided in this Article 4, all amounts received or deemed received by the Special Limited Partner in respect of any dividend reinvestment plan, cash option purchase plan, stock incentive or other stock or subscription plan or agreement, either (a) shall be utilized by the Special Limited Partner to effect purchases (including open market purchases) of REIT Shares, or (b) if the Special Limited Partner elects instead to issue new REIT Shares with respect to such amounts, shall be contributed by the Special Limited Partner to the Partnership in exchange for additional Partnership Common Units. Upon such contribution, the Partnership will issue to the Special Limited Partner a number of Partnership Common Units equal to the quotient of (i) the new REIT Shares so issued, divided by (ii) the REIT Share Adjustment Factor then in effect. The Partnership is expressly authorized to issue Partnership Common Units as contemplated by this Section 4.5 without any further act, approval or vote of any Partner or any other Persons.

Section 4.6 *No Interest; No Return.*

No Partner shall be entitled to interest on its Capital Contribution or on such Partner's Capital Account. Except as provided herein or by law, no Partner shall have any right to demand or receive the return of its Capital Contribution from the Partnership.

Section 4.7 *Conversion or Redemption of REIT Shares and Capital Shares .*

A. *Conversion of Capital Shares .* If, at any time, any of the Capital Shares are converted into REIT Shares, in whole or in part, then a number of Partnership Units held by the Special Limited Partner with preferences, conversion and other rights (other than redemption and voting rights), restrictions (other than restrictions on transfer), rights and limitations as to dividends and other distributions and qualifications that are substantially the same as the preferences, conversion and other rights (other than redemption and voting rights), restrictions (other than restrictions on transfer), rights and limitations as to dividends and other distributions and qualifications of such Capital Shares (" *Partnership Equivalent Units* ") (for the avoidance of doubt, Partnership Equivalent Units need not have voting rights, redemption rights or restrictions on transfer that are substantially equivalent to such Capital Shares) equal to the number of Capital Shares so converted shall automatically be converted into a number of Partnership Common Units equal to the quotient of (i) the number of REIT Shares issued upon such conversion divided by (ii) the REIT Share Adjustment Factor then in effect, and the Percentage Interests of the General Partner and the Limited Partners shall be adjusted to reflect such conversion.

B. *Redemption of Capital Shares or REIT Shares .* Except as otherwise provided in Section 7.4.C, if, at any time, any Capital Shares are redeemed or otherwise repurchased (whether by exercise of a put or call, automatically or by means of another arrangement) by the Special Limited Partner for cash, immediately prior to such redemption or repurchase of Capital Shares, an equal number of the corresponding Partnership Equivalent Units held by the Special Limited Partner shall automatically be redeemed by the Partnership upon the same terms and for the same price per Partnership Equivalent Unit as such Capital Shares are redeemed or repurchased. If, at any time, any REIT Shares are forfeited or redeemed or otherwise repurchased or reacquired by the Special Limited Partner, immediately prior to such forfeiture, redemption, reacquisition or repurchase of REIT Shares, a number of Partnership Common Units held by the Special Limited Partner equal to the quotient of (i) the REIT Shares so forfeited, redeemed, reacquired or repurchased, divided by (ii) the REIT Share Adjustment Factor then in effect, shall automatically be redeemed by the Partnership, such redemption to be upon the same terms and for the same price per Partnership Common Unit (after giving effect to application of the REIT Share Adjustment Factor) as such REIT Shares are redeemed, repurchased or otherwise reacquired, or, in the case of a forfeiture of REIT Shares, shall automatically be forfeited by the Special Limited Partner for no consideration.

Section 4.8 *Other Contribution Provisions .*

In the event that any Partner is admitted to the Partnership and is given a Capital Account in exchange for services rendered to the Partnership, such transaction shall be treated by the Partnership and the affected Partner as if the Partnership had compensated such Partner in cash and such Partner had contributed the cash that the Partner would have received to the capital of the Partnership. In addition, with the Consent of the General Partner, one or more Partners (including the Special Limited Partner) may enter into contribution agreements with the Partnership which have the effect of providing a guarantee of certain obligations of the Partnership (and/or a wholly-owned Subsidiary of the Partnership).

ARTICLE 5
DISTRIBUTIONS

Section 5.1 Requirement and Characterization of Distributions .

Subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, the General Partner may cause the Partnership to distribute such amounts, at such times, as the General Partner may, in its sole and absolute discretion, determine to the Holders as of any Partnership Record Date: (i) first, with respect to any Partnership Units that are entitled to any preference in distribution, in accordance with the rights of Holders of such class(es) of Partnership Units (and, within each such class, among the Holders of each such class, pro rata in proportion to their respective Percentage Interests of such class on such Partnership Record Date); and (ii) second, with respect to any Partnership Units that are not entitled to any preference in distribution, in accordance with the rights of Holders of such class(es) of Partnership Units, as applicable (and, within each such class, among the Holders of each such class, pro rata in proportion to their respective Percentage Interests of such class on such Partnership Record Date). Distributions payable with respect to any Partnership Units, other than any Partnership Units issued to the General Partner or the Special Limited Partner in connection with the issuance of REIT Shares by the Special Limited Partner, that were not outstanding during the entire quarterly period in respect of which any distribution is made shall be prorated based on the portion of the period that such Partnership Units were outstanding. The General Partner shall make such reasonable efforts, as determined by it in its sole and absolute discretion and consistent with the Special Limited Partner's qualification as a REIT, to cause the Partnership to distribute sufficient amounts to enable the Special Limited Partner, for so long as the Special Limited Partner has determined to qualify as a REIT, to pay stockholder dividends that will (a) satisfy the requirements for qualifying as a REIT under the Code and Regulations (the "*REIT Requirements* ") and (b) except to the extent otherwise determined by the Special Limited Partner, eliminate any U.S. federal income or excise tax liability of the Special Limited Partner.

Section 5.2 Distributions in Kind .

Except as expressly provided herein, no right is given to any Holder to demand and receive property other than cash as provided in this Agreement. The General Partner may determine, in its sole and absolute discretion, to cause the Partnership to make a distribution in kind of Partnership assets to the Holders, and such assets shall be distributed in such a fashion as to ensure that the fair market value is distributed and allocated in accordance with Articles 5, 6 and 13 hereof; provided, however, that the General Partner shall not make a distribution in kind to any Holder unless the Holder has been given 90 days prior written notice of such distribution.

Section 5.3 Amounts Withheld .

All amounts withheld pursuant to the Code or any provisions of any state, local or non-U.S. tax law and Section 10.4 hereof with respect to any allocation, payment or distribution to any Holder shall be treated as amounts paid or distributed to such Holder pursuant to Section 5.1 hereof for all purposes under this Agreement.

Section 5.4 Distributions upon Liquidation .

Notwithstanding the other provisions of this Article 5, net proceeds from a Terminating Capital Transaction, and any other amounts distributed after the occurrence of a Liquidating Event, shall be distributed to the Holders in proportion to the Partnership Common Units and LTIP Units held by them; provided that (i) distributions to a Partner in respect of an LTIP Unit shall be limited to the Partner's Economic Capital Account Balance attributable to such LTIP Unit as of the date of liquidation (and after taking into account any allocations pursuant to the liquidation) and (ii) amounts that otherwise would have been distributed to such LTIP Units shall be distributed to the Partners holding Partnership Common Units or LTIP Units in proportion to the Partnership Common Units and LTIP Units held by them (excluding for this purpose all LTIP Units that are not eligible to participate in any further distributions as a result of the foregoing clause (i) of this Section 5.4).

Section 5.5 *Distributions to Reflect Additional Partnership Units* .

In the event that the Partnership issues additional Partnership Units pursuant to the provisions of Article 4 hereof, subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, the General Partner is hereby authorized to amend this Agreement as it determines, in its sole and absolute discretion, is necessary or desirable to reflect the issuance of such additional Partnership Units, including, without limitation, making preferential distributions to Holders of certain classes of Partnership Units, all without the consent of any Partner or any other Person.

Section 5.6 *Restricted Distributions* .

Notwithstanding any provision to the contrary contained in this Agreement, neither the Partnership nor the General Partner, on behalf of the Partnership, shall be required to make a distribution to any Holder if such distribution would violate the Act or other applicable law.

**ARTICLE 6
ALLOCATIONS**

Section 6.1 *Timing and Amount of Allocations of Net Income and Net Loss* .

Net Income and Net Loss of the Partnership shall be determined and allocated with respect to each Partnership Year as of the end of each such year, provided that the General Partner may, in its sole and absolute discretion, allocate Net Income and Net Loss for a shorter period as of the end of such period (and, for purposes of this Article 6, references to the term “Partnership Year” may include such shorter periods). Except as otherwise provided in this Article 6, and subject to Section 11.6.C hereof, an allocation to a Holder of a share of Net Income or Net Loss shall be treated as an allocation of the same share of each item of income, gain, loss or deduction that is taken into account in computing Net Income or Net Loss.

Section 6.2 *Allocation of Net Income and Net Loss* .

A. *Net Income* . Except as otherwise provided herein, Operating Income and Liquidating Gain of the Partnership for each fiscal year or other applicable period shall be allocated as follows:

(1) First, Operating Income and Liquidating Gain shall be allocated to the General Partner to the extent the cumulative Operating Loss and Liquidating Loss allocated to the General Partner under subparagraph B(2) below exceeds the cumulative Operating Income and Liquidating Gain allocated to the General Partner under this subparagraph A(1), provided that the allocation under this subparagraph shall first be made out of Operating Income to the extent of available Operating Income as of the time any allocation is being made, and thereafter to the extent of any available Liquidating Gain as of such time;

(2) (i) Next, Liquidating Gains shall first be allocated to the Partners holding LTIP Units until the Economic Capital Account Balances of such Partners, to the extent attributable to their ownership of LTIP Units, are equal to (1) the Common Unit Economic Balance, multiplied by (2) the number of their LTIP Units (with respect to each Partner holding LTIP Units, the “*Target Balance*”). For the avoidance of doubt, Liquidating Gains allocated with respect to an LTIP Unit pursuant to this subparagraph shall reduce (but not below zero) the Book-Up

Target for such LTIP Unit. Any such allocations shall be made among the holders of LTIP Units in proportion to the aggregate amounts required to be allocated to each under this subparagraph.

(ii) Liquidating Gain allocated to a Partner under this subparagraph will be attributed to specific LTIP Units of such Partner for purposes of determining (1) allocations under this Article VI, (2) the effect of the forfeiture or conversion of specific LTIP Units on such Partner's Capital Account and (3) the ability of such Partner to convert specific LTIP Units into Partnership Common Units. Such Liquidating Gain will generally be attributed in the following order: (1) first, to Vested LTIP Units held for more than two years, (2) second, to Vested LTIP Units held for two years or less, (3) third, to Unvested LTIP Units that have remaining vesting conditions that only require continued employment or service to the Special Limited Partner, the Partnership, the General Partner or their Affiliates for a certain period of time (with such Liquidating Gains being attributed in order of vesting from soonest vesting to latest vesting), and (4) fourth, to other Unvested LTIP Units (with such Liquidating Gains being attributed in order of issuance from earliest issued to latest issued). Within each category, Liquidating Gain will be allocated seriatim (i.e., entirely to the first unit in a set, then entirely to the next unit in the set, and so on, until a full allocation is made to the last unit in the set) in the order of smallest Book-Up Target to largest Book-Up Target.

(iii) After giving effect to the special allocations set forth above, if, due to distributions with respect to Partnership Common Units in which the LTIP Units do not participate, forfeitures or otherwise, the Economic Capital Account Balance of any Partner attributable to such Partner's LTIP Units exceeds the Target Balance, then Liquidating Losses shall be allocated to such Partner to eliminate the disparity; provided, however, that if Liquidating Losses are insufficient to completely eliminate all such disparities, such losses shall be allocated among LTIP Units in a manner reasonably determined by the General Partner.

(iv) The parties agree that the intent of this subparagraph is (1) to the extent possible to make the liquidation value associated with each LTIP Unit the same as the liquidation value of a Partnership Common Unit, and (2) to allow conversion of a LTIP Unit (assuming it is a Vested LTIP Unit) when sufficient Liquidating Gains have been allocated to such LTIP Unit pursuant to clause (i) above or Net Loss, Operating Loss and/or Liquidating Loss have been allocated to Partnership Common Units under subparagraph 6.2.B(1) so that either an LTIP Unit's initial Book-Up Target has been reduced to zero or the parity described in subclause (1) above has been achieved. The General Partner shall be permitted to interpret this Section and to amend this Agreement to the extent necessary and consistent with this intention.

(v) If a Partner forfeits any LTIP Units to which Liquidating Gain has previously been allocated under clause (i) above, (1) the portion of such Partner's Capital Account attributable to such Liquidating Gain allocated to such forfeited LTIP Units will be re-allocated to that Partner's remaining LTIP Units that were outstanding on the date of the initial allocation of such Liquidating Gain, using a methodology similar to that described in clause (ii) above as reasonably determined by the General Partner, to the extent necessary to cause such Partner's Economic Capital Account Balance attributable to each such LTIP Unit to equal the Common Unit Economic Balance and (2) such Partner's Capital Account will be reduced by the amount of any such Liquidating Gain not re-allocated pursuant to the foregoing subclause (1) above. Any such reductions in Capital Accounts pursuant to the foregoing subclause (2) shall be reallocated to the Partnership Common Units and LTIP Units pro rata, provided that the General Partner shall have the discretion to limit reallocations to LTIP Units in any manner the General Partner reasonably determines is necessary to prevent such LTIP Units from participating in Liquidating Gains realized prior to the issuance of such LTIP Units; and

(3) Thereafter, Operating Income to the holders of Partnership Common Units and LTIP Units pro rata in accordance with their Percentage Interests and any remaining Liquidating Gain after the special allocation provided in subparagraph 2 to the holders of Partnership Common Units and LTIP Units in proportion to the Partnership Common Units and LTIP Units held by such Partners.

B. *Net Loss* . Except as otherwise provided herein, Operating Loss and Liquidating Loss of the Partnership for each fiscal year or other applicable period shall be allocated as follows:

(1) Subject to the prior application of clause 6.2.A(2)(iii), first, Operating Loss shall be allocated with respect to each Partnership Common Unit and LTIP Unit in proportion to and to the extent that Operating Income was allocated with respect to such Unit in previous periods in excess of the sum of Operating Loss allocated with respect to such Unit in previous periods and distributions made with respect to such Unit in all periods;

(2) Subject to the prior application of clause 6.2.A(2)(iii), first, Operating Loss shall be allocated to the holders of Partnership Common Units and Eligible LTIP Units in proportion to their respective Percentage Interests, and Liquidating Loss shall be allocated to the holders of Partnership Common Units and Eligible LTIP Units in proportion to the Partnership Common Units and Eligible LTIP Units held by such Partners; provided that the Net Loss allocated in respect of a Partnership Common Unit and LTIP Unit pursuant to this subparagraph 2 shall not exceed the maximum amount of Net Loss that could be allocated in respect of such Unit without causing a holder of such Unit to have an Adjusted Capital Account Deficit determined as if the holder held only that Unit, provided further that (A) in the event the first proviso of this subparagraph 2 applies to limit an allocation of Net Loss in respect of an LTIP Unit, the Net Loss allocable to the LTIP Unit shall first be made out of Operating Loss to the extent the cumulative Operating Income in excess of cumulative Operating Loss allocated to that LTIP Unit exceeds cumulative distributions in respect of that LTIP Unit, and any remaining allocation of Net Loss to that LTIP Unit shall be made proportionately out of Operating Loss and Liquidating Loss, and (B) in the event the first proviso of this subparagraph 2 applies to limit an allocation of Net Loss in respect of a Partnership Common Unit, the Net Loss allocable to the Partnership Common Unit shall be made proportionately out of Operating Loss and Liquidating Loss remaining after the allocation of Net Loss in respect of LTIP Units as provided in clause (A);

(3) Thereafter, Operating Loss and Liquidating Loss shall be allocated to the General Partner.

Section 6.3 *Regulatory Allocation Provisions* .

Notwithstanding the foregoing provisions of this Article 6:

A. *Regulatory Allocations* .

(i) *Minimum Gain Chargeback* . Except as otherwise provided in Regulations Section 1.704-2(f), notwithstanding the provisions of Section 6.2 hereof, or any other provision of this Article 6, if there is a net decrease in Partnership Minimum Gain during any Partnership Year, each Holder shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Holder's share of the net

decrease in Partnership Minimum Gain, as determined under Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Holder pursuant thereto. The items to be allocated shall be determined in accordance with Regulations Sections 1.704-2(f)(6) and 1.704-2(j)(2). This Section 6.3.A(i) is intended to qualify as a “minimum gain chargeback” within the meaning of Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

(ii) *Partner Nonrecourse Debt Minimum Gain Chargeback* . Except as otherwise provided in Regulations Section 1.704-2(i)(4) or in Section 6.3.A(i) hereof, if there is a net decrease in Partner Nonrecourse Minimum Gain attributable to a Partner Nonrecourse Debt during any Partnership Year, each Holder who has a share of the Partner Nonrecourse Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5), shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Holder’s share of the net decrease in Partner Nonrecourse Minimum Gain attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Holder pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Sections 1.704-2(i)(4) and 1.704-2(j)(2). This Section 6.3.A(ii) is intended to qualify as a “chargeback of partner nonrecourse debt minimum gain” within the meaning of Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(iii) *Nonrecourse Deductions and Partner Nonrecourse Deductions* . Any Nonrecourse Deductions for any Partnership Year shall be specially allocated to the Holders in accordance with their respective Percentage Interests. Any Partner Nonrecourse Deductions for any Partnership Year shall be specially allocated to the Holder(s) who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable, in accordance with Regulations Section 1.704-2(i).

(iv) *Qualified Income Offset* . If any Holder unexpectedly receives an adjustment, allocation or distribution described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6), items of Partnership income and gain shall be specially allocated, in accordance with Regulations Section 1.704-1(b)(2)(ii)(d), to such Holder in an amount and manner sufficient to eliminate, to the extent required by such Regulations, the Adjusted Capital Account Deficit of such Holder as quickly as possible, provided that an allocation pursuant to this Section 6.3.A(iv) shall be made if and only to the extent that such Holder would have an Adjusted Capital Account Deficit after all other allocations provided in this Article 6 have been tentatively made as if this Section 6.3.A(iv) were not in the Agreement. It is intended that this Section 6.3.A(iv) qualify and be construed as a “qualified income offset” within the meaning of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(v) *Special Allocation to LTIP Units* . Items of gross income of the Partnership shall be specially allocated to a Partner in an amount necessary to eliminate any Adjusted Capital Account Deficit attributable to an LTIP Unit of such Partner. Any such allocations shall be made first from items of income constituting Operating Income or Operating Loss, and only thereafter from items of income constituting Liquidating Gains or Liquidating Losses. For purposes of determining the amount of gross income that must be specially allocated under this Section, the Partnership shall initially allocate all items amongst the Partners in accordance with the provisions of this Agreement, and only if a Partner has an Adjusted Capital Account Deficit after such initial allocation shall a special allocation be made pursuant to this Section and only in an amount equal to the excess gross income allocation needed to eliminate such Adjusted Capital Account Deficit taking into account the remaining Net Income that will be allocated to such Partner after applying the other provisions of this Article 6.

(vi) *Special Allocation upon Conversion of LTIP Units* . After the conversion of an LTIP Unit into a Partnership Common Unit (or fraction thereof), the Partnership will specially allocate Liquidating Gain and Liquidating Loss to the Partners until and in a manner that causes, as promptly as practicable, the portion of such Partner's Economic Capital Account Balance attributable to the Partnership Common Unit (or fraction thereof) received upon conversion to equal the Common Unit Economic Balance (or in the case where a fractional Partnership Common Unit is received on conversion, the Common Unit Economic Balance multiplied by a fraction equal to the fraction of the Partnership Common Unit issued in the conversion).

(vii) *Gross Income Allocation* . In the event that any Holder has a deficit Capital Account at the end of any Partnership Year that is in excess of the sum of (1) the amount (if any) that such Holder is obligated to restore to the Partnership upon complete liquidation of such Holder's Partnership Interest (including, the Holder's interest in outstanding Partnership Preferred Units and other Partnership Units) and (2) the amount that such Holder is deemed to be obligated to restore pursuant to Regulations Section 1.704-1(b)(2)(ii)(c) or the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), each such Holder shall be specially allocated items of Partnership income and gain in the amount of such excess to eliminate such deficit as quickly as possible, provided that an allocation pursuant to this Section 6.3.A(vii) shall be made if and only to the extent that such Holder would have a deficit Capital Account in excess of such sum after all other allocations provided in this Article 6 have been tentatively made as if this Section 6.3.A(vii) and Section 6.3.A(vi) hereof were not in the Agreement.

(viii) *Section 754 Adjustment* . To the extent that an adjustment to the adjusted tax basis of any Partnership asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(2) or Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as the result of a distribution to a Holder in complete liquidation of its interest in the Partnership, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such gain or loss shall be specially allocated to the Holders in accordance with their respective Percentage Interests in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(2) applies, or to the Holder(s) to whom such distribution was made in the event that Regulations Section 1.704-1(b)(2)(iv)(m)(4) applies.

(ix) *Curative Allocations* . The allocations set forth in Sections 6.3.A(i), (ii), (iii), (iv), (vii) and (viii) hereof (the "*Regulatory Allocations*") are intended to comply with certain regulatory requirements, including the requirements of Regulations Sections 1.704-1(b) and 1.704-2. Notwithstanding the provisions of Sections 6.1 and 6.2 hereof, the Regulatory Allocations shall be taken into account in allocating other items of income, gain, loss and deduction among the Holders so that to the extent possible without violating the requirements giving rise to the Regulatory Allocations, the net amount of such allocations of other items and the Regulatory Allocations to each Holder shall be equal to the net amount that would have been allocated to each such Holder if the Regulatory Allocations had not occurred.

B. *Allocation of Excess Nonrecourse Liabilities* . For purposes of determining a Holder's proportional share of the "excess nonrecourse liabilities" of the Partnership within the meaning of Regulations Section 1.752-3(a)(3), each Holder's respective interest in Partnership profits shall be equal to such Holder's Percentage Interest with respect to Partnership Common Units, except as otherwise determined by the General Partner.

Section 6.4 *Tax Allocations*.

A. *In General* . Except as otherwise provided in this Section 6.4, for U.S. income tax purposes under the Code and the Regulations, each Partnership item of income, gain, loss and deduction (collectively, “*Tax Items*”) shall be allocated among the Holders in the same manner as its correlative item of “book” income, gain, loss or deduction is allocated pursuant to Sections 6.2 and 6.3 hereof.

B. *Section 704(c) Allocations* . Notwithstanding Section 6.4.A hereof, Tax Items with respect to Property that is contributed to the Partnership with an initial Gross Asset Value that varies from its basis in the hands of the contributing Partner immediately preceding the date of contribution shall be allocated among the Holders for U.S. income tax purposes pursuant to Regulations promulgated under Code Section 704(c) so as to take into account such variation. The Partnership shall account for such variation under any method approved under Code Section 704(c) and the applicable Regulations as chosen by the General Partner. In the event that the Gross Asset Value of any Partnership asset is adjusted pursuant to subsection (b) of the definition of “Gross Asset Value” (provided in Article 1 hereof), subsequent allocations of Tax Items with respect to such asset shall take account of the variation, if any, between the adjusted basis of such asset and its Gross Asset Value in a manner consistent with Code Section 704(c) and the applicable Regulations and using the method chosen by the General Partner. Allocations pursuant to this Section 6.4.B are solely for purposes of U.S. federal, state and local income taxes and shall not affect, or in any way be taken into account in computing, any Partner’s Capital Account or share of Net Income, Net Loss, or any other items or distributions pursuant to any provision of this Agreement.

Section 6.5 *Allocations Upon Final Liquidation*.

With respect to the fiscal year in which the final liquidation of the Partnership occurs in accordance with Section 13.2 of the Agreement, and notwithstanding any other provision of Sections 6.2, 6.3 or 6.4 hereof, items of Partnership income, gain, loss and deduction shall be specially allocated to the Partners in such amounts and priorities as are necessary so that the positive capital accounts of the Partners shall, as closely as possible, equal the amounts that will be distributed to the Partners pursuant to Section 13.2.

**ARTICLE 7
MANAGEMENT AND OPERATIONS OF BUSINESS**

Section 7.1 *Management* .

A. Except as otherwise expressly provided in this Agreement, including any Partnership Unit Designation, all management powers over the business and affairs of the Partnership are and shall be exclusively vested in the General Partner, and no Limited Partner, in its capacity as a Limited Partner, shall have any right to participate in or exercise control or management power over the business and affairs of the Partnership (provided, however, that the Special Limited Partner, in its capacity as the sole member of the General Partner and not in its capacity as a limited partner of the Partnership, may have the power to direct the actions of the General Partner with respect to the Partnership). No General Partner may be removed by the Partners, with or without cause, except with the Consent of the General Partner, which it may give or withhold in its sole and absolute discretion. In addition to the powers now or hereafter granted a general partner of a limited partnership under applicable law or that are granted to the General Partner under any other provision of this Agreement, the General Partner, subject to the other

provisions hereof including, without limitation, Section 3.2 and Section 7.3, and the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, shall have full and exclusive power and authority, in its sole and absolute discretion, without the consent or approval of any Limited Partner, to do or authorize all things deemed necessary or desirable by it to conduct the business and affairs of the Partnership and the General Partner, to exercise or direct the exercise of all of the powers of the Partnership under the Act and this Agreement and to effectuate the purposes of the Partnership including, without limitation:

(1) the making of any expenditures, the lending or borrowing of money or selling of assets (including, without limitation, making prepayments on loans and borrowing money to permit the Partnership to make distributions to the Holders in such amounts as will permit the Special Limited Partner (so long as the Special Limited Partner qualifies as a REIT) (a) to prevent the imposition of any U.S. federal income tax on the Special Limited Partner (including, for this purpose, any excise tax pursuant to Code Section 4981), (b) to make distributions to its stockholders and (c) to make payments to any taxing authority sufficient to permit the Special Limited Partner to maintain REIT status or otherwise to satisfy the REIT Requirements), the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness (including the securing of same by deed to secure debt, mortgage, deed of trust or other lien or encumbrance on the Partnership's assets) and the incurring of any obligations that the General Partner deems necessary for the conduct of the activities of the Partnership;

(2) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Partnership;

(3) the taking of any and all acts necessary or prudent to ensure that the Partnership will not be classified as a "publicly traded partnership" under Code Section 7704;

(4) the acquisition, sale, transfer, exchange or other disposition of any, all or substantially all of the assets (including the goodwill) of the Partnership (including, but not limited to, the exercise or grant of any conversion, option, privilege or subscription right or any other right available in connection with any assets at any time held by the Partnership) or the merger, consolidation, reorganization or other combination of the Partnership with or into another entity;

(5) the mortgage, pledge, encumbrance or hypothecation of any assets of the Partnership, the assignment of any assets of the Partnership in trust for creditors or on the promise of the assignee to pay the debts of the Partnership, the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose consistent with the terms of this Agreement and on any terms that the General Partner sees fit, including, without limitation, the financing of the operations and activities of the General Partner, the Partnership or any of the Partnership's Subsidiaries, the lending of funds to other Persons (including, without limitation, the General Partner and/or the Partnership's Subsidiaries) and the repayment of obligations of the Partnership, its Subsidiaries and any other Person in which the Partnership has an equity investment, and the making of capital contributions to and equity investments in the Partnership's Subsidiaries;

(6) the management, operation, leasing, landscaping, repair, alteration, demolition, replacement or improvement of any Property;

(7) the negotiation, execution and performance of any contracts, including leases (including ground leases), easements, management agreements, rights of way and other property-related agreements, conveyances or other instruments that the General Partner considers useful or necessary to the conduct of the Partnership's operations or the implementation of the General Partner's powers under this Agreement, including contracting with contractors, developers, consultants, governmental authorities, accountants, legal counsel, other professional advisors and other agents and the payment of their expenses and compensation, as applicable, out of the Partnership's assets;

(8) the distribution of Partnership cash or other Partnership assets in accordance with this Agreement, the holding, management, investment and reinvestment of cash and other assets of the Partnership, and the collection and receipt of revenues, rents and income of the Partnership;

(9) the selection and dismissal of employees of the Partnership (if any) or the General Partner (if any) (including, without limitation, employees having titles or offices such as "president," "vice president," "secretary" and "treasurer"), and agents, outside attorneys, accountants, consultants and contractors of the Partnership or the General Partner and the determination of their compensation and other terms of employment or hiring;

(10) the maintenance of such insurance (including, without limitation, directors and officers insurance) for the benefit of the Partnership and the Partners (including, without limitation, the Special Limited Partner) as the General Partner deems necessary or appropriate;

(11) the formation of, or acquisition of an interest in, and the contribution of property to, any further limited or general partnerships, limited liability companies, joint ventures or other relationships that it deems desirable (including, without limitation, the acquisition of interests in, and the contributions of property to, any Subsidiary and any other Person in which the General Partner has an equity investment from time to time); *provided, however*, that, as long as the Special Limited Partner has determined to continue to qualify as a REIT, the Partnership will not engage in any such formation, acquisition or contribution that would cause the Special Limited Partner to fail to qualify as a REIT;

(12) the control of any matters affecting the rights and obligations of the Partnership, including the settlement, compromise, submission to arbitration or any other form of dispute resolution, or abandonment, of any claim, cause of action, liability, debt or damages, due or owing to or from the Partnership, the commencement or defense of suits, legal proceedings, administrative proceedings, arbitrations or other forms of dispute resolution, and the representation of the Partnership in all suits or legal proceedings, administrative proceedings, arbitrations or other forms of dispute resolution, the incurring of legal expense, and the indemnification of any Person against liabilities and contingencies to the extent permitted by law;

(13) the undertaking of any action in connection with the Partnership's direct or indirect investment in any Subsidiary or any other Person (including, without limitation, the contribution or loan of funds by the Partnership to such Persons);

(14) the determination of the fair market value of any Partnership property distributed in kind using such reasonable method of valuation as the General Partner may adopt; *provided, however*, that such methods are otherwise consistent with the requirements of this Agreement;

(15) the enforcement of any rights against any Partner pursuant to representations, warranties, covenants and indemnities relating to such Partner's contribution of property or assets to the Partnership;

(16) the exercise, directly or indirectly, through any attorney-in-fact acting under a general or limited power of attorney, of any right, including the right to vote, appurtenant to any asset or investment held by the Partnership;

(17) the exercise of any of the powers of the General Partner enumerated in this Agreement on behalf of or in connection with any Subsidiary of the Partnership or any other Person in which the Partnership has a direct or indirect interest, or jointly with any such Subsidiary or other Person;

(18) the exercise of any of the powers of the General Partner enumerated in this Agreement on behalf of any Person in which the Partnership does not have an interest, pursuant to contractual or other arrangements with such Person;

(19) the making, execution and delivery of any and all deeds, leases, notes, deeds to secure debt, mortgages, deeds of trust, security agreements, conveyances, contracts, guarantees, warranties, indemnities, waivers, releases, confessions of judgment or any other legal instruments or agreements in writing necessary or appropriate in the judgment of the General Partner for the accomplishment of any of the powers of the General Partner enumerated in this Agreement;

(20) the issuance of additional Partnership Units in connection with Capital Contributions by Additional Limited Partners and additional Capital Contributions by Partners pursuant to Article 4 hereof;

(21) an election to dissolve the Partnership pursuant to Section 13.1.B hereof;

(22) the distribution of cash to acquire Partnership Common Units held by a Limited Partner in connection with a Redemption under Section 15.1 hereof;

(23) an election to require the Special Limited Partner to acquire Tendered Units in exchange for REIT Shares;

(24) any update to the books and records of the Partnership to reflect accurately at all times the Capital Contributions and Percentage Interests of the Partners as the same are adjusted from time to time to the extent necessary to reflect redemptions, Capital Contributions, the issuance of Partnership Units, the admission of any Additional Limited Partner or any Substituted Limited Partner or otherwise, which update, notwithstanding anything in this Agreement to the contrary, shall not be deemed an amendment to this Agreement, as long as the matter or event being reflected in the books and records of the Partnership otherwise is authorized by this Agreement; and

(25) the registration of any class of securities of the Partnership under the Securities Act or the Exchange Act, and the listing of any securities of the Partnership on any exchange.

B. Each of the Limited Partners agrees that, except as provided in Section 7.3 hereof and subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, the General Partner, in its sole and absolute discretion, is authorized to execute, deliver and perform the above-mentioned agreements and transactions on behalf of the Partnership, and otherwise to exercise any

power of the General Partner under this Agreement and the Act, without any further act, approval or vote of the Partners or any other Persons, notwithstanding any other provision of the Act or any applicable law, rule or regulation, and, for so long as the Special Limited Partner is the sole member of the General Partner and in the absence of any specific corporate action on the part of the Special Limited Partner, or any specific limited liability company action of the General Partner, to the contrary, the taking of any such action or the execution of any such document or writing by an officer of the Special Limited Partner, in the name and on behalf of the Special Limited Partner, in the Special Limited Partner's capacity as the sole member of the General Partner, in the General Partner's capacity as the general partner of the Partnership, shall conclusively evidence (1) the approval thereof by the General Partner, in its capacity as the general partner of the Partnership, (2) the General Partner's determination that such action, document or writing is necessary or desirable to conduct the business and affairs of the Partnership, exercise the powers of the Partnership under this Agreement and the Act or effectuate the purposes of the Partnership, or any other determination by the General Partner required by this Agreement in connection with the taking of such action or execution of such document or writing, (3) the authority of such officer with respect thereto, and (4) the authorization of such document or writing under this Agreement. The Partnership is hereby authorized to execute, deliver and perform, and the General Partner on behalf of the Partnership is hereby authorized to execute and deliver, an Underwriting Agreement relating to the issuance and sale of common stock of the Special Limited Partner and all documents, agreements or certificates contemplated thereby or related thereto, all without any further act, vote or approval of any other Person notwithstanding any other provision of this Agreement. The foregoing authorization shall not be deemed a restriction on the powers of the General Partner to enter into other agreements on behalf of the Partnership.

C. At all times from and after the date hereof, the General Partner may cause the Partnership to obtain and maintain (i) casualty, liability and other insurance on the Properties and (ii) liability insurance for the Indemnitees hereunder.

D. At all times from and after the date hereof, the General Partner may cause the Partnership to establish and maintain working capital and other reserves in such amounts as the General Partner, in its sole and absolute discretion, deems appropriate and reasonable from time to time.

E. In exercising its authority under this Agreement, the General Partner may, but shall be under no obligation to (except as otherwise provided by this Agreement with respect to the qualification of the Special Limited Partner as a REIT), take into account the tax consequences to any Partner of any action taken (or not taken) by it. The General Partner, the Special Limited Partner and the Partnership shall not have liability to a Limited Partner under any circumstances as a result of any income tax liability incurred by such Limited Partner as a result of an action (or inaction) by the General Partner pursuant to its authority under this Agreement.

F. The determination as to any matter relating to the business and affairs of the Partnership, including the following matters, made by or at the direction of the General Partner consistent with this Agreement and the Act, shall be final and conclusive and shall be binding upon the Partnership and every Limited Partner and shall not constitute a breach of this Agreement, of any agreement contemplated herein or therein, or of any duty hereunder or otherwise existing at law, in equity or otherwise, including any fiduciary duty: the amount of assets at any time available for distribution or the redemption of Partnership Common Units; the amount and timing of any distribution; the amount, purpose, time of creation, increase or decrease, alteration or cancellation of any reserves or charges and the propriety thereof (whether or not any obligation or liability for which such reserves or charges shall have been created shall have been paid or discharged); the amount of any Partner's Capital Account, Adjusted Capital Account or Adjusted Capital Account Deficit; the amount of Net Income, Net Loss or Depreciation for any period; the Gross Asset Value of any Partnership asset; the Value of any REIT

Share; the amount of the REIT Share Adjustment Factor at any time; any election, or failure to elect, to require the Special Limited Partner to acquire Tendered Units in exchange for REIT Shares; whether any acquisition of Tendered Units in exchange for REIT Shares would or might cause any Person to violate the REIT Share Ownership Limit; the REIT Shares Amount at any time; any interpretation of this Agreement or the terms, preferences, conversion or other rights, voting powers or rights, restrictions, limitations as to dividends or distributions, qualifications or terms or conditions of redemption of any class or series of Partnership Interest; the fair value, or any sale, bid or asked price to be applied in determining the fair value, of any asset owned or held by the Partnership or of any Partnership Interest; the number of authorized or outstanding Partnership Units of any class or series; any matter relating to the acquisition, holding and disposition of any assets by the Partnership; or any other matter relating to the business and affairs of the Partnership or required or permitted by applicable law, this Agreement or otherwise to be determined by the General Partner.

Section 7.2 Certificate of Limited Partnership .

To the extent that such action is determined by the General Partner to be reasonable and necessary or appropriate, the General Partner shall file amendments to and restatements of the Certificate and do all the things to maintain the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) under the laws of the State of Delaware and each other state, the District of Columbia or any other jurisdiction, in which the Partnership may elect to do business or own property. Subject to the terms of Section 8.5.A hereof, the General Partner shall not be required, before or after filing, to deliver or mail a copy of the Certificate or any amendment thereto to any Limited Partner. The General Partner shall use all reasonable efforts to cause to be filed such other certificates or documents as may be reasonable and necessary or appropriate for the formation, continuation, qualification and operation of a limited partnership (or a partnership in which the limited partners have limited liability to the extent provided by applicable law) in the State of Delaware and any other state, or the District of Columbia or other jurisdiction, in which the Partnership may elect to do business or own property.

Section 7.3 Restrictions on General Partner 's Authority .

A. The General Partner may not take any action in contravention of an express prohibition or limitation of this Agreement without the Consent of the Limited Partners, and may not, without limitation perform any act that would subject a Limited Partner to liability as a general partner in any jurisdiction in which the Partnership is formed or does business or any other liability except as provided herein or under the Act.

B. Except as provided in Section 7.3.C hereof, the General Partner shall not, without the prior Consent of the Limited Partners, amend, modify or terminate this Agreement.

C. Notwithstanding Sections 7.3.B and 14.2 hereof but subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, the General Partner shall have the power, without the consent of any Limited Partner or other Person, to amend this Agreement as may be required to facilitate or implement any of the following purposes:

- (1) to add to the obligations of the General Partner or surrender any right or power granted to the General Partner or any Affiliate of the General Partner for the benefit of the Limited Partners;
- (2) to reflect the admission, substitution or withdrawal of Partners, a Transfer or any other redemption, conversion or purchase of any Partnership Interest, the termination of the

Partnership in accordance with this Agreement and to update the books and records of the Partnership in connection with such admission, substitution, withdrawal, Transfer, adjustment or other event;

(3) to reflect a change that is of an inconsequential nature or does not adversely affect the Limited Partners in any material respect, or to cure any ambiguity, correct or supplement any provision in this Agreement not inconsistent with law or with other provisions, or make other changes with respect to matters arising under this Agreement that will not be inconsistent with law or with the provisions of this Agreement;

(4) to set forth or amend the designations, preferences, conversion or other rights, voting powers, restrictions, limitations as to distributions, qualifications or terms or conditions of redemption of the Holders of any additional Partnership Interests issued pursuant to Article 4, including as contemplated by Section 4.2.A and Section 5.5;

(5) to satisfy any requirements, conditions or guidelines contained in any order, directive, opinion, ruling or regulation of a federal or state agency or contained in federal or state law;

(6) (a) to reflect such changes as are reasonably necessary for the Special Limited Partner to maintain its status as a REIT or to satisfy the REIT Requirements, or (b) to reflect the Transfer of all or any part of a Partnership Interest among the Special Limited Partner and any Disregarded Entity with respect to the Special Limited Partner;

(7) to modify either or both of the manner in which items of Net Income or Net Loss are allocated pursuant to Article 6 or the manner in which Capital Accounts are adjusted, computed, or maintained (but in each case only to the extent otherwise provided in this Agreement and as may be permitted under applicable law);

(8) to reflect the issuance of additional Partnership Interests in accordance with Section 4.2;

(9) to reflect any modification to this Agreement permitted by Section 4.4.A or any other provision of this Agreement that authorizes the General Partner to make amendments without the consent of any other Person;

(10) to reflect any modification to this Agreement as is necessary or desirable (as determined by the General Partner in its sole and absolute discretion), including, without limitation, to the definition of "REIT Share Adjustment Factor," to reflect the direct ownership of assets by the General Partner or the Special Limited Partner, as applicable, as contemplated by Section 7.5; and

(11) to reflect any other modification to this Agreement as is reasonably necessary for the business or operations of the Partnership or the Special Limited Partner and which does not violate Section 7.3.D.

D. Notwithstanding Sections 7.3.B, 7.3.C and 14.2 hereof, this Agreement shall not be amended, and no action may be taken by the General Partner, without the Consent of each Partner materially adversely affected thereby, if such amendment or action would (i) convert a Limited Partner Interest in the Partnership into a General Partner Interest (except any Limited Partner Interest held by the General Partner), (ii) adversely modify the limited liability of a Limited Partner, (iii) alter the rights of

any Partner to receive the distributions to which such Partner is entitled pursuant to Article 5 or Section 13.2.A(4) hereof, or alter the allocations specified in Article 6 hereof (except, in any case, as permitted pursuant to Sections 4.2, 4.4, 4.5, 5.5, 7.3.C and Article 6 hereof), (iv) alter or modify the Redemption rights, Cash Amount or REIT Shares Amount as set forth in Section 15.1 hereof, or amend or modify any related definitions, (v) subject to Section 7.9.D, remove, alter or amend the powers and restrictions related to REIT Requirements or permitting the Special Limited Partner to avoid paying tax under Code Sections 857 or 4981 contained in Sections 3.2, 7.1 and 7.3, or (vi) amend this Section 7.3.D. Any such amendment or action consented to by any Partner shall be effective as to that Partner, notwithstanding the absence of such consent by any other Partner. Further, no amendment may alter the restrictions on the General Partner's powers expressly set forth elsewhere in this Agreement (including, without limitation, this Section 7.3) without the Consent specified therein.

Section 7.4 Reimbursement of the General Partner and the Special Limited Partner .

A. Neither the General Partner nor the Special Limited Partner shall be compensated for its services as general partner or limited partner of the Partnership except as provided in this Agreement (including the provisions of Articles 5 and 6 hereof regarding distributions, payments and allocations to which the General Partner or Special Limited Partner may be entitled in its capacity as the General Partner or the Special Limited Partner, as applicable).

B. Subject to Sections 7.4.D and 15.12 hereof, the Partnership shall be responsible for and shall pay all expenses relating to the Partnership's, the General Partner's and the Special Limited Partner's organization and the ownership of each of their assets and operations. The General Partner is hereby authorized to cause the Partnership to pay compensation for accounting, administrative, legal, technical, management and other services rendered to the Partnership. The Partnership shall be liable for, and shall reimburse the General Partner or the Special Limited Partner, as applicable, on a monthly basis, or such other basis as the General Partner may determine in its sole and absolute discretion, for all sums expended in connection with the Partnership's business, including, without limitation, (i) expenses relating to the ownership of interests in and management and operation of the Partnership, (ii) compensation of officers and employees, including, without limitation, payments under future compensation plans of the Special Limited Partner, the General Partner or the Partnership that may provide for stock units, or phantom stock, pursuant to which employees, officers or directors of the Special Limited Partner, the General Partner or the Partnership will receive payments based upon dividends on or the value of REIT Shares, (iii) director fees and expenses of the Special Limited Partner or its Affiliates, (iv) any expenses (other than the purchase price) incurred by the Special Limited Partner in connection with the redemption or other repurchase of REIT Shares or Capital Shares, and (v) all costs and expenses of the Special Limited Partner of being a public company, including, without limitation, costs of filings with the SEC, reports and other distributions to its stockholders; *provided, however*, that the amount of any reimbursement shall be reduced by any interest earned by the General Partner or the Special Limited Partner with respect to bank accounts or other instruments or accounts held by it on behalf of the Partnership. The Partners acknowledge that all such expenses of the General Partner and the Special Limited Partner are deemed to be for the benefit of the Partnership. Such reimbursements shall be in addition to any reimbursement of the General Partner and the Special Limited Partner as a result of indemnification pursuant to Section 7.7 hereof.

C. If the Special Limited Partner shall elect to purchase from its stockholders REIT Shares or Capital Shares for the purpose of delivering such REIT Shares or Capital Shares to satisfy an obligation under any dividend reinvestment program adopted by the Special Limited Partner, any employee stock purchase plan adopted by the Special Limited Partner or any similar obligation or arrangement undertaken by the Special Limited Partner in the future, in lieu of the treatment specified in Section 4.7.B, the purchase price paid by the Special Limited Partner for such REIT Shares or Capital

Shares shall be considered an expense of the Partnership and shall be advanced to the Special Limited Partner or reimbursed to the Special Limited Partner, subject to the condition that: (1) if such REIT Shares subsequently are sold by the Special Limited Partner, the Special Limited Partner shall pay or cause to be paid to the Partnership any proceeds received by the Special Limited Partner for such REIT Shares (which sales proceeds shall include the amount of dividends reinvested under any dividend reinvestment or similar program; provided, that a transfer of REIT Shares for Partnership Common Units pursuant to Section 15.1 shall not be considered a sale for such purposes); and (2) if such REIT Shares are not retransferred by the Special Limited Partner within 30 days after the purchase thereof, or the Special Limited Partner otherwise determines not to retransfer such REIT Shares, the Partnership shall redeem from the Special Limited Partner a number of Partnership Common Units determined in accordance with Section 4.7.B, as adjusted, to the extent the General Partner determines is necessary or advisable in its sole and absolute discretion, (x) pursuant to Section 7.5 (in the event the Special Limited Partner acquires material assets, other than on behalf of the Partnership) and (y) for stock dividends and distributions, stock splits and subdivisions, reverse stock splits and combinations, distributions of rights, warrants or options, and distributions of evidences of indebtedness or assets relating to assets not received by the Special Limited Partner pursuant to a pro rata distribution by the Partnership (in which case such advancement or reimbursement of expenses shall be treated as having been made as a distribution in redemption of such number of Partnership Units held by the Special Limited Partner).

D. To the extent practicable, Partnership expenses shall be billed directly to and paid by the Partnership and, subject to Section 15.12 hereof, if and to the extent any reimbursements to the General Partner, the Special Limited Partner or any of its Affiliates by the Partnership pursuant to this Section 7.4 constitute gross income to such Person (as opposed to the repayment of advances made by such Person on behalf of the Partnership), such amounts shall be treated as “guaranteed payments” within the meaning of Code Section 707(c) and shall not be treated as distributions for purposes of computing the Partners’ Capital Accounts.

Section 7.5 Outside Activities of the General Partner and the Special Limited Partner .

Unless otherwise determined by the General Partner in its sole and absolute discretion, neither the General Partner nor the Special Limited Partner shall directly or indirectly enter into or conduct any business, other than in connection with, (a) the ownership, acquisition and disposition of Partnership Interests, (b) with respect to the General Partner, the management of the business and affairs of the Partnership and its affiliates, (c) with respect to the Special Limited Partner, the operation of the Special Limited Partner as a reporting company with a class (or classes) of securities registered under the Exchange Act, (d) with respect to the Special Limited Partner, its operations as a REIT, (e) with respect to the Special Limited Partner, the offering, sale, syndication, private or public offering or issuance of stock, bonds, securities or other interests, (f) financing or refinancing of any type related to the Partnership or its assets or activities, and (g) such activities as are incidental thereto; provided, however, that, except as otherwise provided herein, any funds raised by the Special Limited Partner pursuant to the preceding clauses (e) and (f) shall be made available to the Partnership, whether as Capital Contributions, loans or otherwise, as appropriate, and, provided, further that each of the General Partner and the Special Limited Partner may, in its sole and absolute discretion, from time to time hold or acquire assets in its own name or otherwise other than through the Partnership so long as the General Partner or the Special Limited Partner, as applicable, takes commercially reasonable measures to ensure that the economic benefits and burdens of such Property are otherwise vested in the Partnership, through assignment, mortgage loan or otherwise or, if it is not commercially reasonable to vest such economic interests in the Partnership, the General Partner shall make such amendments to this Agreement, as the General Partner determines are necessary or desirable, including, without limitation, the definition of “REIT Share Adjustment Factor,” to reflect such activities and the direct ownership of assets by the General Partner or the Special Limited Partner, as applicable. Nothing contained herein shall be deemed to prohibit the General Partner from

executing guarantees of Partnership debt. Unless otherwise determined by the General Partner in its sole and absolute discretion, the General Partner, the Special Limited Partner and all Disregarded Entities with respect to the Special Limited Partner, taken as a group, shall not own any assets or take title to assets (other than temporarily in connection with an acquisition prior to contributing such assets to the Partnership) other than (i) interests in Disregarded Entities with respect to the Special Limited Partner, (ii) Partnership Interests as the General Partner or Special Limited Partner, (iii) a minority interest in any Subsidiary of the Partnership that the General Partner or the Special Limited Partner holds to maintain such Subsidiary's status as a partnership for U.S. federal income tax purposes or otherwise, and (iv) such cash and cash equivalents, bank accounts or similar instruments or accounts as such group deems reasonably necessary, taking into account Section 7.1.D hereof and the requirements necessary for the Special Limited Partner to qualify as a REIT and for the General Partner and the Special Limited Partner to carry out their respective responsibilities contemplated under this Agreement and the Special Limited Partner Charter. Any Limited Partner Interests acquired by the General Partner, shall be automatically converted into a General Partner Interest comprised of an identical number of Partnership Units with the same terms as the class or series so acquired. Any Affiliates of the General Partner may acquire Limited Partner Interests and shall, except as expressly provided in this Agreement, be entitled to exercise all rights of a Limited Partner relating to such Limited Partner Interests.

Section 7.6 Transactions with Affiliates .

A. The Partnership may lend or contribute funds to, and borrow funds from, Persons in which the Partnership has an equity investment and Persons who own equity or other interests in the Partnership (including the General Partner or the Special Limited Partner), and such Persons may borrow funds from, and lend or contribute funds to, the Partnership, on terms and conditions established in the sole and absolute discretion of the General Partner. The foregoing authority shall not create any right or benefit in favor of any Person.

B. The Partnership may transfer assets to joint ventures, limited liability companies, partnerships, corporations, business trusts, statutory trusts or other business entities in which it is or thereby becomes a participant upon such terms and subject to such conditions consistent with this Agreement and applicable law.

C. The General Partner, the Special Limited Partner and their respective Affiliates may sell, transfer or convey any property to, or purchase any property from, the Partnership, directly or indirectly, on terms and conditions established by the General Partner in its sole and absolute discretion.

D. The General Partner or the Special Limited Partner in their respective sole and absolute discretion and without the approval of the Partners or any of them or any other Persons, may propose and adopt (on behalf of the Partnership) employee benefit plans funded by the Partnership for the benefit of directors, officers, employees or agents of the Special Limited Partner, the General Partner, the Partnership, Subsidiaries of the Partnership or any Affiliate of any of them in respect of services performed, directly or indirectly, for the benefit of the Special Limited Partner, the General Partner, the Partnership or any of the Partnership's Subsidiaries.

Section 7.7 Indemnification .

A. To the fullest extent permitted by applicable law, the Partnership shall indemnify each Indemnitee from and against any and all losses, claims, damages, liabilities, joint or several, expenses (including, without limitation, reasonable attorney's fees and other legal fees and expenses), judgments, fines, settlements and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil, criminal, administrative or investigative, whether by or in the right of the Partnership

or otherwise that relate to the operations of the Partnership (“*Actions*”) as set forth in this Agreement in which such Indemnitee may be involved, or is threatened to be involved, as a party or otherwise; *provided, however*, that the Partnership shall not indemnify an Indemnitee (i) if the act or omission of the Indemnitee was material to the matter giving rise to the Action and either was committed in bad faith or was the result of active and deliberate dishonesty; (ii) in the case of any criminal proceeding, if the Indemnitee had reasonable cause to believe that the act or omission was unlawful; or (iii) for any loss resulting from any transaction for which such Indemnitee actually received an improper personal benefit in money, property or services in violation or breach of any provision of this Agreement; and *provided, further*, that no payments pursuant to this Agreement shall be made by the Partnership (x) to indemnify or advance expenses to any Indemnitee with respect to any Action initiated or brought voluntarily by such Indemnitee (and not by way of defense) unless (I) approved or authorized by the General Partner or (II) incurred to establish or enforce such Indemnitee’s right to indemnification under this Agreement or (y) to indemnify an Indemnitee in connection with one or more claims or Actions involving such Indemnitee if such Indemnitee is found liable to the Partnership with respect to such claim or Action. If Indemnitee is entitled to indemnification hereunder with respect to one or more but less than all claims, issues or matters in any Action, the Partnership shall provide indemnification hereunder in connection with each such claim, issue or matter, allocated on a reasonable and proportionate basis.

Without limitation, the foregoing indemnity shall extend to any liability of any Indemnitee, pursuant to a loan guaranty or otherwise, for any indebtedness of the Partnership or any Subsidiary of the Partnership (including, without limitation, any indebtedness which the Partnership or any Subsidiary of the Partnership has assumed or taken subject to), and the General Partner is hereby authorized and empowered, in its sole and absolute discretion on behalf of the Partnership, to enter into one or more indemnity agreements consistent with the provisions of this Section 7.7 in favor of any Indemnitee having or potentially having liability for any such indebtedness. It is the intention of this Section 7.7.A that the Partnership indemnify each Indemnitee to the fullest extent permitted by law and this Agreement. The termination of any proceeding by judgment, order or settlement does not create a presumption that the Indemnitee did not meet the requisite standard of conduct set forth in this Section 7.7.A. The termination of any proceeding by conviction of an Indemnitee or upon a plea of *nolo contendere* or its equivalent by an Indemnitee, or an entry of an order of probation against an Indemnitee prior to judgment, does not create a presumption that such Indemnitee acted in a manner contrary to that specified in this Section 7.7.A with respect to the subject matter of such proceeding. Any indemnification pursuant to this Section 7.7 shall be made only out of the assets of the Partnership, and neither the General Partner nor any other Holder shall have any obligation to pay or otherwise satisfy such indemnification obligation or to contribute to the capital of the Partnership or otherwise provide funds to enable the Partnership to fund its obligations under this Section 7.7.

B. To the fullest extent permitted by law, expenses incurred by an Indemnitee who is a party to a proceeding or otherwise subject to or the focus of or is involved in any Action shall be paid or reimbursed by the Partnership as incurred by the Indemnitee in advance of the final disposition of the Action upon receipt by the Partnership of (i) a written affirmation by the Indemnitee of the Indemnitee’s good faith belief that the standard of conduct necessary for indemnification by the Partnership as authorized in Section 7.7.A has been met, and (ii) a written undertaking by or on behalf of the Indemnitee to repay the amount if it shall ultimately be determined that the standard of conduct has not been met.

C. The indemnification provided by this Section 7.7 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, pursuant to any Consent of the Partners, as a matter of law or otherwise, and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee unless otherwise provided in a written agreement with such Indemnitee or in the writing pursuant to which such Indemnitee is indemnified.

D. The Partnership may, but shall not be obligated to, purchase and maintain insurance, on behalf of any of the Indemnitees and such other Persons as the General Partner shall determine, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the power to indemnify such Person against such liability under the provisions of this Agreement.

E. Any liabilities which an Indemnitee incurs as a result of acting on behalf of the Partnership, the General Partner or the Special Limited Partner (whether as a fiduciary or otherwise) in connection with the operation, administration or maintenance of an employee benefit plan or any related trust or funding mechanism (whether such liabilities are in the form of excise taxes assessed by the IRS, penalties assessed by the U.S. Department of Labor, restitutions to such a plan or trust or other funding mechanism or to a participant or beneficiary of such plan, trust or other funding mechanism, or otherwise) shall be treated as liabilities or judgments or fines under this Section 7.7, unless such liabilities arise as a result of (i) an act or omission of such Indemnitee that was material to the matter giving rise to the Action and either was committed in bad faith or was the result of active and deliberate dishonesty; (ii) in the case of any criminal proceeding, an act or omission that such Indemnitee had reasonable cause to believe was unlawful, or (iii) any transaction in which such Indemnitee actually received an improper personal benefit in money, property or services in violation or breach of any provision of this Agreement.

F. In no event may an Indemnitee subject any of the Holders to personal liability by reason of the indemnification provisions set forth in this Agreement.

G. An Indemnitee shall not be denied indemnification in whole or in part under this Section 7.7 because the Indemnitee had an interest (including a conflicted interest) in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.

H. The provisions of this Section 7.7 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons. Any amendment, modification or repeal of this Section 7.7 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the Partnership's liability to any Indemnitee under this Section 7.7 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

I. It is the intent of the parties that any amounts paid by the Partnership to the General Partner or the Special Limited Partner pursuant to this Section 7.7 shall be treated as "guaranteed payments" within the meaning of Code Section 707(c) and shall not be treated as distributions for purposes of computing the Partners' Capital Accounts.

Section 7.8 Liability of the General Partner and its Affiliates .

A. To the fullest extent permitted by law: (i) Each of the General Partner, the Special Limited Partner, as the sole member of the General Partner, and their respective officers, directors, members and managers, and any other Indemnitee, is acting for the benefit of not only the Partnership and the Partners, but also the Special Limited Partner's stockholders, collectively; (ii) in the event of a conflict between the interests of the Partnership or any Partner, on the one hand, and the separate interests of the Special Limited Partner or its stockholders, on the other hand, the General Partner, the Special Limited Partner, as the sole member of the General Partner, and their respective officers, directors, members and managers, and any other Indemnitees, are under no obligation and have no duty (fiduciary or otherwise) not to give priority to the separate interests of the Special Limited Partner or the stockholders of the

Special Limited Partner, and may give priority to the separate interests of the Special Limited Partner, or the stockholders of the Special Limited Partner, in a manner that is adverse to the Partnership and its Partners, and any action or failure to act on the part of the Special Limited Partner or its officers and directors, or any other Indemnitees, that gives priority to the separate interests of the Special Limited Partner or its stockholders, does not violate any duty hereunder or otherwise owed by the General Partner, the Special Limited Partner, as the sole member of the General Partner, or their respective officers, directors, members or managers, or any other Indemnitees, to the Partnership and/or the Partners or any other Person bound by this Agreement; and (iii) none of the General Partner, the Special Limited Partner or their respective officers, directors, members or managers, or any other Indemnitee, shall be liable to the Partnership or to any Partner or any other Person bound by this Agreement for monetary damages for losses sustained, liabilities incurred or benefits not derived by the Partnership or any Partner in connection with such decisions, except for liability for acts of the General Partner committed in bad faith or resulting from the active and deliberate dishonesty of the General Partner. In furtherance and not in limitation of the foregoing, to the fullest extent permitted by law and notwithstanding any other provision of this Agreement or any other agreement contemplated herein or applicable provisions of law or equity or otherwise, whenever a conflict arises between the interests of the Special Limited Partner or the stockholders of the Special Limited Partner, on one hand, and any Limited Partner, on the other hand, the General Partner will endeavor in good faith to resolve the conflict in a manner not adverse to the Special Limited Partner or the stockholders of the Special Limited Partner or any Limited Partner; provided, however, that for so long as the Special Limited Partner owns a controlling interest in the Partnership, any conflict that cannot be resolved in a manner not adverse to the Special Limited Partner or the stockholders of the Special Limited Partner and any Limited Partner shall be resolved in favor of the Special Limited Partner or the stockholders of the Special Limited Partner, as the case may be, and any action taken by the General Partner or any other Indemnitee in connection with any such conflict of interests shall not constitute a breach of this Agreement or any duty at law, in equity or otherwise. Any benefit received by any Indemnitee as a result of any transaction that does not violate this Section 7.8.A shall not be deemed to be an "improper" personal benefit for purposes of Section 7.7, Section 7.8 and Section 8.1.

B. Subject to its obligations and duties as General Partner set forth in this Agreement and applicable law, the General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its employees or agents (subject to the supervision and control of the General Partner). The General Partner shall not be liable to the Partnership or any Partner for any misconduct or negligence on the part of any such employee or agent appointed by it in good faith. The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers and other consultants and advisers selected by it, and any act taken or omitted to be taken in reliance upon the opinion of such Persons as to matters that the General Partner believes to be within such Person's professional or expert competence shall be conclusively presumed to have been taken or omitted to be taken in good faith and shall not constitute a breach of any duty (including any fiduciary duty) or obligation arising at law or in equity or under this Agreement.

C. Any obligation or liability whatsoever of the General Partner or the Partnership which may arise at any time under this Agreement or any other instrument, transaction, or undertaking contemplated hereby shall be satisfied, if at all, out of the assets of the General Partner or the Partnership only. To the fullest extent permitted by law, no such obligation or liability shall be personally binding upon, nor shall resort for the enforcement thereof be had to, any of the General Partner's members, managers or agents, or the directors, officers, stockholders, employees or agents of the General Partner's members or managers, including the Special Limited Partner, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise. Notwithstanding anything to the contrary set forth in this Agreement, none of the members, managers or agents of the General Partner, and none of the directors, officers, stockholders, employees or agents of the General Partner's members or managers,

including the Special Limited Partner or any other Indemnitee, shall be liable or accountable in damages or otherwise to the Partnership, any Partners, or any other Person bound by this Agreement for losses sustained, liabilities incurred or benefits not derived as a result of errors in judgment or mistakes of fact or law or of any act or omission, except for any such losses sustained, liabilities incurred or benefits not derived as a result of (i) an act or omission on the part of such Person that was committed in bad faith or was the result of active and deliberate dishonesty; (ii) in the case of any criminal proceeding, an act or omission on the part of such Person that such Person had reasonable cause to believe was unlawful; or (iii) for any loss resulting from any transaction for which such Person actually received an improper personal benefit in money, property or services in violation or breach of any provision of this Agreement.

D. Any amendment, modification or repeal of this Section 7.8 or any provision hereof shall be prospective only and shall not in any way affect the limitations on the liability of the General Partner or the members, managers or agents of the General Partner, the Special Limited Partner, or of the directors, officers, stockholders, employees or agents of the Special Limited Partner, or the Indemnitees, to the Partnership, the Partners or any other Person bound by this Agreement under this Section 7.8 as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

E. Notwithstanding anything herein to the contrary, except for liabilities resulting from (i) an act or omission on the part of such Partner that was committed in bad faith or was the result of active and deliberate dishonesty; (ii) in the case of any criminal proceeding, an act or omission on the part of such Partner that such Partner had reasonable cause to believe was unlawful; or (iii) any transaction for which such Partner actually received an improper personal benefit in money, property or services in violation or breach of any provision of this Agreement, or pursuant to any express indemnities given to the Partnership by any Partner pursuant to any other written instrument to the fullest extent permitted by law, no Partner shall have any personal liability whatsoever, to the Partnership or to the other Partners or to any other Person bound by this Agreement, including any damages arising out of the breach of any such Partner's fiduciary duties as such duties may have been replaced by this Agreement. Without limitation of the foregoing, no property or assets of such Partner, other than its interest in the Partnership, shall be subject to levy, execution or other enforcement procedures for the satisfaction of any judgment (or other judicial process) in favor of any other Partner(s) or any other Person bound by this Agreement and arising out of, or in connection with, this Agreement. This Agreement is executed by the officers of the Special Limited Partner, in the name and on behalf of the Special Limited Partner, in its capacity as managing member of the General Partner, solely as officers of the Special Limited Partner, and not in their own individual capacities.

F. To the extent that, at law or in equity, the General Partner or the Special Limited Partner, as the sole member of the General Partner or in its capacity as a Limited Partner, or any other Indemnitee, has duties (including fiduciary duties) and liabilities relating thereto to the Partnership or the Limited Partners, none of the General Partner, the Special Limited Partner, as the sole member of the General Partner or in its capacity as a Limited Partner, or any other Indemnitee, shall be liable to the Partnership or to any Partner for its good faith reliance on the provisions of this Agreement. Notwithstanding anything to the contrary set forth in this Agreement or any otherwise applicable provision of law or in equity, neither the General Partner nor any other Indemnitee shall have any fiduciary duties, or, to the fullest extent permitted by law, except to the extent expressly provided in this Agreement, other duties, obligations or liabilities, to the Partnership, any Limited Partner or any other Person who has acquired an interest in a Partnership Interest, and, to the fullest extent permitted by law, the General Partner and the other Indemnitees shall only be subject to any contractual standards imposed and existing under this Agreement.

G. To the fullest extent permitted by law and notwithstanding any other provision of this Agreement or any other agreement contemplated herein or applicable provisions of law or equity or otherwise, whenever in this Agreement any Person is permitted or required to make a decision (i) in its “sole and absolute discretion,” “sole discretion,” “discretion,” “at its election” or under a grant of similar authority or latitude, such Person shall be entitled to consider only such interests and factors as it desires, including its own interests, shall have no duty or obligation to give any consideration to any interest or factors affecting the Partnership, the Partners, or any other Person bound by this Agreement, and shall be entitled to act in a manner adverse to the interests of the Partnership, the Partners or any other Person bound by this Agreement, or (ii) in its “good faith” or under another expressed standard, such Person shall act under such express standard and shall not be subject to any other or different standards imposed by this Agreement or any other agreement contemplated herein or by relevant provisions of law or in equity or otherwise. If any question should arise with respect to the operation of the Partnership, which is not otherwise specifically provided for in this Agreement or the Act, or with respect to the interpretation of this Agreement, the General Partner is hereby authorized to make a final determination with respect to any such question and to interpret this Agreement in such a manner as it shall deem, in its sole discretion, to be fair and equitable, and its determination and interpretations so made shall be final and binding on all parties and shall not constitute a breach of this Agreement, of any agreement contemplated herein or therein, or of any duty existing at law, in equity or otherwise, including any fiduciary duty.

H. To the fullest extent permitted by applicable law, no Indemnitee shall be liable to the Partnership, any Partner or any other Person bound by this Agreement for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Indemnitee in good faith on behalf of the Partnership and in a manner reasonably believed to be within the scope of the authority conferred on such Indemnitee by this Agreement, except that an Indemnitee shall be liable for any such loss, damage or claim incurred if (i) such act or omission was committed in bad faith or was the result of active and deliberate dishonesty; (ii) in the case of any criminal proceeding, if such Indemnitee had reasonable cause to believe that such act or omission was unlawful; or (iii) such loss, damage or claim incurred resulted from any transaction for which such Indemnitee actually received an improper personal benefit in money, property or services in violation or breach of any provision of this Agreement.

I. Notwithstanding anything to the contrary in this agreement, it is understood and/or agreed that the term “good faith” as used in this Agreement shall, in each case, mean “subjective good faith” as understood and interpreted under Delaware law; provided, however, that for the avoidance of doubt, any resolution of a conflict of interest between the Special Limited Partner, or the interests of stockholders of the Special Limited Partner, on the one hand, and the Partnership or any Limited Partner on the other hand, in a manner favorable to the Special Limited Partner or the interests of the stockholders of the Special Limited Partner shall not be deemed a violation of such “subjective good faith” standard.

Section 7.9 Other Matters Concerning the General Partner and the Special Limited Partner.

A. The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it in good faith to be genuine and to have been signed or presented by the proper party or parties.

B. The General Partner shall have the right, in respect of any of its powers or obligations hereunder, to act through any duly authorized agents or a duly appointed attorney or attorneys-in-fact (including, without limitation, the Special Limited Partner). Each such agent or attorney shall, to the extent authorized by the General Partner, have full power and authority to do and perform all and every act and duty that is permitted or required to be done by the General Partner hereunder.

C. Notwithstanding any other provision of this Agreement or the Act, any action of the General Partner on behalf of the Partnership or any decision of the General Partner to refrain from acting on behalf of the Partnership, undertaken in the good faith belief that such action or omission is necessary or advisable in order (i) to protect the ability of the Special Limited Partner to continue to qualify as a REIT, (ii) for the Special Limited Partner otherwise to satisfy the REIT Requirements, (iii) for the Special Limited Partner to avoid incurring any taxes under Code Section 857 or Code Section 4981, or (iv) for any Special Limited Partner Affiliate to continue to qualify as a “qualified REIT subsidiary” (within the meaning of Code Section 856(i)(2)), is expressly authorized under this Agreement and is deemed approved by all of the Limited Partners and each other Person bound by this Agreement and shall not constitute a breach of this Agreement, of any agreement contemplated herein or therein, or of any duty existing at law, in equity or otherwise, including any fiduciary duty.

D. To the extent the Special Limited Partner, or its officers or directors or any other Indemnitee, take any action in the name or on behalf of the General Partner, in the General Partner’s capacity as the sole general partner of the Partnership, the Special Limited Partner and its officers and directors or any other Indemnitee, shall be entitled to the same protection as the General Partner and its members, managers and agents.

Section 7.10 Title to Partnership Assets .

Title to Partnership assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Partnership as an entity, and no Partner, individually or collectively with other Partners or Persons, shall have any ownership interest in such Partnership assets or any portion thereof. Title to any or all of the Partnership assets may be held in the name of the Partnership, the General Partner, or one or more nominees, as the General Partner may determine, including Affiliates of the General Partner or the Special Limited Partner. The General Partner hereby declares and warrants that any Partnership assets for which legal title is held in the name of the General Partner, or any nominee or Affiliate of the General Partner or the Special Limited Partner shall be held by the General Partner or such nominee or Affiliate for the use and benefit of the Partnership in accordance with the provisions of this Agreement. All Partnership assets shall be recorded as the property of the Partnership in its books and records, irrespective of the name in which legal title to such Partnership assets is held.

Section 7.11 Reliance by Third Parties .

Notwithstanding anything to the contrary in this Agreement, any Person dealing with the Partnership shall be entitled to assume that the General Partner has full power and authority, without the consent or approval of any other Partner or Person, to encumber, sell or otherwise use in any manner any and all assets of the Partnership and to enter into any contracts on behalf of the Partnership, and take any and all actions on behalf of the Partnership, and such Person shall be entitled to deal with the General Partner as if it were the Partnership’s sole party in interest, both legally and beneficially. To the fullest extent permitted by law, each Limited Partner and each other Person bound by this Agreement hereby waives any and all claims, defenses or other remedies that may be available to such Person to contest, negate or disaffirm any action of the General Partner in connection with any such dealing. In no event shall any Person dealing with the General Partner or its representatives be obligated to ascertain that the terms of this Agreement have been complied with or to inquire into the necessity or expediency of any act or action of the General Partner or its representatives. Each and every certificate, document or other instrument executed on behalf of the Partnership by the General Partner or its representatives shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (i) at the time of the execution and delivery of such certificate, document or instrument, this Agreement was in full force and effect, (ii) the Person executing and delivering such certificate, document or instrument was duly authorized and empowered to do so for and on behalf of the Partnership and (iii) such certificate, document or instrument was duly executed and delivered in accordance with the terms and provisions of this Agreement and is binding upon the Partnership.

ARTICLE 8
RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

Section 8.1 *Limitation of Liability* .

No Limited Partner, including the Special Limited Partner, acting in its capacity as such, shall have any liability under this Agreement except for liability resulting from (i) an act or omission on the part of such Limited Partner that was committed in bad faith or was the result of active and deliberate dishonesty; (ii) in the case of any criminal proceeding, an act or omission that such Limited Partner had reasonable cause to believe was unlawful; or (iii) any transaction for which such Limited Partner actually received an improper personal benefit in money, property or services in violation or breach of any provision of this Agreement, or as expressly provided in this Agreement (including, without limitation, Section 10.4 hereof) or under the Act.

Section 8.2 *Management of Business* .

No Limited Partner or Assignee (other than the General Partner, any of its Affiliates or any member, manager, employee, partner or agent of the General Partner or the Partnership, in their capacity as such, including the Special Limited Partner, in its capacity as the sole member of the General Partner) shall take part in the operations, management or control (within the meaning of the Act) of the Partnership's business, transact any business in the Partnership's name or have the power to sign documents for or otherwise bind the Partnership. The transaction of any such business by the General Partner, or any member, manager or agent of the General Partner, in their capacity as such, shall not affect, impair or eliminate the limitations on the liability of the Limited Partners or Assignees under this Agreement.

Section 8.3 *Outside Activities of Limited Partners* .

To the fullest extent permitted by law and notwithstanding any other provision of this Agreement or any other agreement contemplated herein or applicable provisions of law or equity or otherwise, subject to any agreements entered into pursuant to Section 7.6 hereof and any other agreements entered into by a Limited Partner or any of its Affiliates with the General Partner, the Partnership or a Subsidiary of the Partnership (including, without limitation, any employment agreement), any Limited Partner (including the Special Limited Partner) and any Assignee, officer, director, employee, agent, trustee, Affiliate, member or stockholder of any Limited Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including business interests and activities that are in direct or indirect competition with the Partnership or that are enhanced by the activities of the Partnership. To the fullest extent permitted by law and notwithstanding any other provision of this Agreement or any other agreement contemplated herein or applicable provisions of law or equity or otherwise, neither the Partnership nor any Partner shall have any rights by virtue of this Agreement in any business ventures of any Limited Partner or Assignee. Subject to such agreements, none of the Limited Partners nor any other Person shall have any rights by virtue of this Agreement or the partnership relationship established hereby in any business ventures of any other Person (other than the General Partner or the Special Limited Partner, to the extent expressly provided herein), and such Person shall have no obligation pursuant to this Agreement, subject to Section 7.6 hereof and any other agreements entered into by a Limited Partner or its Affiliates with the General Partner, the Partnership or a Subsidiary of the Partnership, to offer any interest in any such business ventures to the Partnership, any Limited Partner, or any such other Person, even if such opportunity is of a character that,

if presented to the Partnership, any Limited Partner or such other Person, could be taken by such Person. Notwithstanding any other provision of this Agreement, or any other agreement contemplated herein or applicable provisions of law or equity or otherwise, to the fullest extent permitted by law, including without limitation Section 7.1.A and Section 7.6, one or more Affiliates of the Special Limited Partner may own membership interests or similar equity interests in one or more Subsidiaries of the Partnership, provided that the aggregate amount of such interests owned by the Affiliates of the Special Limited Partner in any one Subsidiary shall not exceed 5% of such Subsidiary's outstanding membership or similar equity interests.

Section 8.4 Return of Capital .

Except pursuant to the rights of Redemption set forth in Section 15.1 hereof or in any Partnership Unit Designation, no Limited Partner shall be entitled to the withdrawal or return of its Capital Contribution, except to the extent of distributions made pursuant to this Agreement or upon termination of the Partnership as provided herein. Except to the extent provided in Article 5 and Article 6 hereof or otherwise expressly provided in this Agreement or in any Partnership Unit Designation, no Limited Partner or Assignee shall have priority over any other Limited Partner or Assignee either as to the return of Capital Contributions or as to profits, losses or distributions.

Section 8.5 Rights of Limited Partners Relating to the Partnership .

A. Except as limited by Section 8.5.C hereof, the General Partner shall deliver to each Limited Partner a copy of any information mailed or electronically delivered to all of the common stockholders of the Special Limited Partner as soon as practicable after such mailing.

B. The Partnership shall notify any Limited Partner that is a Qualifying Party, on request, of the then current REIT Share Adjustment Factor and any change made to the REIT Share Adjustment Factor shall be set forth in the quarterly report required by Section 9.3.B hereof immediately following the date any such change becomes effective.

C. Notwithstanding any other provision of this Section 8.5, the General Partner may keep confidential from the Limited Partners (or any of them), for such period of time as the General Partner determines in its sole and absolute discretion to be reasonable, any information that (i) the General Partner believes to be in the nature of trade secrets or other information the disclosure of which the General Partner in good faith believes is not in the best interests of the Partnership or the General Partner or (ii) the Partnership or the General Partner is required by law or by agreement to keep confidential.

D. Upon written request by any Limited Partner, the General Partner shall cause the ownership of Partnership Interests by such Limited Partner to be evidenced by a certificate in such form as the General Partner may determine with respect to any class of Partnership Interests issued from time to time under this Agreement. Any officer of the General Partner may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the Partnership alleged to have been lost, destroyed, stolen or mutilated, upon the making of an affidavit of that fact by the person claiming the certificate to be lost, destroyed, stolen or mutilated. Unless otherwise determined by an officer of the General Partner, the owner of such lost, destroyed, stolen or mutilated certificate or certificates, or his or her legal representative, shall be required, as a condition precedent to the issuance of a new certificate or certificates, to give the Partnership a bond in such sum as the General Partner may direct as indemnity against any claim that may be made against the Partnership.

Section 8.6 *Partnership Right to Call Limited Partner Interests.*

Notwithstanding any other provision of this Agreement, on and after the date on which the aggregate Percentage Interests of the Limited Partners (other than the Special Limited Partner or any Limited Partner that is an affiliate of The Blackstone Group L.P.) are less than one percent (1%), the Partnership shall have the right, but not the obligation, from time to time and at any time to redeem any and all outstanding Limited Partner Interests (other than the Special Limited Partner's Limited Partner Interests or the Limited Partner Interests of any affiliate of The Blackstone Group L.P.) by treating any such Limited Partner as a Tendering Party who has delivered a Notice of Redemption pursuant to Section 15.1 hereof for the amount of Partnership Common Units to be specified by the General Partner, in its sole and absolute discretion, by notice to such Limited Partner that the Partnership has elected to exercise its rights under this Section 8.6. Such notice given by the General Partner to a Limited Partner pursuant to this Section 8.6 shall be treated as if it were a Notice of Redemption delivered to the General Partner by such Limited Partner. For purposes of this Section 8.6, (a) any Limited Partner (whether or not otherwise a Qualifying Party) may, in the General Partner's sole and absolute discretion, be treated as a Qualifying Party that is a Tendering Party and (b) the provisions of Sections 15.1.F(2) and 15.1.F(3) hereof shall not apply, but the remainder of Section 15.1 hereof shall apply, mutatis mutandis.

ARTICLE 9
BOOKS, RECORDS, ACCOUNTING AND REPORTS

Section 9.1 *Records and Accounting .*

A. The General Partner shall keep or cause to be kept at the principal place of business of the Partnership those records and documents, if any, required to be maintained by the Act and any other books and records deemed by the General Partner to be appropriate with respect to the Partnership's business, including, without limitation, all books and records necessary to provide to the Limited Partners any information, lists and copies of documents required to be provided pursuant to Section 8.5.A, Section 9.3 or Article 13 hereof. Any records maintained by or on behalf of the Partnership in the regular course of its business may be kept on any information storage device, provided that the records so maintained are convertible into clearly legible written form within a reasonable period of time.

B. The books of the Partnership shall be maintained, for financial and tax reporting purposes, on an accrual basis in accordance with generally accepted accounting principles, or on such other basis as the General Partner determines to be necessary or appropriate. To the extent permitted by sound accounting practices and principles, the Partnership and the General Partner may operate with integrated or consolidated accounting records, operations and principles.

Section 9.2 *Partnership Year .*

For purposes of this Agreement, "Partnership Year" means the fiscal year of the Partnership, which shall be the same as the tax year of the Partnership. The tax year shall be the calendar year unless otherwise required by the Code.

Section 9.3 *Reports .*

A. As soon as practicable, but in no event later than one hundred five (105) days after the close of each Partnership Year, the General Partner shall cause to be mailed to each Limited Partner of record as of the close of the Partnership Year, financial statements of the Partnership, or of the Special Limited Partner if such statements are prepared solely on a consolidated basis with the Special Limited Partner for such Partnership Year, presented in accordance with generally accepted accounting principles, such statements to be audited by a nationally recognized firm of independent public accountants selected by the General Partner.

B. As soon as practicable, but in no event later than sixty (60) days after the close of each calendar quarter (except the last calendar quarter of each year), the General Partner shall cause to be mailed to each Limited Partner of record as of the last day of the calendar quarter, a report containing unaudited financial statements of the Partnership for such calendar quarter, or of the Special Limited Partner if such statements are prepared solely on a consolidated basis with the Special Limited Partner and such other information as may be required by applicable law or regulation or as the General Partner determines to be appropriate.

C. The General Partner shall have satisfied its obligations under Section 9.3.A and Section 9.3.B by posting or making available the reports required by this Section 9.3 on the website maintained from time to time by the Partnership or the Special Limited Partner, provided that such reports are able to be printed or downloaded from such website.

D. At the request of any Limited Partner, for any purpose reasonably related to such Limited Partner's interest in the Partnership, the General Partner shall, subject to Section 17-305(b) of the Act, provide access to the books, records and workpapers upon which the reports required by this Section 9.3 are based, to the extent required by the Act.

ARTICLE 10 TAX MATTERS

Section 10.1 Preparation of Tax Returns .

The General Partner shall arrange for the preparation and timely filing of all returns with respect to Partnership income, gains, deductions, losses and other items required of the Partnership for U.S. federal and state income tax purposes and shall use all reasonable efforts to furnish, within ninety (90) days of the close of each taxable year, the tax information reasonably required by Limited Partners for U.S. federal and state income tax and any other tax reporting purposes. The Limited Partners agree to properly execute and provide to the Partnership in a timely manner any tax documentation that may be reasonably required by the Partnership or the General Partner.

Section 10.2 Tax Elections .

Except as otherwise provided herein, the General Partner shall, in its sole and absolute discretion, determine whether to make any available election pursuant to the Code, including, but not limited to, the elections under Code Sections 754 and 6226. The General Partner shall have the right to seek to revoke any such election (including, without limitation, any election under Code Section 754) upon the General Partner's determination in its sole and absolute discretion that such revocation is in the best interests of the Partners.

Section 10.3 Tax Matters Partner .

A. The General Partner shall be the "tax matters partner" (as such term is defined in Code Section 6231(a)(7)) of the Partnership for U.S. federal income tax purposes with respect to taxable periods ending on or before December 31, 2017. The General Partner is also authorized to appoint or act as the "partnership representative" within the meaning of Code Section 6223(a) and the U.S. Bipartisan Budget Act of 2015 (and assume any comparable procedural duties provided under any U.S. or non-U.S. tax laws), with respect to taxable periods beginning on or after January 1, 2018. The tax matters partner or the partnership representative, as applicable, shall receive no compensation for its services. All third-party costs and expenses incurred by the tax matters partner or the partnership representative, as applicable, in performing its duties as such (including legal and accounting fees and expenses) shall be borne by the

Partnership in addition to any reimbursement pursuant to Section 7.4 hereof. Nothing herein shall be construed to restrict the Partnership from engaging an accounting firm to assist the tax matters partner or the partnership representative, as applicable, in discharging its duties hereunder.

B. The tax matters partner or the partnership representative, as applicable, is authorized, but not required:

(1) in the event that a notice of a final administrative adjustment at the Partnership level of any item required to be taken into account by a Partner for U.S. tax purposes (a “ *Final Adjustment* ”) is mailed to the tax matters partner, to seek judicial review of such Final Adjustment, including the filing of a petition for readjustment with the United States Tax Court or the United States Court of Federal Claims, or the filing of a complaint for refund with the District Court of the United States for the district in which the Partnership’s principal place of business is located;

(2) to intervene in any action brought by any other Partner for judicial review of a final adjustment;

(3) to file a request for an administrative adjustment with the IRS at any time and, if any part of such request is not allowed by the IRS, to file an appropriate pleading (petition or complaint) for judicial review with respect to such request;

(4) to enter into an agreement with the IRS to extend the period for assessing any tax that is attributable to any item required to be taken into account by a Partner for U.S. tax purposes, or an item affected by such item; and

(5) to take any other action on behalf of the Partners or any of them in connection with any tax audit or judicial review proceeding to the extent permitted by applicable law or regulations.

The taking of any action and the incurring of any expense by the tax matters partner or the partnership representative, as applicable, in connection with any such proceeding, except to the extent required by law, is a matter in the sole and absolute discretion of the tax matters partner or the partnership representative, as applicable, and the provisions relating to indemnification of the General Partner set forth in Section 7.7 hereof shall be fully applicable to the tax matters partner or the partnership representative, as applicable, in its capacity as such.

Section 10.4 *Withholding* .

Each Holder hereby authorizes the Partnership to withhold from or pay on behalf of or with respect to such Holder any amount of U.S. federal, state, local or foreign taxes that the General Partner determines, in its sole and absolute discretion, the Partnership is required to withhold or pay with respect to any amount distributable or allocable to such Holder pursuant to this Agreement, including, without limitation, any taxes required to be withheld or paid by the Partnership pursuant to Code Section 1441, Code Section 1442, Code Section 1445 or Code Section 1446 (a “ *Tax Advance* ”). Any amount withheld with respect to a Holder pursuant to this Section 10.4 shall be treated as paid or distributed, as applicable, to such Holder for all purposes under this Agreement. Any amount paid on behalf of or with respect to a Holder, in excess of any such withheld amount, shall constitute a loan by the Partnership to such Holder, which loan shall be repaid by such Holder within thirty (30) days after the affected Holder receives written notice from the General Partner that such payment must be made, provided that the Holder shall not be required to repay such deemed loan if either (i) the Partnership withholds such payment from a

distribution that would otherwise be made to the Holder or (ii) the General Partner determines, in its sole and absolute discretion, that such payment may be satisfied out of the funds of the Partnership that would, but for such payment, be distributed to the Holder. Any amounts payable by a Holder hereunder shall bear interest at the base rate on corporate loans at large United States money center commercial banks, as published from time to time in the Wall Street Journal (but not higher than the maximum lawful rate) from the date such amount is due (i.e., thirty (30) days after the Holder receives written notice of such amount) until such amount is paid in full. Each Holder hereby agrees to indemnify and hold harmless the Partnership and the General Partner and each other Partner from and against any liability, claim or expense with respect to any Tax Advance withheld or required to be withheld on behalf of or with respect to such Partner. In the event the Partnership is liquidated and a liability or claim is asserted against, or expense borne by, the General Partner or any Holder for any Tax Advance, the Partnership shall have the right to be reimbursed from the Holder on whose behalf such withholding or tax payment was made or required to be made. The obligations of a Holder set forth in this paragraph 10.4 shall survive the withdrawal of any Holder from the Partnership or any Transfer of a Holder's Partnership Interest.

Section 10.5 *Organizational Expenses* .

The General Partner may cause the Partnership to elect to deduct expenses, if any, incurred by it in organizing the Partnership ratably over a 180-month period as provided in Code Section 709.

Section 10.6 *Treatment of Partnership as Disregarded Entity* .

Notwithstanding anything to the contrary in this Agreement, if the Partnership is treated as a Disregarded Entity with respect to the Special Limited Partner during any period, then the other provisions of this Agreement shall be applied (or not applied) in a manner consistent with such treatment with respect to such period, as determined by the General Partner in its sole and absolute discretion. In the event of any conflict between this Section 10.6 and any other provision of this Agreement, this Section 10.6 shall control.

ARTICLE 11
PARTNER TRANSFERS AND WITHDRAWALS

Section 11.1 *Transfer* .

A. To the fullest extent permitted by law, no part of the interest of a Partner shall be subject to the claims of any creditor, to any spouse for alimony or support, or to legal process, and may not be voluntarily or involuntarily alienated or encumbered except as may be specifically provided for in this Agreement.

B. No Partnership Interest shall be Transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article 11. To the fullest extent permitted by law, any Transfer or purported Transfer of a Partnership Interest not made in accordance with this Article 11 shall be null and void *ab initio* .

C. No Transfer of any Partnership Interest may be made to a lender to the Partnership or any Person who is related (within the meaning of Section 1.752-4(b) of the Regulations) to any lender to the Partnership whose loan constitutes a Nonrecourse Liability, without the Consent of the General Partner; *provided, however* , that, as a condition to such Consent, the lender may be required to enter into an arrangement with the Partnership and the General Partner to redeem or exchange for the REIT Shares Amount any Partnership Units in which a security interest is held by such lender simultaneously with the time at which such lender would be deemed to be a partner in the Partnership for purposes of allocating

liabilities to such lender under Code Section 752 (provided that, for purpose of calculating the REIT Shares Amount in this Section 11.1.C, “*Tendered Units*” shall mean all such Partnership Units in which a security interest is held by such lender).

Section 11.2 *Transfer of General Partner’s Partnership Interest*.

A. Subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, the General Partner may not Transfer all or any portion of its Partnership Interest (whether by sale, disposition, statutory merger or consolidation, liquidation or otherwise) without the Consent of the Limited Partners (but may do so with the Consent of the Limited Partners). It is a condition to any Transfer of a Partnership Interest of a General Partner otherwise permitted hereunder that: (i) coincident with such Transfer, the transferee is admitted as a General Partner pursuant to Section 12.1 hereof; (ii) the transferee assumes, by operation of law or express agreement, all of the obligations of the transferor General Partner under this Agreement with respect to such Transferred Partnership Interest; and (iii) the transferee has executed such instruments as may be necessary to effectuate such admission and to confirm the agreement of such transferee to be bound by all the terms and provisions of this Agreement with respect to the Partnership Interest so acquired and the admission of such transferee as a General Partner.

B. *Certain Transactions of the General Partner*. Subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, the General Partner may, without the consent of any Limited Partner or other Person, Transfer all of its Partnership Interest in connection with (a) a merger, consolidation or other combination of its assets with another entity, (b) a sale of all or substantially all of the General Partner’s assets not in the ordinary course of the Partnership’s business or (c) a reclassification, recapitalization or change of any outstanding equity interests of the General Partner (each, a “*Termination Transaction*”) if:

(i) in connection with such Termination Transaction, all of the Limited Partners will receive, or will have the right to elect to receive, for each Partnership Common Unit an amount of cash, securities or other property equal to the product of the REIT Share Adjustment Factor and the greatest amount of cash, securities or other property paid to a holder of one REIT Share in consideration of one REIT Share pursuant to the terms of such Termination Transaction; provided, that if, in connection with such Termination Transaction, a purchase, tender or exchange offer shall have been made to and accepted by the holders of the outstanding REIT Shares, each holder of Partnership Common Units shall receive, or shall have the right to elect to receive, the greatest amount of cash, securities or other property which such holder of Partnership Common Units would have received had it exercised its right to Redemption pursuant to Article 15 hereof and received REIT Shares in exchange for its Partnership Common Units immediately prior to the expiration of such purchase, tender or exchange offer and had thereupon accepted such purchase, tender or exchange offer and then such Termination Transaction were consummated; or

(ii) all of the following conditions are met: (w) substantially all of the assets directly or indirectly owned by the surviving entity are owned directly or indirectly by the Partnership or another limited partnership or limited liability company which is the survivor of a merger, consolidation or combination of assets with the Partnership (in each case, the “*Surviving Partnership*”); (x) the Limited Partners that held Partnership Common Units immediately prior to the consummation of such Termination Transaction own a percentage interest of the Surviving Partnership based on the relative fair market value of the net assets of the Partnership and the other net assets of the Surviving Partnership immediately prior to the consummation of such transaction; (y) the rights, preferences and privileges in the Surviving Partnership of such Limited

Partners are at least as favorable as those in effect with respect to the Partnership Common Units immediately prior to the consummation of such transaction and as those applicable to any other limited partners or non-managing members of the Surviving Partnership; and (z) the rights of such Limited Partners include at least one of the following: (a) the right to redeem their interests in the Surviving Partnership for the consideration available to such persons pursuant to Section 11.2.B(i) or (b) the right to redeem their interests in the Surviving Partnership for cash on terms substantially equivalent to those in effect with respect to their Partnership Common Units immediately prior to the consummation of such transaction, or, if the ultimate controlling person of the Surviving Partnership has publicly traded common equity securities, such common equity securities, with an exchange ratio based on the determination of relative fair market value of such securities and the REIT Shares.

C. Notwithstanding the other provisions of this Article 11 (other than Section 11.6.D hereof), the General Partner may Transfer all of its Partnership Interests at any time to any Person that is, at the time of such Transfer an Affiliate of the General Partner, including any “qualified REIT subsidiary” (within the meaning of Code Section 856(i)(2)), without the Consent of any Limited Partners. The provisions of Section 11.2.B, 11.3, 11.4.A and 11.5 hereof shall not apply to any Transfer permitted by this Section 11.2.C.

D. Except in connection with Transfers permitted in this Article 11 and as otherwise provided in Section 12.1 in connection with the Transfer of the General Partner’s entire Partnership Interest, the General Partner may not voluntarily withdraw as a general partner of the Partnership without the Consent of the Limited Partners.

Section 11.3 *Limited Partners’ Rights to Transfer* .

A. *General* . [Prior to the end of the applicable Restricted Period and] [E]xcept as provided in Section 11.1.C hereof, no Limited Partner shall Transfer all or any portion of its Partnership Interest to any transferee without the Consent of the General Partner, which may be given or withheld in its sole and absolute discretion; *provided, however* , that any Limited Partner may, at any time, without the consent or approval of the General Partner, (i) Transfer all or part of its Partnership Interest to any Family Member (including a Transfer by a Family Member that is an inter vivos or testamentary trust (whether revocable or irrevocable) to a Family Member that is a beneficiary of such trust), any Charity, any Controlled Entity or any Affiliate, or (ii) pledge (a “*Pledge*”) all or any portion of its Partnership Interest to a lending institution as collateral or security for a bona fide loan or other extension of credit, and Transfer such pledged Partnership Interest to such lending institution in connection with the exercise of remedies under such loan or extension of credit (any Transfer or Pledge permitted by this proviso is hereinafter referred to as a “*Permitted Transfer*”). [After such Restricted Period,] each Limited Partner, and each transferee of a Limited Partner Interest or Assignee pursuant to a Permitted Transfer, shall have the right to Transfer all or any portion of its Partnership Interest to any Person, without the Consent of the General Partner but subject to the provisions of Section 11.4 hereof and to satisfaction of each of the following conditions:

(1) *Special Limited Partner Right of First Refusal* . The transferor Limited Partner (or the Partner’s estate in the event of the Partner’s death) shall give written notice of the proposed Transfer to the General Partner and the Special Limited Partner, which notice shall state (i) the identity and address of the proposed transferee and (ii) the amount and type of consideration proposed to be received for the Transferred Partnership Interests. The Special Limited Partner shall have ten (10) Business Days upon which to give the transferor Limited Partner notice of its election to acquire the Partnership Interests on the terms set forth in such notice. If it so elects, it shall purchase the Partnership Interests on such terms within ten (10) Business Days after giving

notice of such election; *provided, however*, that in the event that the proposed terms involve a purchase for cash, the Special Limited Partner may at its election deliver in lieu of all or any portion of such cash a note from the Special Limited Partner payable to the transferor Limited Partner at a date as soon as reasonably practicable, but in no event later than one hundred eighty (180) days after such purchase, and bearing interest at an annual rate equal to the total dividends declared with respect to one (1) REIT Share for the four (4) preceding fiscal quarters of the Special Limited Partner, divided by the Value of one REIT Share as of the closing of such purchase; and *provided, further*, that such closing may be deferred to the extent necessary to effect compliance with the Hart-Scott-Rodino Act, if applicable, and any other applicable requirements of law. If it does not so elect, the transferor Limited Partner may Transfer such Partnership Interests to a third party, on terms no more favorable to the transferee than the proposed terms, subject to the other conditions of this Section 11.3.

(2) *Qualified Transferee*. Any Transfer of a Partnership Interest shall be made only to a single Qualified Transferee; *provided, however*, that, for such purposes, all Qualified Transferees that are Affiliates, or that comprise investment accounts or funds managed by a single Qualified Transferee and its Affiliates, shall be considered together to be a single Qualified Transferee; and *provided, further*, that each Transfer meeting the minimum Transfer restriction of Section 11.3.A(4) hereof may be to a separate Qualified Transferee.

(3) *Opinion of Counsel*. The transferor Limited Partner shall deliver or cause to be delivered to the General Partner an opinion of counsel reasonably satisfactory to it to the effect that the proposed Transfer may be effected without registration under the Securities Act and will not otherwise violate the registration provisions of the Securities Act and the regulations promulgated thereunder or violate any state securities laws or regulations applicable to the Partnership or the Partnership Interests Transferred; *provided, however*, that the General Partner may, in its sole and absolute discretion, waive this condition upon the request of the transferor Limited Partner. If, in the opinion of such counsel, such Transfer would require the filing of a registration statement under the Securities Act or would otherwise violate any federal or state securities laws or regulations applicable to the Partnership or the Transferred Partnership Interests, the General Partner may prohibit any Transfer otherwise permitted under this Section 11.3 by a Limited Partner of Partnership Interests.

(4) *Minimum Transfer Restriction*. Any Transferring Partner may Transfer not less than the lesser of (i) one thousand (1,000) Partnership Units or (ii) all of the remaining Partnership Units owned by such Transferring Partner, without, in each case, the Consent of the General Partner; *provided, however*, that, for purposes of determining compliance with the foregoing restriction, all Partnership Units owned by Affiliates of a Limited Partner shall be considered to be owned by such Limited Partner.

(5) *Exception for Permitted Transfers*. The conditions of Sections 11.3.A(1) through 11.3.A(4) hereof shall not apply in the case of a Permitted Transfer.

It is a condition to any Transfer permitted hereunder [(whether or not such Transfer is effected during or after the applicable Restricted Period)] that the transferee assumes by operation of law or express agreement all of the obligations of the transferor Limited Partner under this Agreement with respect to such Transferred Partnership Interest, and no such Transfer (other than pursuant to a statutory merger or consolidation wherein all obligations and liabilities of the transferor Partner are assumed by a successor corporation by operation of law) shall relieve the transferor Partner of its obligations under this Agreement without the Consent of the General Partner. Notwithstanding the foregoing, any transferee of any Transferred Partnership Interest shall be subject to any restrictions on ownership and transfer of stock

of the Special Limited Partner contained in the Special Limited Partner Charter that may limit or restrict such transferee's ability to exercise its Redemption rights, including, without limitation, the REIT Share Ownership Limit. Any transferee, whether or not admitted as a Substituted Limited Partner, shall take subject to the obligations of the transferor hereunder. Unless admitted as a Substituted Limited Partner, no transferee, whether by a voluntary Transfer, by operation of law or otherwise, shall have any rights hereunder, other than the rights of an Assignee as provided in Section 11.5 hereof.

B. Incapacity . If a Limited Partner is subject to Incapacity, the executor, administrator, trustee, committee, guardian, conservator or receiver of such Limited Partner's estate shall have all the rights of a Limited Partner, but not more rights than those enjoyed by other Limited Partners, for the purpose of settling or managing the estate, and such power as the Incapacitated Limited Partner possessed to Transfer all or any part of its interest in the Partnership. The Incapacity of a Limited Partner, in and of itself, shall not dissolve or terminate the Partnership.

C. Adverse Tax Consequences . Notwithstanding anything to the contrary in this Agreement, the General Partner shall have the authority (but shall not be required) to take any steps it determines are necessary or appropriate in its sole and absolute discretion to prevent the Partnership from being taxable as a corporation for U.S. federal income tax purposes. In furtherance of the foregoing, except with the Consent of the General Partner, no Transfer by a Limited Partner of its Partnership Interests (including any Redemption, any other acquisition of Partnership Units by the Special Limited Partner or the General Partner or any acquisition of Partnership Units by the Partnership) may be made to or by any Person if such Transfer could (i) result in the Partnership being treated as an association taxable as a corporation; (ii) result in a termination of the Partnership under Code Section 708; (iii) be treated as effectuated through an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Code Section 7704 and the Regulations promulgated thereunder, (iv) result in the Partnership being unable to qualify for one or more of the "safe harbors" set forth in Regulations Section 1.7704-1 (or such other guidance subsequently published by the IRS setting forth safe harbors under which interests will not be treated as "readily tradable on a secondary market (or the substantial equivalent thereof)" within the meaning of Code Section 7704) (the "*Safe Harbors* ") or (v) in the General Partner's judgment in its sole and absolute discretion, adversely affect the ability of the Special Limited Partner to continue to qualify as a REIT or subject the Special Limited Partner to any additional taxes under Code Section 857 or Code Section 4981.

Section 11.4 Admission of Substituted Limited Partners .

A. No Limited Partner shall have the right to substitute a transferee (including any transferees pursuant to Transfers permitted by Section 11.3 hereof) as a Limited Partner in its place. A transferee of a Limited Partner Interest may be admitted as a Substituted Limited Partner only with the Consent of the General Partner, which may be given or withheld in its sole and absolute discretion. The failure or refusal by the General Partner to permit a transferee of any such interests to become a Substituted Limited Partner shall not give rise to any cause of action against the Partnership or the General Partner. Subject to the foregoing, an Assignee shall not be admitted as a Substituted Limited Partner until and unless it furnishes to the General Partner (i) evidence of acceptance, in form and substance satisfactory to the General Partner, of all the terms, conditions and applicable obligations of this Agreement, (ii) a counterpart signature page to this Agreement executed by such Assignee and (iii) such other documents and instruments as may be required or advisable, in the sole and absolute discretion of the General Partner, to effect such Assignee's admission as a Substituted Limited Partner.

B. Concurrently with, and as evidence of, the admission of a Substituted Limited Partner, the General Partner shall update the books and records of the Partnership to reflect the name, address and number and class and/or series of Partnership Units of such Substituted Limited Partner and to eliminate or adjust, if necessary, the name, address and number of Partnership Units of the predecessor of such Substituted Limited Partner.

C. A transferee who has been admitted as a Substituted Limited Partner in accordance with this Article 11 shall have all the rights and powers and be subject to all the restrictions and liabilities of a Limited Partner under this Agreement.

Section 11.5 *Assignees* .

If the General Partner does not Consent to the admission of any permitted transferee under Section 11.3 hereof as a Substituted Limited Partner, as described in Section 11.4 hereof, or in the event that any Partnership Interest is deemed to have been Transferred notwithstanding the restrictions set forth in this Article 11, such transferee shall be considered an Assignee for purposes of this Agreement. An Assignee shall be entitled to all the rights of an assignee of a limited partnership interest under the Act, including the right to receive distributions from the Partnership and the share of Net Income, Net Loss and other items of income, gain, loss, deduction and credit of the Partnership attributable to the Partnership Interest assigned to such transferee and the rights to Transfer the Partnership Interest provided in this Article 11, but shall not be deemed to be a holder of a Partnership Interest for any other purpose under this Agreement (other than as expressly provided in Section 15.1 hereof with respect to a Qualifying Party that becomes a Tendering Party), and shall not be entitled to effect a Consent or vote with respect to such Partnership Interest on any matter presented to the Partners for approval (such right to Consent or vote, to the extent provided in this Agreement or under the Act, fully remaining with the transferor Limited Partner). In the event that any such transferee desires to make a further Transfer of any such Partnership Interest, such transferee shall be subject to all the provisions of this Article 11 to the same extent and in the same manner as any Limited Partner desiring to make a Transfer of a Limited Partner Interest.

Section 11.6 *General Provisions* .

A. No Limited Partner may withdraw from the Partnership other than as a result of: (i) a Permitted Transfer of all of such Limited Partner's Partnership Units in accordance with this Article 11 with respect to which the transferee becomes a Substituted Limited Partner; (ii) pursuant to a redemption (or acquisition by the Special Limited Partner) of all of its Partnership Units pursuant to a Redemption under Section 15.1 hereof and/or pursuant to any Partnership Unit Designation or (iii) the acquisition by the General Partner or the Special Limited Partner of all of such Limited Partner's Partnership Interest, whether or not pursuant to Section 15.1.B hereof.

B. Any Limited Partner who shall Transfer all of its Partnership Units in a Transfer (i) permitted pursuant to this Article 11 where such transferee was admitted as a Substituted Limited Partner, (ii) pursuant to the exercise of its rights to effect a redemption of all of its Partnership Units pursuant to a Redemption under Section 15.1 hereof and/or pursuant to any Partnership Unit Designation or (iii) to the Special Limited Partner, whether or not pursuant to Section 15.1.B hereof, shall cease to be a Limited Partner.

C. If any Partnership Unit is Transferred in compliance with the provisions of this Article 11, or is redeemed by the Partnership, or acquired by the Special Limited Partner pursuant to Section 15.1 hereof, on any day other than the first day of a Partnership Year, then Net Income, Net Loss, each item thereof and all other items of income, gain, loss, deduction and credit attributable to such Partnership Unit for such Partnership Year shall be allocated to the transferor Partner or the Tendering Party (as the case may be) and, in the case of a Transfer other than a Redemption, to the transferee Partner, by taking into account their varying interests during the Partnership Year in accordance with

Code Section 706(d), using any permissible method selected by the General Partner in its sole and absolute discretion. Solely for purposes of making such allocations, unless the General Partner decides in its sole and absolute discretion to use another method permitted under the Code, each of such items for the calendar month in which a Transfer or a Redemption occurs shall be allocated to the transferee Partner and none of such items for the calendar month in which a Transfer or a Redemption occurs shall be allocated to the transferor Partner, or the Tendering Party (as the case may be) if such Transfer occurs on or before the fifteenth (15th) day of the month, otherwise such items shall be allocated to the transferor. All distributions of funds attributable to such Partnership Unit with respect to which the Partnership Record Date is before the date of such Transfer or Redemption shall be made to the transferor Partner or the Tendering Party (as the case may be) and, in the case of a Transfer other than a Redemption, all distributions of funds thereafter attributable to such Partnership Unit shall be made to the transferee Partner.

D. In addition to any other restrictions on Transfer herein contained, in no event may any Transfer of a Partnership Interest by any Partner (including any Redemption, any acquisition of Partnership Units by the Special Limited Partner or any other acquisition of Partnership Units by the Partnership) be made: (i) to any person or entity who lacks the legal right, power or capacity to own a Partnership Interest; (ii) in violation of applicable law; (iii) except with the Consent of the General Partner, which may be given or withheld in its sole and absolute discretion, of any component portion of a Partnership Interest, such as the Capital Account, or rights to distributions, separate and apart from all other components of a Partnership Interest; (iv) in the event that such Transfer could cause either the Special Limited Partner or any Special Limited Partner Affiliate to cease to comply with the REIT Requirements or to cease to qualify as a “qualified REIT subsidiary” (within the meaning of Code Section 856(i)(2)); (v) except with the Consent of the General Partner, which may be given or withheld in its sole and absolute discretion, if such Transfer could, based on the advice of counsel to the Partnership or the General Partner, cause a termination of the Partnership for U.S. federal or state income tax purposes (except as a result of the Redemption (or acquisition by the Special Limited Partner) of all Partnership Common Units held by all Limited Partners (other than the Special Limited Partner)); (vi) if such Transfer could, based on the advice of legal counsel to the Partnership or the General Partner, cause the Partnership to cease to be classified as a partnership for U.S. federal income tax purposes (except as a result of the Redemption (or acquisition by the Special Limited Partner) of all Partnership Common Units held by all Limited Partners (other than the Special Limited Partner)); (vii) if such Transfer would cause the Partnership to become, with respect to any employee benefit plan subject to Title I of ERISA, a “party-in-interest” (as defined in ERISA Section 3(14)) or a “disqualified person” (as defined in Code Section 4975(c)); (viii) if such Transfer could, based on the advice of legal counsel to the Partnership or the General Partner, cause any portion of the assets of the Partnership to constitute assets of any employee benefit plan pursuant to Department of Labor Regulations Section 2510.3-101; (ix) if such Transfer requires the registration of such Partnership Interest pursuant to any applicable federal or state securities laws (including, without limitation, the Securities Act or the Securities Exchange Act of 1934, as amended) or other non-U.S. securities laws (including Canadian provincial or territorial securities laws) or would constitute a non-exempt distribution pursuant to applicable provincial or state securities laws; (x) except with the Consent of the General Partner, if such Transfer could (1) be treated as effectuated through an “established securities market” or a “secondary market” (or the substantial equivalent thereof) within the meaning of Code Section 7704 and the Regulations promulgated thereunder, (2) cause the Partnership to become a “publicly traded partnership,” as such term is defined in Code Sections 469(k)(2) or 7704(b), (3) be in violation of Section 3.4.C(iii), or (4) cause the Partnership to fail to qualify for one or more of the Safe Harbors; (xi) if such Transfer causes the Partnership (as opposed to the Special Limited Partner) to become a reporting company under the Exchange Act; (xii) if such Transfer subjects the Partnership to regulation under the Investment Company Act of 1940, the Investment Advisors Act of 1940 or ERISA, each as amended. The General Partner shall, in its sole and absolute discretion, be permitted to take all action necessary to prevent the Partnership from being classified as a “publicly traded partnership” under Code Section 7704.

E. Transfers pursuant to this Article 11 may only be made on the first day of a fiscal quarter of the Partnership, unless the General Partner, in its sole and absolute discretion, otherwise Consents.

ARTICLE 12
ADMISSION OF PARTNERS

Section 12.1 *Admission of Successor General Partner* .

A successor to all of the General Partner's General Partner Interest pursuant to a Transfer permitted by Section 11.2 hereof who is proposed to be admitted as a successor General Partner shall be admitted to the Partnership as the General Partner, effective immediately upon such Transfer. Upon any such Transfer and the admission of any such transferee as a successor General Partner in accordance with this Section 12.1, the transferor General Partner shall cease to be a general partner of the Partnership without any separate Consent of the Limited Partners or the consent or approval of any other Partners. Any such successor General Partner shall carry on the business and affairs of the Partnership without dissolution. In each case, the admission shall be subject to the successor General Partner executing and delivering to the Partnership an acceptance of all of the terms and conditions of this Agreement and such other documents or instruments as may be required to effect the admission of such Person as a General Partner. Upon any such Transfer, the transferee shall become the successor General Partner for all purposes herein, and shall be vested with the powers and rights of the transferor General Partner, and shall be liable for all obligations and responsible for all duties of the General Partner. Concurrently with, and as evidence of, the admission of a successor General Partner, the General Partner shall update the books and records of the Partnership to reflect the name, address and number and classes and/or series of Partnership Units of such successor General Partner.

Section 12.2 *Admission of Additional Limited Partners* .

A. A Person (other than an existing Partner) who makes a Capital Contribution to the Partnership in exchange for Partnership Interests and in accordance with this Agreement shall be admitted to the Partnership as an Additional Limited Partner only upon furnishing to the General Partner (i) evidence of acceptance, in form and substance satisfactory to the General Partner, of all of the terms and conditions of this Agreement, including, without limitation, the power of attorney granted in Section 2.4 hereof, (ii) a counterpart signature page to this Agreement executed by such Person and (iii) such other documents or instruments as may be required in the sole and absolute discretion of the General Partner in order to effect such Person's admission as an Additional Limited Partner. Concurrently with, and as evidence of, the admission of an Additional Limited Partner, the General Partner shall update the books and records of the Partnership to reflect the name, address and number and classes and/or series of Partnership Interests of such Additional Limited Partner.

B. Notwithstanding anything to the contrary in this Section 12.2, no Person shall be admitted as an Additional Limited Partner without the Consent of the General Partner, which may be given or withheld in its sole and absolute discretion. The admission of any Person as an Additional Limited Partner shall become effective on the date upon which the name of such Person is recorded on the books and records of the Partnership, following the Consent of the General Partner to such admission and the satisfaction of all the conditions set forth in Section 12.2.A.

C. If any Additional Limited Partner is admitted to the Partnership on any day other than the first day of a Partnership Year, then Net Income, Net Loss, each item thereof and all other items of

income, gain, loss, deduction and credit allocable among Holders for such Partnership Year shall be allocated among such Additional Limited Partner and all other Holders by taking into account their varying interests during the Partnership Year in accordance with Code Section 706(d), using the “interim closing of the books” method or another permissible method selected by the General Partner, in its sole and absolute discretion. Solely for purposes of making such allocations, each of such items for the calendar month in which an admission of any Additional Limited Partner occurs shall be allocated among all the Holders including such Additional Limited Partner, in accordance with the principles described in Section 11.6.C hereof. All distributions of funds with respect to which the Partnership Record Date is before the date of such admission shall be made solely to Partners and Assignees other than the Additional Limited Partner, and all distributions of funds thereafter shall be made to all the Partners and Assignees including such Additional Limited Partner.

D. Any Additional Limited Partner admitted to the Partnership that is an Affiliate of the Special Limited Partner shall be deemed to be a “Special Limited Partner Affiliate” hereunder and shall be reflected as such on the books and records of the Partnership.

Section 12.3 *Amendment of Agreement and Certificate of Limited Partnership* .

For the admission to the Partnership of any Partner, the General Partner shall take all steps necessary and appropriate under the Act to update the records of the Partnership and, if necessary, to prepare as soon as practical an amendment of this Agreement (and to update the books and records of the Partnership) and, if required by law, shall prepare and file an amendment to the Certificate and may for this purpose exercise the power of attorney granted pursuant to Section 2.4 hereof.

Section 12.4 *Limit on Number of Partners* .

Unless otherwise permitted by the General Partner in its sole and absolute discretion, no Person shall be admitted to the Partnership as an Additional Limited Partner if the effect of such admission would be to cause the Partnership to have a number of Partners that would cause the Partnership to become a reporting company under the Exchange Act.

Section 12.5 *Admission* .

A Person shall be admitted to the Partnership as a limited partner of the Partnership or a general partner of the Partnership only upon strict compliance, and not upon substantial compliance, with the requirements set forth in this Agreement for admission to the Partnership as a Limited Partner or a General Partner.

ARTICLE 13
DISSOLUTION, LIQUIDATION AND TERMINATION

Section 13.1 *Dissolution* .

The Partnership shall not be dissolved by the admission of Substituted Limited Partners or Additional Limited Partners or by the admission of a successor General Partner in accordance with the terms of this Agreement. Upon the withdrawal of the General Partner, any successor General Partner is hereby authorized to, and shall, continue the business and affairs of the Partnership without dissolution. However, the Partnership shall dissolve, and its affairs shall be wound up, upon the first to occur of any of the following (each a “*Liquidating Event* ”):

A. an event of withdrawal, as defined in Section 17-402 of the Act (including, without limitation, bankruptcy), or the withdrawal in violation of this Agreement, of the last remaining General Partner unless, within ninety (90) days after the withdrawal, a Majority in Interest of the Partners remaining agree in writing, in their sole and absolute discretion, to continue the business of the Partnership and to the appointment, effective as of the date of such withdrawal, of a successor General Partner;

B. an election to dissolve the Partnership made by the General Partner in its sole and absolute discretion, with or without the Consent of the Limited Partners;

C. entry of a decree of judicial dissolution of the Partnership pursuant to the provisions of the Act; and

D. at any time that there are no limited partners of the Partnership unless the business of the Partnership is continued in accordance with the Act.

Section 13.2 *Winding Up* .

A. Upon the occurrence of a Liquidating Event, the Partnership shall continue solely for the purposes of winding up its affairs in an orderly manner, liquidating its assets and satisfying the claims of its creditors and the Holders. After the occurrence of a Liquidating Event, no Holder shall take any action that is inconsistent with, or not necessary to or appropriate for, the winding up of the Partnership's business and affairs. The General Partner (or, in the event that there is no remaining General Partner or the General Partner has dissolved, become bankrupt within the meaning of the Act or ceased to operate, any Person elected by a Majority in Interest of the Partners (the General Partner or such other Person being referred to herein as the "*Liquidator*")) shall be responsible for overseeing the winding up and termination of the Partnership and shall take full account of the Partnership's liabilities and property, and the Partnership property shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom (which may, to the extent determined by the General Partner, include shares of stock in the Special Limited Partner) shall be applied and distributed in the following order:

(1) First, to the satisfaction of all of the Partnership's debts and liabilities to creditors other than the Holders (whether by payment or the making of reasonable provision for payment thereof);

(2) Second, to the satisfaction of all of the Partnership's debts and liabilities to the General Partner and the Special Limited Partner (whether by payment or the making of reasonable provision for payment thereof), including, but not limited to, amounts due as reimbursements under Section 7.4 hereof;

(3) Third, to the satisfaction of all of the Partnership's debts and liabilities to the other Holders (whether by payment or the making of reasonable provision for payment thereof); and

(4) Fourth, to the Partners in accordance with their positive Capital Account balances, determined after taking into account all Capital Account adjustments for all prior periods and the Partnership taxable year during which the liquidation occurs (other than those made as a result of the liquidating distribution set forth in this Section 13.2.A(4)); provided, that if distributions pursuant to this clause (4) would result in the Partners receiving cumulative distributions from the Partnership that differ from the distributions that would be required under Article 5, then the proceeds from liquidation shall be made in the manner prescribed in Article 5.

The General Partner shall not receive any additional compensation for any services performed pursuant to this Article 13 other than reimbursement of its expenses as set forth in Section 7.4.

B. Notwithstanding the provisions of Section 13.2.A hereof that require liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if prior to the termination of the Partnership, the Liquidator determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Holders, the Liquidator may, in its sole and absolute discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (including to those Holders as creditors) and/or distribute to the Holders, in lieu of cash, as tenants in common and in accordance with the provisions of Section 13.2.A hereof, undivided interests in such Partnership assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be made only if, in the subjective good faith judgment of the Liquidator, such distributions in kind are in the best interest of the Holders, and shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any agreements governing the operation of such properties at such time. The Liquidator shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.

C. If any Holder has a deficit balance in its Capital Account (after giving effect to all contributions, distributions and allocations for all taxable years, including the year during which such liquidation occurs), except as otherwise agreed to by such Holder, such Holder shall have no obligation to make any contribution to the capital of the Partnership with respect to such deficit, and such deficit shall not be considered a debt owed to the Partnership or to any other Person for any purpose whatsoever.

D. In the sole and absolute discretion of the Liquidator, a pro rata portion of the distributions that would otherwise be applied and distributed in the order of priority set forth in Section 13.2.A may be:

(1) distributed to a trust established for the Partnership for the purpose of liquidating Partnership assets, collecting amounts owed to the Partnership, and paying any contingent, conditional or unmatured liabilities or obligations of the Partnership or of the General Partner arising out of or in connection with the Partnership and/or Partnership activities. The assets of any such trust shall be applied and distributed, from time to time, in the sole and absolute discretion of the Liquidator, in the same proportions and amounts as would otherwise have been applied and distributed as set forth in Section 13.2.A; or

(2) withheld or escrowed to provide a reasonable reserve for Partnership liabilities (contingent, conditional or unmatured) and to reflect the unrealized portion of any installment obligations owed to the Partnership, provided that such withheld or escrowed amounts shall be applied and distributed in the manner and order of priority set forth in Section 13.2.A hereof as soon as practicable.

Section 13.3 *Deemed Contribution and Distribution* .

Notwithstanding any other provision of this Article 13, in the event that the Partnership is liquidated within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g), but no Liquidating Event has occurred, the Partnership's Properties shall not be liquidated, the Partnership's liabilities shall not be paid or discharged and the Partnership's affairs shall not be wound up. Instead, for U.S. federal income tax purposes the Partnership shall be deemed to have contributed all of its assets and liabilities to a new partnership in exchange for an interest in the new partnership; and immediately thereafter, distributed Partnership Units to the Partners in the new partnership in accordance with their respective Capital Accounts in liquidation of the Partnership, and the new partnership is deemed to continue the business of

the Partnership. Nothing in this Section 13.3 shall be deemed to have constituted a Transfer to an Assignee as a Substituted Limited Partner without compliance with the provisions of Section 11.4 or this Section 13.3.

Section 13.4 Rights of Holders .

Except as otherwise provided in this Agreement and subject to the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, (a) each Holder shall look solely to the assets of the Partnership for the return of its Capital Contribution, (b) no Holder shall have the right or power to demand or receive property other than cash from the Partnership and (c) no Holder shall have priority over any other Holder as to the return of its Capital Contributions, distributions or allocations.

Section 13.5 Notice of Dissolution .

In the event that a Liquidating Event occurs, the General Partner shall, within thirty (30) days thereafter, provide written notice thereof to each Holder and, in the General Partner's sole and absolute discretion or as required by the Act, to all other parties with whom the Partnership regularly conducts business (as determined in the sole and absolute discretion of the General Partner), and the General Partner may publish notice thereof in a newspaper of general circulation in each place in which the Partnership regularly conducts business (as determined in the sole and absolute discretion of the General Partner).

Section 13.6 Cancellation of Certificate of Limited Partnership .

Upon the completion of the winding up of the Partnership, the Certificate shall be canceled in the manner required by the Act.

Section 13.7 Reasonable Time for Winding-Up .

A reasonable time shall be allowed for the orderly winding-up of the business and affairs of the Partnership and the liquidation of its assets pursuant to Section 13.2 hereof, in order to minimize any losses otherwise attendant upon such winding-up, and the provisions of this Agreement shall remain in effect between and among the Partners during the period of winding up; provided, however, reasonable efforts shall be made to complete such winding-up within twenty-four (24) months after the adoption of a plan of liquidation of the General Partner, as provided in Code Section 562(b)(1)(B), if necessary, in the sole and absolute discretion of the General Partner.

**ARTICLE 14
PROCEDURES FOR ACTIONS AND CONSENTS
OF PARTNERS; AMENDMENTS; MEETINGS**

Section 14.1 Procedures for Actions and Consents of Partners .

The actions requiring Consent of any Partner or Partners pursuant to this Agreement, including Section 7.3 hereof, or otherwise pursuant to applicable law, are subject to the procedures set forth in this Article 14.

Section 14.2 Amendments .

Amendments to this Agreement may be proposed by the General Partner or by Limited Partners holding twenty-five percent (25%) or more of the Partnership Interests held by Limited Partners and shall

be approved by the Consent of the General Partner and, except as set forth in Section 7.3.C and subject to Section 7.3.D and the rights of any Holder of any Partnership Interest set forth in a Partnership Unit Designation, shall be approved by the Consent of the Limited Partners. Following such proposal, the General Partner shall submit to the Partners entitled to vote thereon any proposed amendment that, pursuant to the terms of this Agreement, requires the consent, approval or vote of such Partners. The General Partner shall seek the consent, approval or vote of the Partners entitled to vote thereon on any such proposed amendment in accordance with Section 14.3 hereof.

Section 14.3 *Actions and Consents of the Partners* .

A. Meetings of the Partners may be called only by the General Partner to transact any business that the General Partner determines. The call shall state the nature of the business to be transacted. Notice of any such meeting shall be given to all Partners entitled to act at the meeting not less than seven (7) days nor more than sixty (60) days prior to the date of such meeting. Partners may vote in person or by proxy at such meeting. Unless approval by a different number or proportion of the Partners is required by this Agreement, the Consent of the General Partner and the Consent of the Limited Partners shall be required to approve such proposal at a meeting of the Partners. Whenever the Consent of Partners is permitted or required under this Agreement, such Consent may be given at a meeting of Partners or in accordance with the procedure prescribed in Section 14.3.B hereof.

B. Any action requiring the Consent of any Partner or group of Partners pursuant to this Agreement or that is required or permitted to be taken at a meeting of the Partners may be taken without a meeting if a Consent in writing or by electronic transmission (as defined in Section 17-405(d) of the Act) setting forth the action so taken or consented to is given by Partners whose Consent would be sufficient to approve such action at a meeting of the Partners. Such Consent may be in one instrument or in several instruments, and shall have the same force and effect as the affirmative vote of such Partners at a meeting of the Partners. Such Consent shall be filed with the General Partner. An action so taken shall be deemed to have been taken at a meeting held on the effective date so certified. For purposes of obtaining a Consent in writing or by electronic transmission, the General Partner may require a response within a reasonable specified time, but not less than fifteen (15) days, and failure to respond in such time period shall constitute a Consent that is consistent with the General Partner's recommendation with respect to the proposal; *provided, however*, that an action shall become effective at such time as requisite Consents are received even if prior to such specified time.

C. Each Partner entitled to act at a meeting of the Partners may authorize any Person or Persons to act for it by proxy on all matters in which a Partner is entitled to participate, including waiving notice of any meeting, or voting or participating at a meeting. Each proxy must be signed by the Partner or its attorney-in-fact. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy (or there is receipt of a proxy authorizing a later date). Every proxy shall be revocable at the pleasure of the Partner executing it, such revocation to be effective upon the Partnership's receipt of written notice of such revocation from the Partner executing such proxy, unless such proxy states that it is irrevocable and is coupled with an interest.

D. The General Partner may set, in advance, a record date for the purpose of determining the Partners (i) entitled to Consent to any action, (ii) entitled to receive notice of any meeting of the Partners or (iii) in order to make a determination of Partners for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than ninety (90) days and, in the case of a meeting of the Partners, not less than five (5) days, before the date on which the meeting is to be held. If no record date is fixed, the record date for the determination of Partners entitled to notice of a meeting of the Partners shall be at the close of business on the day on which the notice of the meeting is sent, and the record date for any other determination of Partners shall

be the effective date of such Partner action, distribution or other event. When a determination of the Partners entitled to Consent at any meeting of the Partners has been made as provided in this section, such determination shall apply to any adjournment thereof.

E. Each meeting of Partners shall be conducted by the General Partner or such other Person as the General Partner may appoint pursuant to such rules for the conduct of the meeting as the General Partner or such other Person deems appropriate in its sole and absolute discretion. Without limitation, meetings of Partners may be conducted in the same manner as meetings of the Special Limited Partner's stockholders and may be held at the same time as, and as part of, the meetings of the Special Limited Partner's stockholders.

ARTICLE 15 GENERAL PROVISIONS

Section 15.1 *Redemption Rights of Qualifying Parties* .

A. [Subject to any applicable Restricted Period,][A] [a] Qualifying Party shall have the right (subject to the terms and conditions set forth herein) to require the Partnership to redeem all or a portion of the Partnership Common Units held by such Tendering Party (Partnership Common Units that have in fact been tendered for redemption being hereafter referred to as “ *Tendered Units* ”) in exchange (a “ *Redemption* ”) for the Cash Amount payable on the Specified Redemption Date. [The Partnership may, in the General Partner's sole and absolute discretion, redeem Tendered Units at the request of the Holder thereof prior to the end of the applicable Restricted Period (subject to the terms and conditions set forth herein) (a “ *Special Redemption* ”); *provided, however*, that the General Partner first receives a legal opinion to the same effect as the legal opinion described in Section 15.1.G(4) of this Agreement.] Any Redemption shall be exercised pursuant to a Notice of Redemption delivered to the General Partner and the Special Limited Partner by the Qualifying Party when exercising the Redemption right (the “ *Tendering Party* ”). The Partnership's obligation to effect a Redemption, however, shall not arise or be binding against the Partnership until the earlier of (i) the date the General Partner, on behalf of the Partnership, notifies the Tendering Party that the Partnership has declined to elect to require the Special Limited Partner to acquire some or all of the Tendered Units under Section 15.1.B hereof following receipt of a Notice of Redemption and (ii) the Business Day following the Cut-Off Date. In the event of a Redemption, the Cash Amount shall be delivered as a certified or bank check payable to the Tendering Party or, in the General Partner's sole and absolute discretion, in immediately available funds, in each case, on or before the tenth (10th) Business Day following the date on which the General Partner receives a Notice of Redemption from the Tendering Party.

B. Notwithstanding the provisions of Section 15.1.A hereof, on or before the close of business on the Cut-Off Date, the Partnership may, in the General Partner's sole and absolute discretion, elect to require the Special Limited Partner to acquire some or all (such percentage being referred to as the “ *Applicable Percentage* ”) of the Tendered Units from the Tendering Party in exchange for REIT Shares. If the Partnership elects to require the Special Limited Partner to acquire some or all of the Tendered Units pursuant to this Section 15.1.B, the Partnership shall give written notice thereof to the Tendering Party on or before the close of business on the Cut-Off Date. If the Partnership elects to require the Special Limited Partner to acquire any of the Tendered Units for REIT Shares, the Special Limited Partner shall issue and deliver such REIT Shares to the Tendering Party pursuant to the terms of this Section 15.1.B, in which case (1) the Special Limited Partner shall assume directly the obligation with respect thereto and shall satisfy the Tendering Party's exercise of its Redemption right with respect to such Tendered Units and (2) such transaction shall be treated, for U.S. federal income tax purposes, as a transfer by the Tendering Party of such Tendered Units to the Special Limited Partner in exchange for the REIT Shares Amount. If the Partnership so elects, on the Specified Redemption Date, the Tendering Party

shall sell such number of the Tendered Units to the Special Limited Partner in exchange for a number of REIT Shares equal to the product of the REIT Shares Amount and the Applicable Percentage. The Tendering Party shall submit (i) such information, certification or affidavit as the Special Limited Partner may reasonably require in connection with the application of the REIT Share Ownership Limit to any such acquisition and (ii) such written representations, investment letters, legal opinions or other instruments necessary, in the Special Limited Partner's view, to effect compliance with the Securities Act. In the event of an election by the Partnership to require the Special Limited Partner to purchase the Tendered Units pursuant to this Section 15.1.B, the Tendering Party shall no longer have the right to cause the Partnership to effect a Redemption of such Tendered Units and, upon notice to the Tendering Party by the Partnership given on or before the close of business on the Cut-Off Date that the Partnership has elected to require the Special Limited Partner to acquire some or all of the Tendered Units pursuant to this Section 15.1.B, the obligation of the Partnership to effect a Redemption of the Tendered Units as to which the General Partner's notice relates shall not accrue or arise. A number of REIT Shares equal to the product of the Applicable Percentage and the REIT Shares Amount, if applicable, shall be delivered by the Special Limited Partner as duly authorized, validly issued, fully paid and non-assessable REIT Shares and, if applicable, Rights, free of any pledge, lien, encumbrance or restriction, other than the REIT Share Ownership Limit, the Securities Act and relevant state securities or "blue sky" laws. Neither any Tendering Party whose Tendered Units are acquired by the Special Limited Partner pursuant to this Section 15.1.B, any Partner, any Assignee nor any other interested Person shall have any right to require or cause the Special Limited Partner to register, qualify or list any REIT Shares owned or held by such Person, whether or not such REIT Shares are issued pursuant to this Section 15.1.B, with the SEC, with any state securities commissioner, department or agency, under the Securities Act or the Exchange Act or with any stock exchange; *provided, however*, that this limitation shall not be in derogation of any registration or similar rights granted pursuant to any other written agreement between the Special Limited Partner and any such Person. Notwithstanding any delay in such delivery, the Tendering Party shall be deemed the owner of such REIT Shares and Rights for all purposes, including, without limitation, rights to vote or consent, receive dividends, and exercise rights, as of the Specified Redemption Date. REIT Shares delivered upon an acquisition of the Tendered Units by the Special Limited Partner pursuant to this Section 15.1.B may contain such legends regarding restrictions under the Securities Act and applicable state securities laws as the Special Limited Partner in good faith determines to be necessary or advisable in order to ensure compliance with such laws.

C. Notwithstanding the provisions of Section 15.1.A and 15.1.B hereof, the Tendering Parties shall have no rights under this Agreement that would otherwise be prohibited by the Special Limited Partner Charter and shall have no rights to require the Partnership to redeem Tendered Units or require the Special Limited Partner to acquire Tendered Units if such a redemption or the acquisition of such Tendered Units by the Special Limited Partner pursuant to Section 15.1.B hereof would cause any Person to violate the REIT Share Ownership Limit. To the extent that any attempted Redemption or acquisition of the Tendered Units by the Special Limited Partner pursuant to Section 15.1.B hereof would be in violation of this Section 15.1.C, to the fullest extent permitted by law, it shall be null and void *ab initio*, and the Tendering Party shall not acquire any rights or economic interests in REIT Shares otherwise deliverable by the Special Limited Partner under Section 15.1.B hereof or cash otherwise payable under Section 15.1.A hereof.

D. If the Partnership does not elect to require the Special Limited Partner to acquire the Tendered Units pursuant to Section 15.1.B hereof:

(1) The Partnership may, in the sole and absolute discretion of the General Partner, elect to raise funds for the payment of the Cash Amount either (a) by requiring that the Special Limited Partner contribute to the Partnership funds from the proceeds of a sale (including by way of a registered public offering) by the Special Limited Partner of REIT Shares sufficient to

purchase the Tendered Units or (b) from any other sources (including, but not limited to, the sale of any Property and the incurrence of additional Debt) available to the Partnership. The Special Limited Partner shall make a Capital Contribution of any such amounts to the Partnership in exchange for additional Partnership Units, and the Partnership is hereby authorized from time to time to issue such additional Partnership Units in consideration therefor without any further act, approval or vote of any Partner or other Persons. Any such contribution shall entitle the Special Limited Partner to an equitable Percentage Interest adjustment.

(2) If the Cash Amount is not paid on or before the Specified Redemption Date, interest shall accrue with respect to the Cash Amount from the day after the Specified Redemption Date to and including the date on which the Cash Amount is paid at a rate equal to the base rate on corporate loans at large United States money center commercial banks, as published from time to time in the Wall Street Journal (but not higher than the maximum lawful rate).

E. Notwithstanding the provisions of Section 15.1.B hereof, the Special Limited Partner shall not acquire any Tendered Units in exchange for REIT Shares if such exchange would be prohibited under the Special Limited Partner Charter or result in any violation of the REIT Share Ownership Limit.

F. Notwithstanding anything herein to the contrary (but subject to Section 15.1.C hereof), with respect to any Redemption (or any tender of Partnership Common Units for Redemption if the Tendered Units are acquired by the Special Limited Partner pursuant to Section 15.1.B hereof) pursuant to this Section 15.1:

(1) All Partnership Common Units acquired by the Special Limited Partner pursuant to Section 15.1.B hereof shall automatically, and without further action required, be converted into and deemed to be a Special Limited Partner's Partnership Interest comprised of the same number of Partnership Common Units.

(2) Subject to the REIT Share Ownership Limit, no Tendering Party may effect a Redemption for less than one thousand (1,000) Partnership Common Units or, if such Tendering Party holds (as a Limited Partner or, economically, as an Assignee) less than one thousand (1,000) Partnership Common Units, all of the Partnership Common Units held by such Tendering Party, without, in each case, the Consent of the General Partner, which may be given or withheld in its sole and absolute discretion.

(3) If (i) a Tendering Party surrenders its Tendered Units during the period after the Partnership Record Date with respect to a distribution and before the record date established by the Special Limited Partner for a distribution to its stockholders of some or all of its portion of such Partnership distribution, and (ii) the Partnership elects to require the Special Limited Partner to acquire any of such Tendered Units in exchange for REIT Shares pursuant to Section 15.1.B, such Tendering Party shall pay to the Special Limited Partner on the Specified Redemption Date an amount in cash equal to the portion of the Partnership distribution in respect of the Tendered Units exchanged for REIT Shares, insofar as such distribution relates to the same period for which such Tendering Party would receive a distribution in respect of such REIT Shares.

(4) The consummation of such Redemption (or an acquisition of Tendered Units by the Special Limited Partner pursuant to Section 15.1.B hereof, as the case may be) shall be subject to the expiration or termination of the applicable waiting period, if any, under the Hart-Scott-Rodino Act.

(5) The Tendering Party shall continue to own (subject, in the case of an Assignee, to the provisions of Section 11.5 hereof) all Partnership Common Units subject to any Redemption, and be treated as a Limited Partner or an Assignee, as applicable, with respect to such Partnership Common Units for all purposes of this Agreement, until such Partnership Common Units are either paid for by the Partnership pursuant to Section 15.1.A hereof or transferred to the Special Limited Partner and paid for, by the delivery of the REIT Shares, pursuant to Section 15.1.B hereof on the Specified Redemption Date. Until a Specified Redemption Date and an acquisition of the Tendered Units by the Special Limited Partner pursuant to Section 15.1.B hereof, the Tendering Party shall have no rights as a stockholder of the Special Limited Partner with respect to the REIT Shares deliverable in connection with such acquisition.

G. In connection with an exercise of Redemption rights pursuant to this Section 15.1, except as otherwise Consented to by the General Partner, in its sole and absolute discretion, the Tendering Party shall submit the following to the General Partner, in addition to the Notice of Redemption:

(1) A written affidavit, dated the same date as the Notice of Redemption, (a) disclosing the actual and constructive ownership, as determined for purposes of Code Sections 856(a)(6) and 856(h), of REIT Shares by (i) such Tendering Party and (ii) to the best of their knowledge any Related Party and (b) representing that, after giving effect to the Redemption or an acquisition of the Tendered Units by the Special Limited Partner pursuant to Section 15.1.B hereof, neither the Tendering Party nor to the best of their knowledge any Related Party will own REIT Shares in violation of the REIT Share Ownership Limit;

(2) A written representation that neither the Tendering Party nor to the best of their knowledge any Related Party has any intention to acquire any additional REIT Shares prior to the closing of the Redemption or an acquisition of the Tendered Units by the Special Limited Partner pursuant to Section 15.1.B hereof on the Specified Redemption Date;

(3) An undertaking to certify, at and as a condition to the closing of (i) the Redemption or (ii) the acquisition of the Tendered Units by the Special Limited Partner pursuant to Section 15.1.B hereof on the Specified Redemption Date, that either (a) the actual and constructive ownership of REIT Shares by the Tendering Party and to the best of their knowledge any Related Party remain unchanged from that disclosed in the affidavit required by Section 15.1.G(1) or (b) after giving effect to the Redemption or an acquisition of the Tendered Units by the Special Limited Partner pursuant to Section 15.1.B hereof, neither the Tendering Party nor to the best of their knowledge any Related Party shall own REIT Shares in violation of the REIT Share Ownership Limit; and

(4) In connection with any Special Redemption, the Special Limited Partner shall have the right to receive an opinion of counsel reasonably satisfactory to it to the effect that the proposed Special Redemption will not cause the Partnership, the General Partner or the Special Limited Partner to violate any federal or state securities laws or regulations applicable to the Special Redemption, the issuance and sale of the Tendered Units to the Tendering Party or the issuance and sale of REIT Shares to the Tendering Party pursuant to the Section 15.1.B of this Agreement.

Section 15.2 *Addresses and Notice* .

Any notice, demand, request or report required or permitted to be given or made to a Partner or Assignee under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written or electronic

communication (including by telecopy, facsimile, electronic mail or commercial courier service) to the Partner or Assignee at the address set forth in the books and records of the Partnership or such other address of which the Partner or Assignee shall notify the General Partner in accordance with this Section 15.2.

Section 15.3 *Titles and Captions* .

All article or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to “Articles” or “Sections” are to Articles and Sections of this Agreement.

Section 15.4 *Pronouns and Plurals* .

Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

Section 15.5 *Further Action* .

The parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 15.6 *Binding Effect* .

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 15.7 *Waiver* .

A. To the fullest extent permitted by law, no failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement or condition.

B. The restrictions, conditions and other limitations on the rights and benefits of the Limited Partners contained in this Agreement, and the duties, covenants and other requirements of performance or notice by the Limited Partners, are for the benefit of the Partnership and, except for an obligation to pay money to the Partnership, may be waived or relinquished by the General Partner, in its sole and absolute discretion, on behalf of the Partnership in one or more instances from time to time and at any time; *provided, however*, that any such waiver or relinquishment may not be made if it would have the effect of (i) creating liability for any other Limited Partner, (ii) causing the Partnership to cease to qualify as a limited partnership, (iii) reducing the amount of cash otherwise distributable to the Limited Partners (other than any such reduction that affects all of the Limited Partners holding the same class or series of Partnership Units on a uniform or pro rata basis, if approved by a Majority in Interest of the Limited Partners holding such class or series of Partnership Units), (iv) resulting in the classification of the Partnership as an association or publicly traded partnership taxable as a corporation for U.S. federal income tax purposes or (v) violating the Securities Act, the Exchange Act or any state “blue sky” or other securities laws; and *provided, further*, that any waiver relating to compliance with the REIT Share Ownership Limit or other restrictions in the Special Limited Partner Charter shall be made and shall be effective only as provided in the Special Limited Partner Charter.

Section 15.8 *Counterparts*.

This Agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart. Each party shall become bound by this Agreement immediately upon affixing its signature hereto.

Section 15.9 *Applicable Law; Consent to Jurisdiction; Waiver of Jury Trial* .

A. This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law. In the event of a conflict between any provision of this Agreement and any non-mandatory provision of the Act, the provisions of this Agreement shall control and take precedence.

B. Each Partner and Assignee hereby (i) submits to the exclusive jurisdiction of any state or federal court sitting in the State of Delaware (collectively, the “*Delaware Courts*”), with respect to any dispute arising out of this Agreement or any transaction contemplated hereby to the extent such courts would have subject matter jurisdiction with respect to such dispute, (ii) to the fullest extent permitted by law, irrevocably waives, and agrees not to assert by way of motion, defense, or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of any of the Delaware Courts, that its property is exempt or immune from attachment or execution, that the action is brought in an inconvenient forum, or that the venue of the action is improper, (iii) to the fullest extent permitted by law, agrees that notice or the service of process in any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby shall be properly served or delivered if delivered to such Partner or Assignee at such Partner’s or Assignee’s last known address as set forth in the Partnership’s books and records, and (iv) to the fullest extent permitted by law, irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or related to this Agreement or the transactions contemplated hereby.

Section 15.10 *Entire Agreement* .

This Agreement contains all of the understandings and agreements between and among the Partners and Assignees with respect to the subject matter of this Agreement and the rights, interests and obligations of the Partners and Assignees with respect to the Partnership. Notwithstanding anything to the contrary in this Agreement, the Partners and Assignees hereby acknowledge and agree that the General Partner, on its own behalf and/or on behalf of the Partnership, without the approval of any Limited Partner, may enter into side letters or similar written agreements with Limited Partners that are not Affiliates of the General Partner, executed contemporaneously with the admission of such Limited Partner to the Partnership, which have the effect of establishing rights under, or altering or supplementing, the terms hereof, as negotiated with such Limited Partner and which the General Partner in its sole discretion deems necessary, desirable or appropriate. The parties hereto agree that any terms, conditions or provisions contained in such side letters or similar written agreements with a Limited Partner shall govern with respect to such Limited Partner notwithstanding the provisions of this Agreement, including Sections 7.3 and 14.2.

Section 15.11 *Invalidity of Provisions* .

If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

Section 15.12 *Limitation to Preserve REIT Status.*

Notwithstanding anything else in this Agreement, to the extent that the amount to be paid, credited, distributed or reimbursed by the Partnership to any REIT Partner or its officers, directors, employees or agents, whether as a reimbursement, fee, expense or indemnity (a “*REIT Payment*”), would constitute gross income to the REIT Partner for purposes of Code Section 856(c)(2) or Code Section 856(c)(3), then, notwithstanding any other provision of this Agreement, the amount of such REIT Payments, as selected by the General Partner in its sole and absolute discretion from among items of potential distribution, reimbursement, fees, expenses and indemnities, shall be reduced for any Partnership Year so that the REIT Payments, as so reduced, for or with respect to such REIT Partner shall not exceed the lesser of:

(i) an amount equal to the excess, if any, of (a) four and nine-tenths percent (4.9%) of the REIT Partner’s total gross income (but excluding the amount of any REIT Payments and amounts excluded from gross income pursuant to Code Section 856(c)(5)(G)) for the Partnership Year that is described in subsections (A) through (I) of Code Section 856(c)(2) over (b) the amount of gross income (within the meaning of Code Section 856(c)(2)) derived by the REIT Partner from sources other than those described in subsections (A) through (I) of Code Section 856(c)(2) (but not including the amount of any REIT Payments and amounts excluded from gross income pursuant to Code Section 856(c)(5)(G)); or

(ii) an amount equal to the excess, if any, of (a) twenty-four percent (24%) of the REIT Partner’s total gross income (but excluding the amount of any REIT Payments and amounts excluded from gross income pursuant to Code Section 856(c)(5)(G)) for the Partnership Year that is described in subsections (A) through (I) of Code Section 856(c)(3) over (b) the amount of gross income (within the meaning of Code Section 856(c)(3)) derived by the REIT Partner from sources other than those described in subsections (A) through (I) of Code Section 856(c)(3) (but not including the amount of any REIT Payments and amounts excluded from gross income pursuant to Code Section 856(c)(5)(G));

provided, however, that REIT Payments in excess of the amounts set forth in clauses (i) and (ii) above may be made if the General Partner, as a condition precedent, obtains an opinion of tax counsel that the receipt of such excess amounts should not adversely affect the REIT Partner’s ability to qualify as a REIT. To the extent that REIT Payments may not be made in a Partnership Year as a consequence of the limitations set forth in this Section 15.12, such REIT Payments shall carry over and shall be treated as arising in the following Partnership Year if such carry over does not adversely affect the REIT Partner’s ability to qualify as a REIT, provided, however, that any such REIT Payment shall not be carried over more than three Partnership Years, and any such remaining payments shall no longer be due and payable. The purpose of the limitations contained in this Section 15.12 is to prevent any REIT Partner from failing to qualify as a REIT under the Code by reason of such REIT Partner’s share of items, including distributions, reimbursements, fees, expenses or indemnities, receivable directly or indirectly from the Partnership, and this Section 15.12 shall be interpreted and applied to effectuate such purpose.

Section 15.13 *No Partition*.

No Partner nor any successor-in-interest to a Partner shall have the right while this Agreement remains in effect to have any property of the Partnership partitioned, or to file a complaint or institute any proceeding at law or in equity to have such property of the Partnership partitioned, and each Partner, on behalf of itself and its successors and assigns hereby waives any such right. It is the intention of the Partners that the rights of the parties hereto and their successors-in-interest to Partnership property, as among themselves, shall be governed by the terms of this Agreement, and that the rights of the Partners and their respective successors-in-interest shall be subject to the limitations and restrictions as set forth in this Agreement.

Section 15.14 *No Third-Party Rights Created Hereby.*

The provisions of this Agreement are solely for the purpose of defining the interests of the Holders, inter se; and no other person, firm or entity (i.e., a party who is not a signatory hereto or a permitted successor to such signatory hereto) shall have any right, power, title or interest by way of subrogation or otherwise, in and to the rights, powers, title and provisions of this Agreement; provided, that Indemnitees are intended third-party beneficiaries of Section 7.7. No creditor or other third party having dealings with the Partnership shall have the right to enforce the right or obligation of any Partner to make Capital Contributions or loans to the Partnership or to pursue any other right or remedy hereunder or at law or in equity. None of the rights or obligations of the Partners herein set forth to make Capital Contributions or loans to the Partnership shall be deemed an asset of the Partnership for any purpose by any creditor or other third party, nor may any such rights or obligations be sold, transferred or assigned by the Partnership or pledged or encumbered by the Partnership to secure any debt or other obligation of the Partnership or any of the Partners.

Section 15.15 *No Rights as Stockholders .*

Nothing contained in this Agreement shall be construed as conferring upon the Holders of Partnership Interests any rights whatsoever as stockholders of the Special Limited Partner, including without limitation any right to receive dividends or other distributions made to stockholders of the Special Limited Partner or to vote or to consent or receive notice as stockholders in respect of any meeting of stockholders for the election of directors of the Special Limited Partner or any other matter.

[Remainder of Page Left Blank Intentionally]

IN WITNESS WHEREOF, this Agreement has been executed as of the date first written above.

GENERAL PARTNER:

INVITATION HOMES OP GP LLC,
a Delaware limited liability company,

By: _____

Name:

Its:

SPECIAL LIMITED PARTNER:

INVITATION HOMES INC.
a Maryland corporation,

By: _____

Name:

Its:

LIMITED PARTNERS:

SCHEDULE I

LTIP UNITS

1.1 **Designation.** A class of Partnership Units in the Partnership designated as “LTIP Units” is hereby established. LTIP Units are intended to qualify as “profits interests” in the Partnership. The number of LTIP Units that may be issued by the Partnership shall not be limited.

1.2 **Vesting.** LTIP Units may, in the sole discretion of the General Partner, be issued subject to vesting, forfeiture and additional restrictions on transfer pursuant to the terms of an award, vesting or other similar agreement (a “Vesting Agreement”). The terms of any Vesting Agreement may be modified by the General Partner from time to time in its sole discretion, subject to any restrictions on amendment imposed by the relevant Vesting Agreement or by the terms of any stock incentive plan pursuant to which the LTIP Units are issued, if applicable. LTIP Units that have vested and are no longer subject to forfeiture under the terms of a Vesting Agreement are referred to as “Vested LTIP Units;” all other LTIP Units are referred to as “Unvested LTIP Units.”

1.3 **Forfeiture or Transfer of Unvested LTIP Units.** Unless otherwise specified in the relevant Vesting Agreement, upon the occurrence of any event specified in a Vesting Agreement resulting in either the forfeiture of any LTIP Units or the repurchase thereof by the Partnership at a specified purchase price, then, upon the occurrence of the circumstances resulting in such forfeiture or repurchase by the Partnership, the relevant LTIP Units shall immediately, and without any further action, be treated as cancelled and no longer outstanding for any purpose. Unless otherwise specified in the relevant Vesting Agreement, no consideration or other payment shall be due with respect to any LTIP Units that have been forfeited; *provided* that with respect to any distribution declared with a record date prior to the effective date of such forfeiture, such forfeited LTIP Units shall be included in calculating the applicable Holder’s Percentage Interest in accordance with Article 5 of the Partnership Agreement.

1.4 **Legend.** Any certificate evidencing an LTIP Unit shall bear an appropriate legend indicating that additional terms, conditions and restrictions on transfer, including without limitation provisions set forth in the Vesting Agreement, apply to the LTIP Unit.

1.5 **Adjustments.** If an LTIP Unit Adjustment Event (as defined below) occurs, then the General Partner shall make a corresponding adjustment to the LTIP Units to maintain the same correspondence between Partnership Common Units and LTIP Units as existed prior to such LTIP Unit Adjustment Event. The following shall be “LTIP Unit Adjustment Events:” (A) the Partnership makes a distribution on all outstanding Partnership Common Units in Partnership Units, (B) the Partnership subdivides the outstanding Partnership Common Units into a greater number of Partnership Units or combines the outstanding Partnership Common Units into a smaller number of Partnership Units, or (C) the Partnership issues any Partnership Units in exchange for outstanding Partnership Common Units by way of a reclassification or recapitalization. If more than one LTIP Unit Adjustment Event occurs, the adjustment to the LTIP Units need be made only once using a single formula that takes into account each and every LTIP Unit Adjustment Event as if all LTIP Unit Adjustment Events occurred simultaneously. If the Partnership takes an action affecting the Partnership Common Units other than actions specifically described above as LTIP Unit Adjustment Events and in the opinion of the General Partner such action would require an adjustment to the LTIP Units to maintain the correspondence between Partnership Common Units and LTIP Units as it existed prior to such action, the General Partner shall make such adjustment to the LTIP Units, to the extent permitted by law and by the terms of any Vesting Agreement or stock incentive plan pursuant to which the LTIP Units have been issued, in such manner and at such time as the General Partner, in its sole discretion, may determine to be appropriate under the circumstances to maintain such correspondence. If an adjustment is made to the LTIP Units as herein

provided, the Partnership shall promptly file in the books and records of the Partnership an officer's certificate setting forth such adjustment and a brief statement of the facts requiring such adjustment, which certificate shall be conclusive evidence of the correctness of such adjustment absent manifest error. Promptly after filing such certificate, the Partnership shall mail or otherwise provide notice to each Holder of LTIP Units setting forth the adjustment to his or her LTIP Units and the effective date of such adjustment.

1.6 Right to Convert LTIP Units into Partnership Common Units.

(a) Subject to the expiration of any applicable LTIP Unit Restricted Period (as defined below), a Holder of LTIP Units shall have the right (the "LTIP Unit Conversion Right"), at his or her option, at any time to convert all or a portion of his or her Vested LTIP Units into a number (or fraction thereof) of fully paid and non-assessable Partnership Common Units, giving effect to all adjustments (if any) made pursuant to Section 1.5 of this Schedule I equal to the LTIP Conversion Factor (as defined below). No LTIP Units shall be convertible by the Holder thereof pursuant to this Section 1.6 of Schedule I prior to the expiration of a twenty-four month period (the "LTIP Unit Restricted Period") ending on the day before the first twenty-four month anniversary of such Holder's becoming a Holder of such LTIP Units; provided, however, that the General Partner may, in its sole and absolute discretion, shorten or lengthen the LTIP Unit Restricted Period applicable to any LTIP Units by written agreement with the Holder thereof to a period of shorter or longer than twenty-four (24) months, without the consent of any other Partner and such written agreement shall govern the LTIP Unit Restricted Period with respect to such LTIP Units notwithstanding anything otherwise to the contrary herein. Holders of LTIP Units shall not have the right to convert Unvested LTIP Units into Partnership Common Units until they become Vested LTIP Units; provided, however, that when a Holder of LTIP Units is notified of the expected occurrence of an event that will cause his or her Unvested LTIP Units to become Vested LTIP Units, and subject to the expiration of any applicable LTIP Unit Restricted Period, such Person may give the Partnership an LTIP Unit Conversion Notice conditioned upon and effective as of the time of vesting, and such LTIP Unit Conversion Notice, unless subsequently revoked by the Holder of the LTIP Units, shall be accepted by the Partnership subject to such condition. "LTIP Conversion Factor" shall mean the quotient of (i) the Economic Capital Account Balance attributable to the LTIP Unit being converted as of the date of conversion, divided by (ii) the Common Unit Economic Balance as of the date of conversion, provided that if the Economic Capital Account Balance attributable to an LTIP Unit has at any time reached an amount equal to the Common Unit Economic Balance determined as of such time, the LTIP Conversion Factor for such LTIP Unit shall be equal to one (1) (except to the extent of adjustments (if any) to the LTIP Conversion Factor made pursuant to Section 1.5 of this Schedule I).

(b) In order to exercise his or her LTIP Unit Conversion Right, a Holder of LTIP Units shall deliver a notice (an "LTIP Unit Conversion Notice") in the form attached as Exhibit C hereto not less than 10 nor more than 60 days prior to a date (the "LTIP Unit Conversion Date") specified in such LTIP Unit Conversion Notice. Each Holder of LTIP Units covenants and agrees with the Partnership that all Vested LTIP Units to be converted pursuant to this Section 1.6 shall be free and clear of all liens.

1.7 Forced Conversion by the Partnership into Partnership Common Units.

(a) The Partnership may cause LTIP Units to be converted (a "LTIP Unit Forced Conversion") into Partnership Common Units at any time so long as the applicable Holder thereof receives in respect of each LTIP Unit so converted a number (or fraction thereof) of fully paid

and non-assessable Partnership Common Units equal to the greater of (x) the LTIP Conversion Factor for such LTIP Unit (giving effect to all adjustments (if any) made pursuant to Section 1.5 of this Schedule I) and (y) one (1).

(b) In order to exercise its right to cause an LTIP Unit Forced Conversion, the Partnership shall deliver a notice (a "LTIP Unit Forced Conversion Notice") in the form attached as Exhibit D hereto to the applicable Holder not less than 10 nor more than 60 days prior to the LTIP Unit Conversion Date specified in such LTIP Unit Forced Conversion Notice. A Forced LTIP Unit Conversion Notice shall be provided in the manner in which notices are generally to be provided in accordance with the Partnership Agreement. Each Holder of LTIP Units covenants and agrees with the Partnership that all LTIP Units to be converted pursuant to this Section 1.7 of this Schedule I shall be free and clear of all liens.

1.8 Conversion Procedures. Subject to any redemption of Partnership Common Units to be received upon the conversion of Vested LTIP Units pursuant to Section 1.11 of this Schedule I, a conversion of Vested LTIP Units for which the Holder thereof has given an LTIP Unit Conversion Notice or for which the Partnership has given a LTIP Unit Forced Conversion Notice shall occur automatically after the close of business on the applicable LTIP Unit Conversion Date without any action on the part of such Holder of LTIP Units, as of which time such Holder of LTIP Units shall be credited on the books and records of the Partnership with the issuance as of the opening of business on the next day of the number of Partnership Common Units issuable upon such conversion. After the conversion of LTIP Units as aforesaid, the Partnership shall deliver to such Holder of LTIP Units, upon his or her written request, a certificate certifying the number of Partnership Common Units and remaining LTIP Units, if any, held by such Person immediately after such conversion.

1.9 Treatment of Capital Account. For purposes of making future allocations under the Partnership Agreement, reference to a Partner's portion of its Economic Capital Account Balance attributable to his or her LTIP Units shall exclude, after the date of conversion of any of its LTIP Units, the portion of such Partner's Economic Capital Account Balance attributable to the converted LTIP Units.

1.10 Mandatory Conversion in Connection with a Capital Transaction.

(a) If the Partnership or the General Partner or the Special Limited Partner shall be a party to any transaction (including without limitation a merger, consolidation, unit exchange, self tender offer for all or substantially all Partnership Common Units or other business combination or reorganization, or sale of all or substantially all of the Partnership's assets, but excluding any transaction which constitutes an LTIP Unit Adjustment Event) as a result of which Partnership Common Units shall be exchanged for or converted into the right, or the Holders of Partnership Common Units shall otherwise be entitled, to receive cash, securities or other property or any combination thereof (any such transaction being referred to herein as a "Capital Transaction"), then the General Partner shall, immediately prior to the consummation of the Capital Transaction, exercise its right to cause an LTIP Unit Forced Conversion with respect to any and all LTIP Units that have become Vested LTIP Units and the Book-Up Target of which is zero, taking into account any allocations that occur in connection with the Capital Transaction or that would occur in connection with the Capital Transaction if the assets of the Partnership were sold at the Capital Transaction price or, if applicable, at a value determined by the General Partner in good faith using the value attributed to the Partnership Common Units in the context of the Capital Transaction (in which case the LTIP Unit Conversion Date shall be the effective date of the Capital Transaction and the conversion shall occur immediately prior to the effectiveness of the Capital Transaction).

(b) In anticipation of such LTIP Unit Forced Conversion and the consummation of the Capital Transaction, the Partnership shall use commercially reasonable efforts to cause each Holder of LTIP Units to be afforded the right to receive in connection with such Capital Transaction in consideration for the Partnership Common Units into which his or her LTIP Units will be converted the same kind and amount of cash, securities and other property (or any combination thereof) receivable upon the consummation of such Capital Transaction by a Holder of the same number of Partnership Common Units, assuming such Holder of Partnership Common Units is not a Person with which the Partnership consolidated or into which the Partnership merged or which merged into the Partnership or to which such sale or transfer was made, as the case may be (a "Constituent Person"), or an Affiliate of a Constituent Person. In the event that Holders of Partnership Common Units have the opportunity to elect the form or type of consideration to be received upon consummation of the Capital Transaction, prior to such Capital Transaction the General Partner shall give prompt written notice to each Holder of LTIP Units of such election, and shall use commercially reasonable efforts to afford such holders the right to elect, by written notice to the General Partner, the form or type of consideration to be received upon conversion of each LTIP Unit held by such Holder into Partnership Common Units in connection with such Capital Transaction. If a Holder of LTIP Units fails to make such an election, such Holder (and any of its transferees) shall receive upon conversion of each LTIP Unit held by him or her (or by any of his or her transferees) the same kind and amount of consideration that a Holder of a Partnership Common Unit would receive if such Holder of Partnership Common Units failed to make such an election.

(c) Subject to the rights of the Partnership and the General Partner under the relevant Vesting Agreement and the terms of any stock incentive plan under which LTIP Units are issued, the Partnership shall use commercially reasonable efforts to (i) cause the terms of any Capital Transaction to be consistent with the provisions of this Section 1.10, and (ii) in the event LTIP Units are not converted into Partnership Common Units in connection with the Capital Transaction (including pursuant to Section 1.10(a) above), but subject to the rights of the General Partner and the Partnership set forth in Section 1.13(ii) below to the extent that they can act without the consent of Holders of LTIP Units, enter into an agreement with the successor or purchasing entity, as the case may be, for the benefit of those Holders of LTIP Units whose LTIP Units will not be converted into Partnership Common Units in connection with the Capital Transaction that, to the extent not incompatible with the interests of the Partnership Common Unitholders and/or the shareholders of the Special Limited Partner, (A) contains reasonable provisions designed to allow such Holders to subsequently convert, redeem or exchange their LTIP Units, if and when eligible for conversion, redemption or exchange into securities as comparable as reasonably possible under the circumstances to the Partnership Common Units, and (B) preserves as far as reasonably possible under the circumstances the distribution, special allocation, conversion, and other rights of such Holders.

1.11 Redemption Right of LTIP Unit Limited Partners.

(a) LTIP Units will not be redeemable at the option of the Partnership; provided, however, that the foregoing shall not prohibit the Partnership (i) from repurchasing LTIP Units from the Holder thereof if and to the extent that such Holder agrees to sell such LTIP Units or (ii) from exercising the right to cause a LTIP Unit Forced Conversion. For the avoidance of doubt, with respect to any Partnership Common Units received by a LTIP Unit Limited Partner upon conversion of LTIP Units, including a LTIP Unit Forced Conversion, the Partnership shall have the right to redeem such Partnership Common Units in accordance with Section 8.6 of the Partnership Agreement.

(b) Except as otherwise set forth in the relevant Vesting Agreement or other separate agreement entered into between the Partnership and a LTIP Unit Limited Partner, and subject to the terms and conditions set forth herein or in the Partnership Agreement, on or at any time after the applicable LTIP Unit Conversion Date each LTIP Unit Limited Partner will have the same right (and subject to the same terms and conditions and to be effected in the same manner) to require the Partnership to redeem all or a portion of the Partnership Common Units into which such LTIP Unit Limited Partner's LTIP Units were converted as the other Holders of Partnership Common Units in accordance with Article 15 of the Partnership Agreement.

(c) Notwithstanding anything herein to the contrary (but subject to Section 1.6 of this Schedule I), a Holder of LTIP Units may deliver a Notice of Redemption in accordance with Article 15 of the Partnership Agreement relating to Partnership Common Units that will be issued to such Holder upon conversion of LTIP Units into Partnership Common Units pursuant to Section 1.6 of this Schedule I in advance of the LTIP Unit Conversion Date; provided, however, that the redemption of such Partnership Common Units by the Partnership shall in no event take place until the LTIP Unit Conversion Date. For clarity, it is noted that the objective of this Section 1.11(c) is to put a Holder of LTIP Units in a position where, if such Holder wishes, the Partnership Common Units into which such Holder's Vested LTIP Units will be converted can be redeemed by the Partnership simultaneously with such conversion, with the further consequence that, if the General Partner elects to require the Special Limited Partner to assume the Partnership's redemption obligation with respect to such Partnership Common Units by delivering to such Holder REIT Shares rather than cash, then such Holder can have such REIT Shares issued to him or her simultaneously with the conversion of his or her Vested LTIP Units into Partnership Common Units. The General Partner shall cooperate with a Holder of LTIP Units to coordinate the timing of the different events described in the foregoing sentence.

1.12 Voting Rights. Except as expressly provided in Section 1.13 of this Schedule I, Holders of LTIP Units shall not have the right to vote on any matter involving the Partnership, including with respect to any merger, consolidation, combination or conversion of the Partnership, or any other matter that a limited partner might otherwise have the ability to vote on or consent with respect to under the Partnership Agreement, the Act, at law, in equity or otherwise.

1.13 Special Approval Rights. The General Partner and/or the Partnership shall not, without the affirmative vote of Holders of more than 50% of the then outstanding LTIP Units affected thereby, given in person or by proxy, either in writing or at a meeting (voting separately as a class), take any action that would materially and adversely alter, change, modify or amend, whether by merger, consolidation or otherwise, the rights, powers or privileges of such LTIP Units, subject to the following exceptions and qualifications: (i) no separate consent of the Holders of LTIP Units will be required if and to the extent that any such alteration, change, modification or amendment would, in a ratable and proportional manner, alter, change, modify or amend the rights, powers or privileges of the Partnership Common Units; (ii) a merger, consolidation or other business combination or reorganization of the Partnership, the General Partner, the Special Limited Partner or any of their Affiliates shall not be deemed to materially and adversely alter, change, modify or amend the rights, powers or privileges of an LTIP Unit (and the Holder of such LTIP Unit will not be entitled to any vote or consent with respect to such merger, consolidation or other business combination or reorganization in respect of such LTIP Unit) so long as either: (w) such LTIP Unit is converted immediately prior to the effectiveness of the transaction into a number (or fraction thereof) of fully paid and non-assessable Partnership Common Units equal to the greater of (i) the LTIP Conversion Factor for such LTIP Unit (giving effect to all adjustments (if any) made pursuant to Section 1.5 of this Schedule I) and (ii) one (1) (which Partnership Common Units, for the avoidance of doubt, may be unvested to the extent the LTIP Unit so converted is not a Vested LTIP Unit); (x) the Holder of such LTIP Unit either will receive, or will have the right to elect to receive, in respect of such LTIP Unit

an amount of cash, securities, or other property equal to the amount of cash, securities or other property that would be paid in respect of such LTIP Unit had it been converted into a Partnership Common Unit (or fraction of a Partnership Common Unit, as applicable under the terms of such LTIP Unit) immediately prior to the transaction; (y) such LTIP Unit remains outstanding with its terms materially unchanged; or (z) if the Partnership is not the surviving entity in such transaction, such LTIP Unit is exchanged for a security of the surviving entity with terms that are materially the same with respect to rights to allocations, distributions, redemption, conversion and voting as such LTIP Unit; (iii) any creation or issuance of Partnership Interests (whether ranking junior to, on a parity with or senior to the LTIP Units in any respect), which either (x) does not require the consent of the Holders of Partnership Common Units or (y) is authorized by the Holders of Partnership Common Units shall not be deemed to materially and adversely alter, change, modify or amend the rights, powers or privileges of the LTIP Units; and (iv) any waiver by the Partnership or the General Partner of restrictions or limitations applicable to any outstanding LTIP Units with respect to any Holder or Holders thereof shall not be deemed to materially and adversely alter, change, modify or amend the rights, powers or privileges of the LTIP Units with respect to other Holders. For the avoidance of doubt, the General Partner in its sole discretion may waive any restrictions or limitations (including vesting restrictions or transfer restrictions) applicable to any outstanding LTIP Units with respect to any Holder or Holders at any time and from time to time. Any such determination in the General Partner's discretion in respect of such LTIP Units shall be final and binding. Such determinations need not be uniform and may be made selectively among Holders of LTIP Units, whether or not such Holders are similarly situated, and shall not constitute the breach of any duty hereunder or otherwise existing at law, in equity or otherwise. The foregoing voting provisions will not apply if, as of or prior to the time when the action with respect to which such vote would otherwise be required will be taken or be effective, all outstanding LTIP Units shall have been converted and/or redeemed, or provision is made for such redemption and/or conversion to occur as of or prior to such time.

1.15 Limited Partners' Rights to Transfer. Subject to the terms of the relevant Vesting Agreement or other document pursuant to which LTIP Units are granted and except in connection with the exercise of its right of redemption pursuant to Section 1.11 of this Schedule I, a Holder of LTIP Units may not transfer all or any portion of his or her LTIP Units, except, in the case of Vested LTIP Units, to the extent, and subject to the same restrictions, that a Holder of Partnership Common Units is entitled to transfer Partnership Common Units pursuant to Section 11.3 of the Partnership Agreement.

1.16 Allocations and Distributions.

(a) All distributions shall be made to Holders of LTIP Units in accordance with the provisions of Article 5 of the Partnership Agreement.

(b) All allocations, including allocations of Net Income and Net Loss of the Partnership, special allocations and allocations upon final liquidation, shall be made to Holders of LTIP Units in accordance with Article 6 of the Partnership Agreement.

EXHIBIT A

EXAMPLES REGARDING REIT SHARE ADJUSTMENT FACTOR

For purposes of the following examples, it is assumed that (a) the REIT Share Adjustment Factor in effect on _____ is 1.0 and (b) on _____ (the “*Partnership Record Date*” for purposes of these examples), prior to the events described in the examples, there are 100 REIT Shares issued and outstanding.

Example 1

On the Partnership Record Date, the Special Limited Partner declares a dividend on its outstanding REIT Shares in REIT Shares. The amount of the dividend is one REIT Share paid in respect of each REIT Share owned. Pursuant to Paragraph (i) of the definition of “REIT Share Adjustment Factor,” the REIT Share Adjustment Factor shall be adjusted on the Partnership Record Date, effective immediately after the stock dividend is declared, as follows:

$$1.0 * 200/100 = 2.0$$

Accordingly, the REIT Share Adjustment Factor after the stock dividend is declared is 2.0.

Example 2

On the Partnership Record Date, the Special Limited Partner distributes options to purchase REIT Shares to all holders of its REIT Shares. The amount of the distribution is one option to acquire one REIT Share in respect of each REIT Share owned. The strike price is \$4.00 a share. The Value of a REIT Share on the Partnership Record Date is \$5.00 per share. Pursuant to Paragraph (ii) of the definition of “REIT Share Adjustment Factor,” the REIT Share Adjustment Factor shall be adjusted on the Partnership Record Date, effective immediately after the options are distributed, as follows:

$$1.0 * (100 + 100)/(100 + [100 * \$4.00/\$5.00]) = 1.1111$$

Accordingly, the REIT Share Adjustment Factor after the options are distributed is 1.1111. If the options expire or become no longer exercisable, then the retroactive adjustment specified in Paragraph (ii) of the definition of “REIT Share Adjustment Factor” shall apply.

Example 3

On the Partnership Record Date, the Special Limited Partner distributes assets to all holders of its REIT Shares. The amount of the distribution is one asset with a fair market value (as determined by the General Partner) of \$1.00 in respect of each REIT Share owned. It is also assumed that the assets do not relate to assets received by the Special Limited Partner pursuant to a pro rata distribution by the Partnership. The Value of a REIT Share on the Partnership Record Date is \$5.00 a share. Pursuant to Paragraph (iii) of the definition of “REIT Share Adjustment Factor,” the REIT Share Adjustment Factor shall be adjusted on the Partnership Record Date, effective immediately after the assets are distributed, as follows:

$$1.0 * \$5.00/(\$5.00 - \$1.00) = 1.25$$

Accordingly, the REIT Share Adjustment Factor after the assets are distributed is 1.25.

EXHIBIT B

NOTICE OF REDEMPTION

To: []
[]
[]

The undersigned Limited Partner or Assignee hereby irrevocably tenders for Redemption Partnership Common Units in Invitation Homes Operating Partnership LP in accordance with the terms of the Amended and Restated Agreement of Limited Partnership of Invitation Homes Operating Partnership LP, dated as of [] as amended (the “*Agreement*”), and the Redemption rights referred to therein. The undersigned Limited Partner or Assignee:

(a) undertakes (i) to surrender such Partnership Common Units and any certificate therefor at the closing of the Redemption and (ii) to furnish to the General Partner, prior to the Specified Redemption Date, the documentation, instruments and information required under Section 15.1.G of the Agreement;

(b) directs that the certified check representing the Cash Amount, or the REIT Shares, as applicable, deliverable upon the closing of such Redemption be delivered to the address specified below;

(c) represents, warrants, certifies and agrees that:

(i) the undersigned Limited Partner or Assignee is a Qualifying Party,

(ii) the undersigned Limited Partner or Assignee has, and at the closing of the Redemption will have, good, marketable and unencumbered title to such Partnership Common Units, free and clear of the rights or interests of any other person or entity,

(iii) the undersigned Limited Partner or Assignee has, and at the closing of the Redemption will have, the full right, power and authority to tender and surrender such Partnership Common Units as provided herein, and

(iv) the undersigned Limited Partner or Assignee has obtained the consent or approval of all persons and entities, if any, having the right to consent to or approve such tender and surrender; and

(d) acknowledges that the undersigned will continue to own such Partnership Common Units until and unless either (1) such Partnership Common Units are acquired by the Special Limited Partner pursuant to Section 15.1.B of the Agreement or (2) such redemption transaction closes.

All capitalized terms used herein and not otherwise defined shall have the same meaning ascribed to them respectively in the Agreement.

Dated: _____

Name of Limited Partner or Assignee:

(Signature of Limited Partner or Assignee)

(Street Address)

(City) (State) (Zip Code)

Signature Medallion Guaranteed by:

Issue Check Payable to:

Please insert social security
or identifying number:

EXHIBIT C

NOTICE OF ELECTION BY PARTNER TO CONVERT LTIP UNITS INTO PARTNERSHIP COMMON UNITS

The undersigned holder of LTIP Units hereby irrevocably elects to convert the number of Vested LTIP Units in Invitation Homes Operating Partnership LP (the "Partnership") set forth below into Partnership Common Units in accordance with the terms of the Amended and Restated Agreement of Limited Partnership of Invitation Homes Operating Partnership LP, dated as of [●], 201[●], as amended from time to time (the "Agreement").

The undersigned hereby represents, warrants, and certifies that the undersigned: (a) has, and at the closing of the conversion will have, good, marketable and unencumbered title to such LTIP Units, free and clear of the rights or interests of any other person or entity; (b) has, and at the closing of the conversion will have, the full right, power and authority to cause the conversion of such LTIP Units as provided herein; and (c) has obtained the consent or approval of all persons and entities, if any, having the right to consent to or approve such conversion.

In accordance with the terms of the Agreement, the holder of LTIP Units being converted is obligated, in the event any state or local property transfer tax is payable as a result of such conversion, to assume and pay such transfer tax.

Name of Holder:

Number of LTIP Units to be Converted:

(Signature of Holder: Sign Exact Name as Registered with Partnership)

(Address)

EXHIBIT D

Notice of Election by Partnership of Force Conversion of LTIP Units into Partnership Common Units

Invitation Homes Operating Partnership LP (the "Partnership") hereby irrevocably elects to cause the number of LTIP Units held by the holder of LTIP Units set forth below to be converted into Partnership Common Units in accordance with the terms of the Amended and Restated Agreement of Limited Partnership of Invitation Homes Operating Partnership LP, dated as of [●], 201[●], as amended from time to time (the "Agreement").

To the extent that LTIP Units held by the holder are not free and clear of all liens, claims and encumbrances, or should any such liens, claims and/or encumbrances exist or arise with respect to such LTIP Units, the Partnership Common Units into which such LTIP Units are converted shall continue to be subject thereto.

In accordance with the terms of the Agreement, the holder of LTIP Units being converted is obligated, in the event any state or local property transfer tax is payable as a result of such conversion, to assume and pay such transfer tax.

Name of Holder:

Number of LTIP Units to be Converted:

Conversion Date:

**INVITATION HOMES INC.
2017 OMNIBUS INCENTIVE PLAN**

1. Purpose . The purpose of the Invitation Homes Inc. 2017 Omnibus Incentive Plan is to provide a means through which the Company and the other members of the Company Group may attract and retain key personnel and to provide a means whereby directors, officers, employees, consultants and advisors of the Company and the other members of the Company Group can acquire and maintain an equity interest in the Company, or be paid incentive compensation, including incentive compensation measured by reference to the value of Common Stock, thereby strengthening their commitment to the welfare of the Company Group and aligning their interests with those of the Company's stockholders.

2. Definitions . The following definitions shall be applicable throughout the Plan.

(a) "Absolute Share Limit" has the meaning given to such term in Section 5(b) of the Plan.

(b) "Adjustment Event" has the meaning given to such term in Section 14(a) of the Plan.

(c) "Affiliate" means any Person that directly or indirectly controls, is controlled by or is under common control with the Company. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting or other securities, by contract or otherwise.

(d) "Award" means, individually or collectively, any Incentive Stock Option, Nonqualified Stock Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, OP Unit, Other Equity-Based Award, and Cash-Based Incentive Award granted under the Plan.

(e) "Award Agreement" means the document or documents by which each Award (other than a Cash-Based Incentive Award) is evidenced, which may be in written or electronic form.

(f) "Board" means the Board of Directors of the Company.

(g) "Cash-Based Incentive Award" means an Award denominated in cash that is granted under Section 12 of the Plan.

(h) "Cause" means, as to any Participant, unless the applicable Award Agreement states otherwise, "Cause," as defined in any employment or consulting agreement between the Participant and the Service Recipient in effect at the time of such Termination; or in the absence of any such employment or consulting agreement (or the absence of any definition of "Cause" contained therein), the Participant's (A) willful neglect in the performance of the Participant's duties for the Service Recipient or willful or repeated failure or refusal to perform such duties; (B) engagement in conduct in connection with the Participant's employment or service with the Service Recipient, which results in, or could reasonably be expected to result in, material harm

to the business or reputation of the Company or any other member of the Company Group; (C) conviction of, or plea of guilty or no contest to, (I) any felony; or (II) any other crime that results in, or could reasonably be expected to result in, material harm to the business or reputation of the Company or any other member of the Company Group; (D) material violation of the written policies of the Service Recipient, including, but not limited to, those relating to sexual harassment or the disclosure or misuse of confidential information, or those set forth in the manuals or statements of policy of the Service Recipient; (E) fraud or misappropriation, embezzlement or misuse of funds or property belonging to the Company or any other member of the Company Group; or (F) act of personal dishonesty that involves personal profit in connection with the Participant's employment or service to the Service Recipient.

(i) "Change in Control" means:

(i) the acquisition (whether by purchase, merger, consolidation, combination or other similar transaction) by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 50% (on a fully diluted basis) of either (A) the then outstanding shares of Common Stock, taking into account as outstanding for this purpose such Common Stock issuable upon the exercise of options or warrants, the conversion of convertible stock or debt, and the exercise of any similar right to acquire such Common Stock; or (B) the combined voting power of the then outstanding voting securities of the Company entitled to vote generally in the election of directors; *provided, however*, that for purposes of this Plan, the following acquisitions shall not constitute a Change in Control: (I) any acquisition by the Company or any Affiliate; (II) any acquisition by any employee benefit plan sponsored or maintained by the Company or any Affiliate; or (III) in respect of an Award held by a particular Participant, any acquisition by the Participant or any group of Persons including the Participant (or any entity controlled by the Participant or any group of Persons including the Participant);

(ii) during any period of twelve (12) months, individuals who, at the beginning of such period, constitute the Board (the "Incumbent Directors") cease for any reason to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the Effective Date, whose election or nomination for election was approved by a vote of at least two-thirds of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; *provided, however*, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest, as such terms are used in Rule 14a-12 of Regulation 14A promulgated under the Exchange Act, with respect to directors or as a result of any other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director; or

(iii) the sale, transfer or other disposition of all or substantially all of the assets of the Company Group (taken as a whole) to any Person that is not an Affiliate of the Company.

Notwithstanding anything to the contrary in the Plan, the occurrence of any of clauses (i), (ii) or (iii) which occurs solely as a result of an Internal Reorganization as defined in Section 14(c) of the Plan shall not constitute a Change in Control.

(j) “Code” means the Internal Revenue Code of 1986, as amended, and any successor thereto. Reference in the Plan to any section of the Code shall be deemed to include any regulations or other interpretative guidance under such section, and any amendments or successor provisions to such section, regulations or guidance.

(k) “Committee” means the Compensation Committee of the Board or any properly delegated subcommittee thereof or, if no such Compensation Committee or subcommittee thereof exists, the Board.

(l) “Common Stock” means the common stock of the Company, par value \$0.01 per share (and any stock or other securities into which such Common Stock may be converted or into which it may be exchanged).

(m) “Company” means Invitation Homes Inc., a Maryland corporation, and any successor thereto, including any entity that is a constituent party in any merger or other combination involving the Company and that survives or succeeds as a publicly traded entity (including, without limitation, by virtue of a triangular merger structure) as part of any Internal Reorganization or other restructuring.

(n) “Company Group” means, collectively, the Company and its Subsidiaries.

(o) “Date of Grant” means the date on which the granting of an Award is authorized, or such other date as may be specified in such authorization.

(p) “Designated Foreign Subsidiaries” means all members of the Company Group that are organized under the laws of any jurisdiction or country other than the United States of America that may be designated by the Board or the Committee from time to time.

(q) “Detrimental Activity” means any of the following: (i) unauthorized disclosure of any confidential or proprietary information of any member of the Company Group; (ii) any activity that would be grounds to terminate the Participant’s employment or service with the Service Recipient for Cause; or (iii) a breach by the Participant of any restrictive covenant by which such Participant is bound, including, without limitation, any covenant not to compete or not to solicit, in any agreement with any member of the Company Group.

(r) “Disability” means, as to any Participant, unless the applicable Award Agreement states otherwise, (i) “Disability,” as defined in any employment or consulting agreement between the Participant and the Service Recipient in effect at the time of such Termination; or (ii) in the absence of any such employment or consulting agreement (or the absence of any definition of “Disability” contained therein), a condition entitling the Participant to receive benefits under a long-term disability plan of the Service Recipient or other member of the Company Group in which such Participant is eligible to participate, or, in the absence of such a plan, the complete and permanent inability of the Participant by reason of illness or accident to perform the duties of the occupation at which the Participant was employed or

served when such disability commenced. Any determination of whether Disability exists in the absence of a long-term disability plan shall be made by the Company (or its designee) in its sole and absolute discretion.

(s) “ Effective Date ” means , 2017.

(t) “ Eligible Person ” means any (i) individual employed by any member of the Company Group; *provided, however*, that no such employee covered by a collective bargaining agreement shall be an Eligible Person unless and to the extent that such eligibility is set forth in such collective bargaining agreement or in an agreement or instrument relating thereto; (ii) director or officer of any member of the Company Group; or (iii) consultant or advisor to any member of the Company Group who may be offered securities registrable pursuant to a registration statement on Form S-8 under the Securities Act, who, in the case of each of clauses (i) through (iii) above has entered into an Award Agreement or who has received written notification from the Committee or its designee that they have been selected to participate in the Plan.

(u) “ Exchange Act ” means the Securities Exchange Act of 1934, as amended, and any successor thereto. Reference in the Plan to any section of (or rule promulgated under) the Exchange Act shall be deemed to include any rules, regulations or other interpretative guidance under such section or rule, and any amendments or successor provisions to such section, rules, regulations or guidance.

(v) “ Exempt Securities ” has the meaning given to such term in Section 5(b) of the Plan.

(w) “ Exercise Price ” has the meaning given to such term in Section 7(b) of the Plan.

(x) “ Fair Market Value ” means, on a given date, (i) if the Common Stock is listed on a national securities exchange, the closing sales price of the Common Stock reported on the primary exchange on which the Common Stock is listed and traded on such date, or, if there are no such sales on that date, then on the last preceding date on which such sales were reported; (ii) if the Common Stock is not listed on any national securities exchange but is quoted in an inter-dealer quotation system on a last sale basis, the average between the closing bid price and ask price reported on such date, or, if there is no such sale on that date, then on the last preceding date on which a sale was reported; or (iii) if the Common Stock is not listed on a national securities exchange or quoted in an inter-dealer quotation system on a last sale basis, the amount determined by the Committee in good faith to be the fair market value of the Common Stock.

(y) “ GAAP ” has the meaning given to such term in Section 7(d) of the Plan.

(z) “ Immediate Family Members ” has the meaning given such term in Section 16(b) of the Plan.

(aa) “ Incentive Stock Option ” means an Option which is designated by the Committee as an incentive stock option as described in Section 422 of the Code and otherwise meets the requirements set forth in the Plan.

(bb) “ Indemnifiable Person ” has the meaning given to such term in Section 4(e) of the Plan.

(cc) “ Internal Reorganization ” has the meaning given to such term in Section 14(c) of the Plan.

(dd) “ Negative Discretion ” means the discretion authorized by the Plan to be applied by the Committee to eliminate or reduce the size of a Cash-Based Incentive Award.

(ee) “ Nonqualified Stock Option ” means an Option which is not designated by the Committee as an Incentive Stock Option.

(ff) “ Non-Employee Director ” means a member of the Board who is not an employee of any member of the Company Group.

(gg) “ OP Unit ” means an Award granted under Section 10 of the Plan.

(hh) “ Operating Partnership ” means Invitation Homes Operating Partnership LP, a Delaware limited partnership and the entity through which the Company conducts its business and that has elected to be treated as a partnership for federal income tax purposes, and any successor entity (or such other limited partnership designated as the “Operating Partnership” by the Board from time to time).

(ii) “ Option ” means an Award granted under Section 7 of the Plan.

(jj) “ Option Period ” has the meaning given to such term in Section 7(c) of the Plan.

(kk) “ Other Equity-Based Award ” means an Award that is not an Option, Stock Appreciation Right, Restricted Stock or Restricted Stock Unit, that is granted under Section 11 of the Plan and is (i) payable by delivery of Common Stock, and/or (ii) measured by reference to the value of Common Stock.

(ll) “ Participant ” means an Eligible Person who has been selected by the Committee to participate in the Plan and to receive an Award pursuant to the Plan.

(mm) “ Performance Compensation Award ” means any Award designated by the Committee as a Performance Compensation Award pursuant to Section 12 or Section 13 of the Plan.

(nn) “ Performance Criteria ” means the criterion or criteria that the Committee shall select for purposes of establishing the Performance Goals for a Performance Period with respect to any Performance Compensation Award under the Plan.

(oo) “ Performance Formula ” means, for a Performance Period, the one or more objective formulae applied against the relevant Performance Goal to determine, with regard to the Performance Compensation Award of a particular Participant, whether all, some portion but less than all, or none of the Performance Compensation Award has been earned for the Performance Period.

(pp) “Performance Goals” means, for a Performance Period, the one or more goals established by the Committee for the Performance Period based upon the Performance Criteria.

(qq) “Performance Period” means the one or more periods of time of not less than twelve (12) months, as the Committee may select, over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant’s right to, and the payment of, a Performance Compensation Award.

(rr) “Permitted Transferee” has the meaning given to such term in Section 16(b) of the Plan.

(ss) “Person” means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

(tt) “Plan” means this Invitation Homes Inc. 2017 Omnibus Incentive Plan, as it may be amended and/or restated from time to time.

(uu) “Qualifying Director” means a person who is (i) with respect to actions intended to obtain an exemption from Section 16(b) of the Exchange Act pursuant to Rule 16b-3 under the Exchange Act, a “non-employee director” within the meaning of Rule 16b-3 under the Exchange Act; and (ii) with respect to actions intended to obtain the exception for performance-based compensation under 162(m) of the Code, an “outside director” within the meaning of Section 162(m) of the Code.

(vv) “Restricted Period” means the period of time determined by the Committee during which an Award is subject to restrictions, including vesting conditions.

(ww) “Restricted Stock” means Common Stock, subject to certain specified restrictions (which may include, without limitation, a requirement that the Participant remain continuously employed or provide continuous services for a specified period of time), granted under Section 9 of the Plan.

(xx) “Restricted Stock Unit” means an unfunded and unsecured promise to deliver shares of Common Stock, cash, other securities or other property, subject to certain restrictions (which may include, without limitation, a requirement that the Participant remain continuously employed or provide continuous services for a specified period of time), granted under Section 9 of the Plan.

(yy) “SAR Period” has the meaning given to such term in Section 8(c) of the Plan.

(zz) “Securities Act” means the Securities Act of 1933, as amended, and any successor thereto. Reference in the Plan to any section of (or rule promulgated under) the Securities Act shall be deemed to include any rules, regulations or other interpretative guidance under such section or rule, and any amendments or successor provisions to such section, rules, regulations or guidance.

(aaa) “Service Recipient” means, with respect to a Participant holding a given Award, the member of the Company Group by which the original recipient of such Award is, or

following a Termination was most recently, principally employed or to which such original recipient provides, or following a Termination was most recently providing, services, as applicable.

(bbb) “ Stock Appreciation Right ” or “ SAR ” means an Award granted under Section 8 of the Plan.

(ccc) “ Strike Price ” has the meaning given to such term in Section 8(b) of the Plan.

(ddd) “ Subsidiary ” means, with respect to any specified Person:

(i) any corporation, association or other business entity of which more than 50% of the total voting power of shares of such entity’s voting securities (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders’ agreement that effectively transfers voting power) is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(ii) any partnership (or any comparable foreign entity) (A) the sole general partner (or functional equivalent thereof) or the managing general partner (or functional equivalent thereof) of which is such Person or Subsidiary of such Person or (B) the only general partners (or functional equivalents thereof) of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

(eee) “ Substitute Award ” has the meaning given to such term in Section 5(e) of the Plan.

(fff) “ Sub-Plans ” means any sub-plan to the Plan that has been adopted by the Board or the Committee for the purpose of permitting the offering of Awards to employees of certain Designated Foreign Subsidiaries or otherwise outside the United States of America, with each such sub-plan designed to comply with local laws applicable to offerings in such foreign jurisdictions. Although any Sub-Plan may be designated a separate and independent plan from the Plan in order to comply with applicable local laws, the Absolute Share Limit and the other limits specified in Section 5(b) shall apply in the aggregate to the Plan and any Sub-Plan adopted hereunder.

(ggg) “ Termination ” means the termination of a Participant’s employment or service, as applicable, with the Service Recipient for any reason (including death).

3. Effective Date; Duration . The Plan shall be effective as of the Effective Date. The expiration date of the Plan, on and after which date no Awards may be granted hereunder, shall be the tenth (10th) anniversary of the Effective Date; *provided, however*, that such expiration shall not affect Awards then outstanding, and the terms and conditions of the Plan shall continue to apply to such Awards.

4. Administration .

(a) The Committee shall administer the Plan. To the extent required to comply with the provisions of Rule 16b-3 promulgated under the Exchange Act (if the Board is not acting as the Committee under the Plan) or necessary to obtain the exception for performance-based compensation under Section 162(m) of the Code, as applicable, it is intended that each member of the Committee shall, at the time such member takes any action with respect to an Award under the Plan that is intended to qualify for the exemptions provided by Rule 16b-3 promulgated under the Exchange Act or to qualify as performance-based compensation under Section 162(m) of the Code, as applicable, be a Qualifying Director. However, the fact that a Committee member shall fail to qualify as a Qualifying Director shall not invalidate any Award granted by the Committee that is otherwise validly granted under the Plan.

(b) Subject to the provisions of the Plan and applicable law, the Committee shall have the sole and plenary authority, in addition to other express powers and authorizations conferred on the Committee by the Plan, to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to a Participant; (iii) determine the number of shares of Common Stock to be covered by, or with respect to which payments, rights, or other matters are to be calculated in connection with, Awards; (iv) determine the terms and conditions of any Award, which may be not uniform for all Participants; (v) determine whether, to what extent, and under what circumstances Awards may be settled in, or exercised for, cash, shares of Common Stock or OP Units, as applicable, other securities, other Awards or other property, or canceled, forfeited, or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended; (vi) determine whether, to what extent, and under what circumstances the delivery of cash, shares of Common Stock, other securities, other Awards or other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the Participant or of the Committee; (vii) interpret, administer, reconcile any inconsistency in, correct any defect in and/or supply any omission in the Plan and any instrument or agreement relating to, or Award granted under, the Plan; (viii) establish, amend, suspend, or waive any rules and regulations and appoint such agents as the Committee shall deem appropriate for the proper administration of the Plan; (ix) adopt Sub-Plans; and (x) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

(c) Except to the extent prohibited by applicable law or the applicable rules and regulations of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or traded, the Committee may allocate all or any portion of its responsibilities and powers to any one or more of its members and may delegate all or any part of its responsibilities and powers to any person or persons selected by it. Any such allocation or delegation may be revoked by the Committee at any time. Without limiting the generality of the foregoing, the Committee may delegate to one or more officers of any member of the Company Group, the authority to act on behalf of the Committee with respect to any matter, right, obligation, or election which is the responsibility of, or which is allocated to, the Committee herein, and which may be so delegated as a matter of law, except with respect to grants of Awards to persons (i) who are Non-Employee Directors, (ii) who are subject to Section 16 of the Exchange Act, or (iii) who are, or could reasonably be expected to be, "covered employees" for purposes of Section 162(m) of the Code.

(d) Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan, any Award or any Award Agreement shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all Persons, including, without limitation, any member of the Company Group, any Participant, any holder or beneficiary of any Award, and any stockholder of the Company.

(e) No member of the Board, the Committee or any employee or agent of any member of the Company Group (each such Person, an “Indemnifiable Person”) shall be liable for any action taken or omitted to be taken or any determination made with respect to the Plan or any Award hereunder (unless constituting fraud or a willful criminal act or omission). Each Indemnifiable Person shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense (including attorneys’ fees) that may be imposed upon or incurred by such Indemnifiable Person in connection with or resulting from any action, suit or proceeding to which such Indemnifiable Person may be a party or in which such Indemnifiable Person may be involved by reason of any action taken or omitted to be taken or determination made with respect to the Plan or any Award hereunder and against and from any and all amounts paid by such Indemnifiable Person with the Company’s approval, in settlement thereof, or paid by such Indemnifiable Person in satisfaction of any judgment in any such action, suit or proceeding against such Indemnifiable Person, and the Company shall advance to such Indemnifiable Person any such expenses promptly upon written request (which request shall include an undertaking by the Indemnifiable Person to repay the amount of such advance if it shall ultimately be determined, as provided below, that the Indemnifiable Person is not entitled to be indemnified); *provided*, that the Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding and once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel of the Company’s choice. The foregoing right of indemnification shall not be available to an Indemnifiable Person to the extent that a final judgment or other final adjudication (in either case not subject to further appeal) binding upon such Indemnifiable Person determines that the acts, omissions or determinations of such Indemnifiable Person giving rise to the indemnification claim resulted from such Indemnifiable Person’s fraud or willful criminal act or omission or that such right of indemnification is otherwise prohibited by law or by the organizational documents of any member of the Company Group. The foregoing right of indemnification shall not be exclusive of or otherwise supersede any other rights of indemnification to which such Indemnifiable Persons may be entitled under the organizational documents of any member of the Company Group, as a matter of law, under an individual indemnification agreement or contract or otherwise, or any other power that the Company may have to indemnify such Indemnifiable Persons or hold such Indemnifiable Persons harmless.

(f) Notwithstanding anything to the contrary contained in the Plan, the Board may, in its sole discretion, at any time and from time to time, grant Awards and administer the Plan with respect to such Awards. Any such actions by the Board shall be subject to the applicable rules of the securities exchange or inter-dealer quotation system on which the Common Stock is listed or quoted. In any such case, the Board shall have all the authority granted to the Committee under the Plan.

5. Grant of Awards; Shares Subject to the Plan; Limitations .

(a) The Committee may, from time to time, grant Awards to one or more Eligible Persons.

(b) Awards granted under the Plan shall be subject to the following limitations: (i) subject to Section 14 of the Plan, no more than shares of Common Stock (the “Absolute Share Limit”) shall be available for Awards under the Plan (excluding those shares of Restricted Stock or OP Units received by Participants in exchange for (or in redemption of) partnership interests issued prior to the adoption of the Plan (such shares of Restricted Stock or OP Units, the “Exempt Securities”); (ii) subject to Section 14 of the Plan, grants of Options or SARs under the Plan in respect of no more than shares of Common Stock may be made to any individual Participant during any single fiscal year of the Company (for this purpose, if a SAR is granted in tandem with an Option (such that the SAR expires with respect to the number of shares of Common Stock for which the Option is exercised), only the shares underlying the Option shall count against this limitation); (iii) subject to Section 14 of the Plan, no more than the number of shares of Common Stock equal to the Absolute Share Limit may be issued in the aggregate pursuant to the exercise of Incentive Stock Options granted under the Plan; (iv) subject to Section 14 of the Plan, no more than shares of Common Stock (excluding the Exempt Securities) may be issued in respect of Performance Compensation Awards denominated in shares of Common Stock granted pursuant to Section 13 of the Plan to any individual Participant for a single fiscal year during a Performance Period (or with respect to each single fiscal year in the event a Performance Period extends beyond a single fiscal year), or in the event such share-denominated Performance Compensation Award is paid in cash, other securities, other Awards or other property, no more than the Fair Market Value of such shares of Common Stock on the last day of the Performance Period to which such Award relates; (v) the maximum number of shares of Common Stock subject to Awards granted during a single fiscal year to any Non-Employee Director, taken together with any cash fees paid to such Non-Employee Director during the fiscal year, shall not exceed \$ in total value (calculating the value of any such Awards based on the grant date fair value of such Awards for financial reporting purposes); and (vi) the maximum amount that can be paid to any individual Participant for a single fiscal year during a Performance Period (or with respect to each single fiscal year in the event a Performance Period extends beyond a single fiscal year) pursuant to a Cash-Based Incentive Award shall be \$. Unless the Committee shall otherwise determine, shares of Common Stock delivered by the Company or its Affiliates upon exchange of OP Units or other equity securities of any Subsidiary of the Company that have been issued under the Plan shall be issued under the Plan.

(c) Other than with respect to Substitute Awards, to the extent that an Award expires or is canceled, forfeited, terminated, settled in cash, or otherwise is settled without delivery to the Participant of the full number of shares of Common Stock to which the Award related, the undelivered shares will again be available for grant. Shares of Common Stock withheld in payment of the Exercise Price, or for taxes relating to an Award and shares equal to the number of shares surrendered in payment of any Exercise Price, or taxes relating to an Award, shall be deemed to constitute shares not issued to the Participant and shall be deemed to again be available for Awards under the Plan; *provided , however* , that such shares shall not become available for issuance hereunder if either (i) the applicable shares are withheld or surrendered

following the termination of the Plan; or (ii) at the time the applicable shares are withheld or surrendered, it would constitute a material revision of the Plan subject to stockholder approval under any then-applicable rules of the national securities exchange on which the Common Stock is listed.

(d) Shares of Common Stock issued by the Company in settlement of Awards may be authorized and unissued shares, shares held in the treasury of the Company, shares purchased on the open market or by private purchase or a combination of the foregoing.

(e) Awards may, in the sole discretion of the Committee, be granted under the Plan in assumption of, or in substitution for, outstanding awards previously granted by an entity directly or indirectly acquired by the Company or with which the Company combines (“Substitute Awards”). Substitute Awards shall not be counted against the Absolute Share Limit; *provided*, that Substitute Awards issued in connection with the assumption of, or in substitution for, outstanding options intended to qualify as “incentive stock options” within the meaning of Section 422 of the Code shall be counted against the aggregate number of shares of Common Stock available for Awards of Incentive Stock Options under the Plan. Subject to applicable stock exchange requirements, available shares under a stockholder-approved plan of an entity directly or indirectly acquired by the Company or with which the Company combines (as appropriately adjusted to reflect the acquisition or combination transaction) may be used for Awards under the Plan and shall not reduce the number of shares of Common Stock available for issuance under the Plan.

6. Eligibility . Participation in the Plan shall be limited to Eligible Persons.

7. Options .

(a) General. Each Option granted under the Plan shall be evidenced by an Award Agreement, which agreement need not be the same for each Participant. Each Option so granted shall be subject to the conditions set forth in this Section 7, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement. All Options granted under the Plan shall be Nonqualified Stock Options unless the applicable Award Agreement expressly states that the Option is intended to be an Incentive Stock Option. Incentive Stock Options shall be granted only to Eligible Persons who are employees of a member of the Company Group, and no Incentive Stock Option shall be granted to any Eligible Person who is ineligible to receive an Incentive Stock Option under the Code. No Option shall be treated as an Incentive Stock Option unless the Plan has been approved by the stockholders of the Company in a manner intended to comply with the stockholder approval requirements of Section 422(b)(1) of the Code, *provided*, that any Option intended to be an Incentive Stock Option shall not fail to be effective solely on account of a failure to obtain such approval, but rather such Option shall be treated as a Nonqualified Stock Option unless and until such approval is obtained. In the case of an Incentive Stock Option, the terms and conditions of such grant shall be subject to, and comply with, such rules as may be prescribed by Section 422 of the Code. If for any reason an Option intended to be an Incentive Stock Option (or any portion thereof) shall not qualify as an Incentive Stock Option, then, to the extent of such nonqualification, such Option or portion thereof shall be regarded as a Nonqualified Stock Option appropriately granted under the Plan.

(b) Exercise Price. Except as otherwise provided by the Committee in the case of Substitute Awards, the exercise price (“Exercise Price”) per share of Common Stock for each Option shall not be less than 100% of the Fair Market Value of such share (determined as of the Date of Grant); *provided, however*, that in the case of an Incentive Stock Option granted to an employee who, at the time of the grant of such Option, owns stock representing more than 10% of the voting power of all classes of stock of any member of the Company Group, the Exercise Price per share shall be no less than 110% of the Fair Market Value per share on the Date of Grant.

(c) Vesting and Expiration.

(i) Options shall vest and become exercisable in such manner and on such date or dates or upon such event or events as determined by the Committee.

(ii) Options shall expire upon a date determined by the Committee, not to exceed ten (10) years from the Date of Grant (the “Option Period”); *provided*, that if the Option Period (other than in the case of an Incentive Stock Option) would expire at a time when trading in the shares of Common Stock is prohibited by the Company’s insider trading policy (or Company-imposed “blackout period”), then the Option Period shall be automatically extended until the thirtieth (30th) day following the expiration of such prohibition. Notwithstanding the foregoing, in no event shall the Option Period exceed five (5) years from the Date of Grant in the case of an Incentive Stock Option granted to a Participant who on the Date of Grant owns stock representing more than 10% of the voting power of all classes of stock of any member of the Company Group.

(d) Method of Exercise and Form of Payment. No shares of Common Stock shall be issued pursuant to any exercise of an Option until payment in full of the Exercise Price therefor is received by the Company and the Participant has paid to the Company an amount equal to any federal, state, local and non-U.S. income, employment and any other applicable taxes required to be withheld. Options which have become exercisable may be exercised by delivery of written or electronic notice of exercise to the Company (or telephonic instructions to the extent provided by the Committee) in accordance with the terms of the Option accompanied by payment of the Exercise Price. The Exercise Price shall be payable: (i) in cash, check, cash equivalent and/or shares of Common Stock valued at the Fair Market Value at the time the Option is exercised (including, pursuant to procedures approved by the Committee, by means of attestation of ownership of a sufficient number of shares of Common Stock in lieu of actual issuance of such shares to the Company); *provided*, that such shares of Common Stock are not subject to any pledge or other security interest and have been held by the Participant for at least six (6) months (or such other period as established from time to time by the Committee in order to avoid adverse accounting treatment applying generally accepted accounting principles (“GAAP”)); or (ii) by such other method as the Committee may permit, in its sole discretion, including, without limitation: (A) in other property having a fair market value on the date of exercise equal to the Exercise Price; (B) if there is a public market for the shares of Common Stock at such time, by means of a broker-assisted “cashless exercise” pursuant to which the Company is delivered (including telephonically to the extent permitted by the Committee) a copy of irrevocable instructions to a stockbroker to sell the shares of Common Stock otherwise issuable upon the exercise of the Option and to deliver promptly to the Company an amount

equal to the Exercise Price; or (C) a “net exercise” procedure effected by withholding the minimum number of shares of Common Stock otherwise issuable in respect of an Option that are needed to pay the Exercise Price. Any fractional shares of Common Stock shall be settled in cash.

(e) Notification upon Disqualifying Disposition of an Incentive Stock Option. Each Participant awarded an Incentive Stock Option under the Plan shall notify the Company in writing immediately after the date the Participant makes a disqualifying disposition of any Common Stock acquired pursuant to the exercise of such Incentive Stock Option. A disqualifying disposition is any disposition (including, without limitation, any sale) of such Common Stock before the later of (i) the date that is two (2) years after the Date of Grant of the Incentive Stock Option, or (ii) the date that is one (1) year after the date of exercise of the Incentive Stock Option. The Company may, if determined by the Committee and in accordance with procedures established by the Committee, retain possession, as agent for the applicable Participant, of any Common Stock acquired pursuant to the exercise of an Incentive Stock Option until the end of the period described in the preceding sentence, subject to complying with any instructions from such Participant as to the sale of such Common Stock.

(f) Compliance With Laws, etc. Notwithstanding the foregoing, in no event shall a Participant be permitted to exercise an Option in a manner which the Committee determines would violate the Sarbanes-Oxley Act of 2002, as it may be amended from time to time, or any other applicable law or the applicable rules and regulations of the Securities and Exchange Commission or the applicable rules and regulations of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or traded.

8. Stock Appreciation Rights .

(a) General. Each SAR granted under the Plan shall be evidenced by an Award Agreement. Each SAR so granted shall be subject to the conditions set forth in this Section 8, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement. Any Option granted under the Plan may include tandem SARs. The Committee also may award SARs to Eligible Persons independent of any Option.

(b) Strike Price. Except as otherwise provided by the Committee in the case of Substitute Awards, the strike price (“Strike Price”) per share of Common Stock for each SAR shall not be less than 100% of the Fair Market Value of such share (determined as of the Date of Grant). Notwithstanding the foregoing, a SAR granted in tandem with (or in substitution for) an Option previously granted shall have a Strike Price equal to the Exercise Price of the corresponding Option.

(c) Vesting and Expiration .

(i) A SAR granted in connection with an Option shall become exercisable and shall expire according to the same vesting schedule and expiration provisions as the corresponding Option. A SAR granted independent of an Option shall vest and become exercisable in such manner and on such date or dates or upon such event or events as determined by the Committee.

(ii) SARs shall expire upon a date determined by the Committee, not to exceed ten (10) years from the Date of Grant (the “SAR Period”); *provided*, that if the SAR Period would expire at a time when trading in the shares of Common Stock is prohibited by the Company’s insider trading policy (or Company-imposed “blackout period”), then the SAR Period shall be automatically extended until the thirtieth (30th) day following the expiration of such prohibition.

(d) Method of Exercise. SARs which have become exercisable may be exercised by delivery of written or electronic notice of exercise to the Company in accordance with the terms of the Award, specifying the number of SARs to be exercised and the date on which such SARs were awarded.

(e) Payment. Upon the exercise of a SAR, the Company shall pay to the Participant an amount equal to the number of shares subject to the SAR that is being exercised multiplied by the excess of the Fair Market Value of one (1) share of Common Stock on the exercise date over the Strike Price, less an amount equal to any federal, state, local and non-U.S. income, employment and any other applicable taxes required to be withheld. The Company shall pay such amount in cash, in shares of Common Stock valued at Fair Market Value, or any combination thereof, as determined by the Committee. Any fractional shares of Common Stock shall be settled in cash.

9. Restricted Stock and Restricted Stock Units .

(a) General. Each grant of Restricted Stock and Restricted Stock Units shall be evidenced by an Award Agreement. Each Restricted Stock and Restricted Stock Unit so granted shall be subject to the conditions set forth in this Section 9, and to such other conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement.

(b) Stock Certificates and Book-Entry; Escrow or Similar Arrangement. Upon the grant of Restricted Stock, the Committee shall cause a stock certificate registered in the name of the Participant to be issued or shall cause share(s) of Common Stock to be registered in the name of the Participant and held in book-entry form subject to the Company's directions and, if the Committee determines that the Restricted Stock shall be held by the Company or in escrow rather than issued to the Participant pending the release of the applicable restrictions, the Committee may require the Participant to additionally execute and deliver to the Company (i) an escrow agreement satisfactory to the Committee, if applicable; and (ii) the appropriate stock power (endorsed in blank) with respect to the Restricted Stock covered by such agreement. If a Participant shall fail to execute and deliver (in a manner permitted under Section 16(a) of the Plan or as otherwise determined by the Committee) an agreement evidencing an Award of Restricted Stock and, if applicable, an escrow agreement and blank stock power within the amount of time specified by the Committee, the Award shall be null and void. Subject to the restrictions set forth in this Section 9 and the applicable Award Agreement, a Participant generally shall have the rights and privileges of a stockholder as to shares of Restricted Stock, including, without limitation, the right to vote such Restricted Stock; *provided*, that if the lapsing of restrictions with respect to any grant of Restricted Stock is contingent on satisfaction of performance conditions (other than, or in addition to, the passage of time), any dividends payable on such shares of Restricted Stock shall be held by the Company and delivered (without

interest) to the Participant within fifteen (15) days following the date on which the restrictions on such Restricted Stock lapse (and the right to any such accumulated dividends shall be forfeited upon the forfeiture of the Restricted Stock to which such dividends relate). To the extent shares of Restricted Stock are forfeited, any stock certificates issued to the Participant evidencing such shares shall be returned to the Company, and all rights of the Participant to such shares and as a stockholder with respect thereto shall terminate without further obligation on the part of the Company. A Participant shall have no rights or privileges as a stockholder as to Restricted Stock Units.

(c) Vesting. Restricted Stock and Restricted Stock Units shall vest, and any applicable Restricted Period shall lapse, in such manner and on such date or dates or upon such event or events as determined by the Committee.

(d) Issuance of Restricted Stock and Settlement of Restricted Stock Units.

(i) Upon the expiration of the Restricted Period with respect to any shares of Restricted Stock, the restrictions set forth in the applicable Award Agreement shall be of no further force or effect with respect to such shares, except as set forth in the applicable Award Agreement. If an escrow arrangement is used, upon such expiration, the Company shall issue to the Participant, or the Participant's beneficiary, without charge, the stock certificate (or, if applicable, a notice evidencing a book-entry notation) evidencing the shares of Restricted Stock which have not then been forfeited and with respect to which the Restricted Period has expired (rounded down to the nearest full share). Dividends, if any, that may have been withheld by the Committee and attributable to any particular share of Restricted Stock shall be distributed to the Participant in cash or, in the sole discretion of the Committee, in shares of Common Stock having a Fair Market Value (on the date of distribution) equal to the amount of such dividends, upon the release of restrictions on such share and, if such share is forfeited, the Participant shall have no right to such dividends.

(ii) Unless otherwise provided by the Committee in an Award Agreement or otherwise, upon the expiration of the Restricted Period with respect to any outstanding Restricted Stock Units, the Company shall issue to the Participant or the Participant's beneficiary, without charge, one (1) share of Common Stock (or other securities or other property, as applicable) for each such outstanding Restricted Stock Unit; *provided, however*, that the Committee may, in its sole discretion, elect to (A) pay cash or part cash and part shares of Common Stock in lieu of issuing only shares of Common Stock in respect of such Restricted Stock Units; or (B) defer the issuance of shares of Common Stock (or cash or part cash and part shares of Common Stock, as the case may be) beyond the expiration of the Restricted Period if such extension would not cause adverse tax consequences under Section 409A of the Code. If a cash payment is made in lieu of issuing shares of Common Stock in respect of such Restricted Stock Units, the amount of such payment shall be equal to the Fair Market Value per share of the Common Stock as of the date on which the Restricted Period lapsed with respect to such Restricted Stock Units. To the extent provided in an Award Agreement, the holder of outstanding Restricted Stock Units shall be entitled to be credited with dividend equivalent payments (upon the payment by the Company of dividends on shares of Common Stock) either in

cash or, in the sole discretion of the Committee, in shares of Common Stock having a Fair Market Value equal to the amount of such dividends (and interest may, in the sole discretion of the Committee, be credited on the amount of cash dividend equivalents at a rate and subject to such terms as determined by the Committee), which accumulated dividend equivalents (and interest thereon, if applicable) shall be payable at the same time as the underlying Restricted Stock Units are settled following the date on which the Restricted Period lapses with respect to such Restricted Stock Units, and, if such Restricted Stock Units are forfeited, the Participant shall have no right to such dividend equivalent payments (or interest thereon, if applicable).

(e) Legends on Restricted Stock. Each certificate, if any, or book entry representing Restricted Stock awarded under the Plan, if any, shall bear a legend or book entry notation substantially in the form of the following, in addition to any other information the Company deems appropriate, until the lapse of all restrictions with respect to such shares of Common Stock:

TRANSFER OF THIS CERTIFICATE AND THE SHARES REPRESENTED HEREBY IS RESTRICTED PURSUANT TO THE TERMS OF THE INVITATION HOMES INC. 2017 OMNIBUS INCENTIVE PLAN AND A RESTRICTED STOCK AWARD AGREEMENT BETWEEN INVITATION HOMES INC. AND PARTICIPANT. A COPY OF SUCH PLAN AND AWARD AGREEMENT IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICES OF INVITATION HOMES INC.

10. OP Units .

(a) General. Awards may be granted under the Plan in the form of undivided fractional limited partnership interests in the Operating Partnership of one or more classes (“OP Units”) established pursuant to the Operating Partnership’s agreement of limited partnership, as amended from time to time. Awards of OP Units shall be valued by reference to, or otherwise determined by reference to or based on, shares of Common Stock. OP Units awarded under the Plan may be (i) convertible, exchangeable or redeemable for other limited partnership interests in the Operating Partnership (including OP Units of a different class or series) or shares of Common Stock, or (ii) valued by reference to the book value, fair value or performance of the Operating Partnership. Awards of OP Units are intended to qualify as “profits interests” within the meaning of IRS Revenue Procedure 93-27, as clarified by IRS Revenue Procedure 2001-43, with respect to a Participant in the Plan who is rendering services to or for the benefit of the Operating Partnership, including its Subsidiaries.

(b) Share Calculations. For purposes of calculating the number of shares of Common Stock underlying an award of OP Units relative to the total number of shares of Common Stock available for issuance under the Plan, the Committee shall establish in good faith the maximum number of shares of Common Stock to which a Participant receiving such award of OP Units may be entitled upon fulfillment of all applicable conditions set forth in the relevant award documentation, including vesting conditions, partnership capital account allocations, value accretion factors, conversion ratios, exchange ratios and other similar criteria. If and when any such conditions are no longer capable of being met, in whole or in part, the

number of shares of Common Stock underlying such awards of OP Units shall be reduced accordingly by the Committee, and the number of shares of Common Stock shall be increased by one (1) share of Common Stock for each share so reduced. Awards of OP Units may be granted either alone or in addition to other awards granted under the Plan. The Committee shall determine: (i) the eligible Participants to whom, and the time or times at which, awards of OP Units shall be made; (ii) the number of OP Units to be awarded; (iii) the price, if any, to be paid by the Participant for the acquisition of such OP Units (which may be less than the fair value of the OP Unit); and (iv) the restrictions and conditions applicable to such award of OP Units. Conditions may be based on continuing employment (or other service relationship), computation of financial metrics and/or achievement of pre-established performance goals and objectives, with related length of the service period for vesting, minimum or maximum performance thresholds, measurement procedures and length of the performance period to be established by the Committee at the time of grant, in its sole discretion (or any other Performance Criteria). The Committee may allow awards of OP Units to be held through a limited partnership, or similar “look-through” entity, and the Committee may require such limited partnership or similar entity to impose restrictions on its partners or other beneficial owners that are not inconsistent with the provisions of this Section 10.

(c) Dividends and Distributions. Notwithstanding Section 16(c), to the extent provided in an Award Agreement, the holder of OP Units shall be entitled to be credited with dividend or dividend equivalent payments upon the payment by the Company of dividends on shares of Common Stock or other distributions from the Operating Partnership in the form of, in the sole discretion of the Committee, cash, shares of Common Stock or limited partnership interests having a Fair Market Value equal to the amount of such dividends (and interest may, in the sole discretion of the Committee, be credited on the amount of cash dividend equivalents at a rate and subject to such terms as determined by the Committee), which accumulated dividend equivalents (and interest thereon, if applicable) shall be payable at the same time as the underlying OP Units are settled following the date on which the restrictions and conditions applicable to the award of such OP Units lapse, and if such OP Units are forfeited, the Participant shall have no right to such dividend equivalent payments (or interest thereon, if applicable).

11. Other Equity-Based Awards. The Committee may grant Other Equity-Based Awards under the Plan to Eligible Persons, alone or in tandem with other Awards, in such amounts and dependent on such conditions as the Committee shall from time to time in its sole discretion determine. Each Other Equity-Based Award granted under the Plan shall be evidenced by an Award Agreement and shall be subject to such conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement, including, without limitation, those set forth in Section 16(a) of the Plan.

12. Cash-Based Incentive Awards. The Committee may grant Cash-Based Incentive Awards under the Plan to any Eligible Person who is or that the Committee reasonably believes could be a “covered employee” under Section 162(m) of the Code. All Cash-Based Incentive Awards shall be designated Performance Compensation Awards, and shall be subject to the terms and conditions of Section 13 hereof. Each Cash-Based Incentive Award granted under the Plan shall be evidenced in such form as the Committee may determine from time to time.

13. Performance Compensation Awards .

(a) General. The Committee shall have the authority, at or before the time of grant of any Award, to designate such Award as a Performance Compensation Award intended to qualify as “performance-based compensation” under Section 162(m) of the Code. Notwithstanding anything in the Plan to the contrary, if the Company determines that a Participant who has been granted an Award designated as a Performance Compensation Award is not (or is no longer) a “covered employee” (within the meaning of Section 162(m) of the Code), the terms and conditions of such Award may be modified without regard to any restrictions or limitations set forth in this Section 13 (but subject otherwise to the provisions of Section 15 of the Plan).

(b) Discretion of Committee with Respect to Performance Compensation Awards. With regard to a particular Performance Period, the Committee shall have sole discretion to select the length of such Performance Period, the type(s) of Performance Compensation Awards to be issued, the Performance Criteria that will be used to establish the Performance Goal(s), the kind(s) and/or level(s) of the Performance Goal(s) that is (are) to apply and the Performance Formula(e). Within the first ninety (90) days of a Performance Period (or, within any other maximum period allowed under Section 162(m) of the Code), the Committee shall, with regard to the Performance Compensation Awards to be issued for such Performance Period, exercise its discretion with respect to each of the matters enumerated in the immediately preceding sentence and record the same in writing.

(c) Performance Criteria. The Performance Criteria that will be used to establish the Performance Goal(s) may be based on the attainment of specific levels of performance of the Company (and/or one or more members of the Company Group, divisions or operational and/or business units, product lines, brands, business segments, administrative departments, or any combination of the foregoing) and shall be limited to the following, which may be determined in accordance with GAAP or on a non-GAAP basis: (i) net earnings, net income (before or after taxes) or consolidated net income; (ii) basic or diluted earnings per share (before or after taxes); (iii) net revenue or net revenue growth; (iv) gross revenue or gross revenue growth, gross profit or gross profit growth; (v) net operating profit (before or after taxes); (vi) return measures (including, but not limited to, return on investment, assets, capital, employed capital, invested capital, equity, or sales); (vii) cash flow measures (including, but not limited to, operating cash flow, free cash flow, or cash flow return on capital), which may but are not required to be measured on a per share basis; (viii) actual or adjusted earnings before or after interest, taxes, depreciation and/or amortization (including EBIT and EBITDA); (ix) gross or net operating margins (including, but not limited to, core NOI margin); (x) productivity ratios; (xi) share price (including, but not limited to, growth measures and total stockholder return); (xii) expense targets or cost reduction goals, general and administrative expense savings; (xiii) cost and expenditure measures (including, but not limited to, average capital expenditures per home, average gross cost to maintain a home, or average maintenance and turnover expense per home); (xiv) operating efficiency; (xv) funds from operations (including, but not limited to, Core FFO); (xvi) objective measures of customer/client/tenant satisfaction; (xvii) working capital targets; (xviii) measures of economic value added or other ‘value creation’ metrics; (xix) enterprise value; (xx) sales; (xxi) stockholder return; (xxii) lease performance measures (including, but not limited to, average monthly rent, or measures of new and renewal lease

spreads such as net effective rental rate growth); (xxiii) occupancy measures (including, but not limited to, average occupancy, or retention of existing customers/clients/tenants); (xiv) competitive market metrics; (xv) employee retention; (xvi) objective measures of personal targets, goals or completion of projects (including but not limited to succession and hiring projects, completion of specific acquisitions, dispositions, reorganizations or other corporate transactions or capital-raising transactions, expansions of specific business operations and meeting divisional or project budgets); (xxvii) comparisons of continuing operations to other operations; (xxviii) market share; (xxix) cost of capital, debt leverage year-end cash position or book value; (xxx) strategic objectives; or (xxxi) any combination of the foregoing. Any one or more of the Performance Criteria may be stated as a percentage of another Performance Criteria, or used on an absolute or relative basis to measure the performance of the Company and/or one or more members of the Company Group as a whole or any divisions or operational and/or business units, product lines, brands, business segments or administrative departments of the Company and/or one or more members of the Company Group or any combination thereof, as the Committee may deem appropriate, or any of the above Performance Criteria may be compared to the performance of a selected group of comparison companies, or a published or special index that the Committee, in its sole discretion, deems appropriate, or as compared to various stock market indices. The Committee also has the authority to provide for accelerated vesting of any Award based on the achievement of Performance Goals pursuant to the Performance Criteria specified in this paragraph. To the extent required under Section 162(m) of the Code, the Committee shall, within the first ninety (90) days of a Performance Period (or, within any other maximum period allowed under Section 162(m) of the Code), define in an objective fashion the manner of calculating the Performance Criteria it selects to use for such Performance Period.

(d) Modification of Performance Goal(s). In the event that applicable tax and/or securities laws change to permit Committee discretion to alter the governing Performance Criteria without obtaining stockholder approval of such alterations, the Committee shall have sole discretion to make such alterations without obtaining stockholder approval. Unless otherwise determined by the Committee at the time a Performance Compensation Award is granted, the Committee shall, during the first ninety (90) days of a Performance Period (or, within any other maximum period allowed under Section 162(m) of the Code), or at any time thereafter to the extent the exercise of such authority at such time would not cause the Performance Compensation Awards granted to any Participant for such Performance Period to fail to qualify as “performance-based compensation” under Section 162(m) of the Code, specify adjustments or modifications to be made to the calculation of a Performance Goal for such Performance Period, based on and in order to appropriately reflect the following events: (i) asset write-downs; (ii) litigation or claim judgments or settlements; (iii) the effect of changes in tax laws, accounting principles, or other laws or regulatory rules affecting reported results; (iv) any reorganization and restructuring programs; (v) acquisitions or divestitures; (vi) any other specific, unusual or nonrecurring events, or objectively determinable category thereof; (vii) foreign exchange gains and losses; (viii) discontinued operations and nonrecurring charges; and (ix) a change in the Company’s fiscal year.

(e) Payment of Performance Compensation Awards.

(i) Condition to Receipt of Payment. Unless otherwise provided in the applicable Award Agreement or otherwise determined by the Committee, a Participant must be employed by the Company on the last day of a Performance Period to be eligible for payment in respect of a Performance Compensation Award for such Performance Period.

(ii) Limitation. Unless otherwise provided in the applicable Award Agreement or otherwise determined by the Committee, a Participant shall be eligible to receive payment in respect of a Performance Compensation Award only to the extent that (A) the Performance Goals for such period are achieved, and (B) all or some portion of such Participant's Performance Compensation Award has been earned for the Performance Period based on the application of the Performance Formula to such achieved Performance Goals.

(iii) Certification. Following the completion of a Performance Period, the Committee shall review and certify in writing whether, and to what extent, the Performance Goals for the Performance Period have been achieved and, if so, calculate and certify in writing that amount of the Performance Compensation Awards earned for the period based upon the Performance Formula. The Committee shall then determine the amount of each Participant's Performance Compensation Award actually payable for the Performance Period and, in so doing, may apply Negative Discretion, to the extent applicable.

(iv) Use of Negative Discretion. In determining the actual amount of an individual Participant's Performance Compensation Award for a Performance Period, if such Performance Compensation Award is a Cash-Based Incentive Award, the Committee may reduce or eliminate the amount of such Performance Compensation Award earned under the Performance Formula in the Performance Period through the use of Negative Discretion. Unless otherwise provided in the applicable Award Agreement or otherwise determined by the Committee, the Committee shall not have the discretion to (A) grant or provide payment in respect of Performance Compensation Awards for a Performance Period if the Performance Goals for such Performance Period have not been attained, or (B) increase a Performance Compensation Award above the applicable limitations set forth in Section 5 of the Plan.

(f) Timing of Award Payments. Unless otherwise provided in the applicable Award Agreement or otherwise determined by the Committee, Performance Compensation Awards granted for a Performance Period shall be paid to Participants as soon as administratively practicable following completion of the certifications required by this Section 13. Any Performance Compensation Award that has been deferred shall not (between the date as of which the Award is deferred and the payment date) increase (i) with respect to a Performance Compensation Award that is a Cash-Based Incentive Award, by a measuring factor for each fiscal year greater than a reasonable rate of interest set by the Committee; or (ii) with respect to a Performance Compensation Award that is payable in shares of Common Stock, by an amount greater than the appreciation of a share of Common Stock from the date such Award is deferred to the payment date. Any Performance Compensation Award that is deferred and is otherwise payable in shares of Common Stock shall be credited (during the period between the date as of which the Award is deferred and the payment date) with dividend equivalents (in a manner consistent with the methodology set forth in the last sentence of Section 9(d)(ii) of the Plan).

14. Changes in Capital Structure and Similar Events . Notwithstanding any other provision in this Plan to the contrary, the following provisions shall apply to all Awards granted hereunder (other than Cash-Based Incentive Awards):

(a) General. In the event of (i) any dividend (other than regular cash dividends) or other distribution (whether in the form of cash, shares of Common Stock, other securities or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, split-off, spin-off, combination, repurchase or exchange of shares of Common Stock or other securities of the Company, issuance of warrants or other rights to acquire shares of Common Stock or other securities of the Company, or other similar corporate transaction or event that affects the shares of Common Stock (including a Change in Control); or (ii) unusual or nonrecurring events affecting the Company, including changes in applicable rules, rulings, regulations or other requirements, that the Committee determines, in its sole discretion, could result in substantial dilution or enlargement of the rights intended to be granted to, or available for, Participants (any event in (i) or (ii), an “Adjustment Event”), the Committee shall, in respect of any such Adjustment Event, make such proportionate substitution or adjustment, if any, as it deems equitable, to any or all of (A) the Absolute Share Limit, or any other limit applicable under the Plan with respect to the number of Awards which may be granted hereunder; (B) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or other property) which may be issued in respect of Awards or with respect to which Awards may be granted under the Plan or any Sub-Plan; and (C) the terms of any outstanding Award, including, without limitation, (I) the number of shares of Common Stock or other securities of the Company (or number and kind of other securities or other property) subject to outstanding Awards or to which outstanding Awards relate; (II) the Exercise Price or Strike Price with respect to any Award; or (III) any applicable performance measures (including, without limitation, Performance Criteria and Performance Goals); *provided* , that in the case of any “equity restructuring” (within the meaning of the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor pronouncement thereto)), the Committee shall make an equitable or proportionate adjustment to outstanding Awards to reflect such equity restructuring.

(b) Change in Control. Without limiting the foregoing, in connection with any Change in Control, the Committee may, in its sole discretion, provide for any one or more of the following:

(i) substitution or assumption of Awards, acceleration of the vesting of, exercisability of, lapse of restrictions on, or termination of, Awards, or, with respect to Awards subject to exercise, establishment of a period of time (which shall not be required to be more than ten (10) days) for Participants to exercise such outstanding Awards prior to the occurrence of such event (and any such Award not so exercised shall terminate upon such Change in Control); and

(ii) cancellation of any one or more outstanding Awards and payment to the holders of such Awards that are vested as of such cancellation (including, without

limitation, any Awards that would vest as a result of the occurrence of such event but for such cancellation or for which vesting is accelerated by the Committee in connection with such event pursuant to clause (i) above), the value of such Awards, if any, as determined by the Committee (which value, if applicable, may be based upon the price per share of Common Stock received or to be received by other stockholders of the Company in such event), including, without limitation, in the case of an outstanding Option or SAR, a cash payment in an amount equal to the excess, if any, of the Fair Market Value (as of a date specified by the Committee) of the shares of Common Stock subject to such Option or SAR over the aggregate Exercise Price or Strike Price of such Option or SAR (it being understood that, in such event, any Option or SAR having a per share Exercise Price or Strike Price equal to, or in excess of, the Fair Market Value of a share of Common Stock subject thereto may be canceled and terminated without any payment or consideration therefor).

For purposes of clause (i) above, an award will be considered granted in substitution of an Award if it has an equivalent value (as determined consistent with clause (ii) above) with the original Award, whether designated in securities of the acquiror in such Change in Control transaction (or an Affiliate thereof), or in cash or other property (including in the same consideration that other stockholders of the Company receive in connection with such Change in Control transaction), and retains the vesting schedule applicable to the original Award.

Payments to holders pursuant to clause (ii) above shall be made in cash or, in the sole discretion of the Committee, in the form of such other consideration necessary for a Participant to receive property, cash, or securities (or combination thereof) as such Participant would have been entitled to receive upon the occurrence of the transaction if the Participant had been, immediately prior to such transaction, the holder of the number of shares of Common Stock covered by the Award at such time (less any applicable Exercise Price or Strike Price).

(c) Internal Reorganization. Notwithstanding anything to the contrary contained herein, (i) no payments or benefits or acceleration of payments, benefits or vesting will become payable or accelerated, as applicable, hereunder or under any Award Agreement or be triggered for any purpose in the event of any internal reorganization (whether by merger, consolidation, reorganization, combination, contribution, distribution, asset transfer or otherwise) or restructuring involving the Company or any of its Affiliates, including any such reorganization or restructuring pursuant to a merger or other combination involving the Company in which an Affiliate of the Company survives or succeeds as a publicly-traded entity (including, without limitation, by virtue of a triangular merger structure) and/or any such reorganization or restructuring undertaken in connection with implementation of an umbrella partnership REIT or downREIT structure (an “Internal Reorganization”), (ii) in connection with any Internal Reorganization, the Committee shall have the authority to transfer and assign the Plan and all related agreements, including Award Agreements, to a direct or indirect Subsidiary of the Company as part of such Internal Reorganization, subject to compliance with applicable law, and (iii) if any Internal Reorganization results in a transfer of a Participant’s service from the Company to one of its direct or indirect Subsidiaries, such a transfer shall not be considered or interpreted as a termination of employment or separation from service under any other similar provision that addresses an involuntary termination of employment or service.

(d) Other Requirements. Prior to any payment or adjustment contemplated under this Section 14, the Committee may require a Participant to (i) represent and warrant as to the unencumbered title to the Participant's Awards; (ii) bear such Participant's pro rata share of any post-closing indemnity obligations, and be subject to the same post-closing purchase price adjustments, escrow terms, offset rights, holdback terms, and similar conditions as the other holders of Common Stock, subject to any limitations or reductions as may be necessary to comply with Section 409A of the Code; and (iii) deliver customary transfer documentation as reasonably determined by the Committee.

(e) Fractional Shares. Any adjustment provided under this Section 14 may provide for the elimination of any fractional share that might otherwise become subject to an Award.

(f) Binding Effect. Any adjustment, substitution, determination of value or other action taken by the Committee under this Section 14 shall be conclusive and binding for all purposes.

15. Amendments and Termination .

(a) Amendment and Termination of the Plan. The Board may amend, alter, suspend, discontinue, or terminate the Plan or any portion thereof at any time; *provided*, that no such amendment, alteration, suspension, discontinuance or termination shall be made without stockholder approval if (i) such approval is necessary to comply with any regulatory requirement applicable to the Plan (including, without limitation, as necessary to comply with any rules or regulations of any securities exchange or inter-dealer quotation system on which the securities of the Company may be listed or quoted) or for changes in GAAP to new accounting standards; (ii) it would materially increase the number of securities which may be issued under the Plan (except for increases pursuant to Section 5 or 14 of the Plan); or (iii) it would materially modify the requirements for participation in the Plan; *provided, further*, that any such amendment, alteration, suspension, discontinuance or termination that would materially and adversely affect the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder or beneficiary. Notwithstanding the foregoing, no amendment shall be made to the Section 15(c) of the Plan without stockholder approval.

(b) Amendment of Award Agreements. The Committee may, to the extent consistent with the terms of the Plan and any applicable Award Agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted or the associated Award Agreement, prospectively or retroactively (including after a Participant's Termination); *provided*, that, other than pursuant to Section 14, any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of any Participant with respect to any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant.

(c) No Repricing. Notwithstanding anything in the Plan to the contrary, without stockholder approval, except as otherwise permitted under Section 14 of the Plan, (i) no amendment or modification may reduce the Exercise Price of any Option or the Strike Price of

any SAR; (ii) the Committee may not cancel any outstanding Option or SAR and replace it with a new Option or SAR (with a lower Exercise Price or Strike Price, as the case may be) or other Award or cash payment that is greater than the intrinsic value (if any) of the cancelled Option or SAR; and (iii) the Committee may not take any other action which is considered a “repricing” for purposes of the stockholder approval rules of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or quoted.

16. General .

(a) Award Agreements . Each Award (other than a Cash-Based Incentive Award) under the Plan shall be evidenced by an Award Agreement, which shall be delivered to the Participant to whom such Award was granted and shall specify the terms and conditions of the Award and any rules applicable thereto, including, without limitation, the effect on such Award of the death, Disability or Termination of a Participant, or of such other events as may be determined by the Committee. For purposes of the Plan, an Award Agreement may be in any such form (written or electronic) as determined by the Committee (including, without limitation, a Board or Committee resolution, an employment agreement, a notice, a certificate or a letter) evidencing the Award. The Committee need not require an Award Agreement to be signed by the Participant or a duly authorized representative of the Company.

(b) Nontransferability .

(i) Each Award shall be exercisable only by such Participant to whom such Award was granted during the Participant’s lifetime, or, if permissible under applicable law, by the Participant’s legal guardian or representative. No Award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant (unless such transfer is specifically required pursuant to a domestic relations order or by applicable law) other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against any member of the Company Group; *provided* , that the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

(ii) Notwithstanding the foregoing, the Committee may, in its sole discretion, permit Awards (other than Incentive Stock Options) to be transferred by a Participant, without consideration, subject to such rules as the Committee may adopt consistent with any applicable Award Agreement to preserve the purposes of the Plan, to (A) any person who is a “family member” of the Participant, as such term is used in the instructions to Form S-8 under the Securities Act or any successor form of registration statement promulgated by the Securities and Exchange Commission (collectively, the “Immediate Family Members”); (B) a trust solely for the benefit of the Participant and the Participant’s Immediate Family Members; (C) a partnership or limited liability company whose only partners or stockholders are the Participant and the Participant’s Immediate Family Members; or (D) a beneficiary to whom donations are eligible to be treated as “charitable contributions” for federal income tax purposes (each transferee described in clauses (A), (B), (C) and (D) above is hereinafter referred to as a “Permitted Transferee”); *provided* , that the Participant gives the Committee advance written notice

describing the terms and conditions of the proposed transfer and the Committee notifies the Participant in writing that such a transfer would comply with the requirements of the Plan.

(iii) The terms of any Award transferred in accordance with clause (ii) above shall apply to the Permitted Transferee and any reference in the Plan, or in any applicable Award Agreement, to a Participant shall be deemed to refer to the Permitted Transferee, except that (A) Permitted Transferees shall not be entitled to transfer any Award, other than by will or the laws of descent and distribution; (B) Permitted Transferees shall not be entitled to exercise any transferred Option unless there shall be in effect a registration statement on an appropriate form covering the shares of Common Stock to be acquired pursuant to the exercise of such Option if the Committee determines, consistent with any applicable Award Agreement, that such a registration statement is necessary or appropriate; (C) neither the Committee nor the Company shall be required to provide any notice to a Permitted Transferee, whether or not such notice is or would otherwise have been required to be given to the Participant under the Plan or otherwise; and (D) the consequences of a Participant's Termination under the terms of the Plan and the applicable Award Agreement shall continue to be applied with respect to the Participant, including, without limitation, that an Option shall be exercisable by the Permitted Transferee only to the extent, and for the periods, specified in the Plan and the applicable Award Agreement.

(c) Dividends and Dividend Equivalents. The Committee may, in its sole discretion, provide a Participant as part of an Award with dividends, dividend equivalents, or similar payments in respect of Awards, payable in cash, shares of Common Stock, other securities, other Awards or other property, on a current or deferred basis, on such terms and conditions as may be determined by the Committee in its sole discretion, including, without limitation, payment directly to the Participant, withholding of such amounts by the Company subject to vesting of the Award or reinvestment in additional shares of Common Stock, Restricted Stock or other Awards; *provided*, that no dividends, dividend equivalents or other similar payments shall be payable in respect of outstanding (i) Options or SARs, or (ii) unearned Performance Compensation Awards or other unearned Awards subject to performance conditions (other than, or in addition to, the passage of time) (although dividends, dividend equivalents or other similar payments may be accumulated in respect of unearned Awards and paid within fifteen (15) days after such Awards are earned and become payable or distributable).

(d) Tax Withholding.

(i) A Participant shall be required to pay to the Company or one or more of its Subsidiaries, as applicable, an amount in cash (by check or wire transfer) equal to the aggregate amount of any income, employment and/or other applicable taxes that are statutorily required to be withheld in respect of an Award. Alternatively, the Company or any of its Subsidiaries may elect, in its sole discretion, to satisfy this requirement by withholding such amount from any cash compensation or other cash amounts owing to a Participant.

(ii) Without limiting the foregoing, the Committee may (but is not obligated to), in its sole discretion, permit or require a Participant to satisfy, all or any portion of the minimum income, employment and/or other applicable taxes that are statutorily required to be withheld with respect to an Award by (A) the delivery of shares of Common Stock (which are not subject to any pledge or other security interest) that have been both held by the Participant and vested for at least six (6) months (or such other period as established from time to time by the Committee in order to avoid adverse accounting treatment under applicable accounting standards) having an aggregate Fair Market Value equal to such minimum statutorily required withholding liability (or portion thereof); or (B) having the Company withhold from the shares of Common Stock otherwise issuable or deliverable to, or that would otherwise be retained by, the Participant upon the grant, exercise, vesting or settlement of the Award, as applicable, a number of shares of Common Stock with an aggregate Fair Market Value equal to an amount, subject to clause (iii) below, not in excess of such minimum statutorily required withholding liability (or portion thereof).

(iii) The Committee, subject to its having considered the applicable accounting impact of any such determination, has full discretion to allow Participants to satisfy, in whole or in part, any additional income, employment and/or other applicable taxes payable by them with respect to an Award by electing to have the Company withhold from the shares of Common Stock otherwise issuable or deliverable to, or that would otherwise be retained by, a Participant upon the grant, exercise, vesting or settlement of the Award, as applicable, shares of Common Stock having an aggregate Fair Market Value that is greater than the applicable minimum required statutory withholding liability (but such withholding may in no event be in excess of the maximum statutory withholding amount(s) in a Participant's relevant tax jurisdictions).

(e) Data Protection. By participating in the Plan or accepting any rights granted under it, each Participant consents to the collection and processing of personal data relating to the Participant so that the Company and its Affiliates can fulfill their obligations and exercise their rights under the Plan and generally administer and manage the Plan. This data will include, but may not be limited to, data about participation in the Plan and shares offered or received, purchased, or sold under the Plan from time to time and other appropriate financial and other data (such as the date on which the Awards were granted) about the Participant and the Participant's participation in the Plan.

(f) No Claim to Awards; No Rights to Continued Employment; Waiver. No employee of any member of the Company Group, or other Person, shall have any claim or right to be granted an Award under the Plan or, having been selected for the grant of an Award, to be selected for a grant of any other Award. There is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant and may be made selectively among Participants, whether or not such Participants are similarly situated. Neither the Plan nor any action taken hereunder shall be construed as giving any Participant any right to be retained in the employ or service of the Service Recipient or any other member of the Company Group, nor shall it be construed as giving any Participant any rights to continued service on the Board. The Service Recipient or

any other member of the Company Group may at any time dismiss a Participant from employment or discontinue any consulting relationship, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or any Award Agreement. By accepting an Award under the Plan, a Participant shall thereby be deemed to have waived any claim to continued exercise or vesting of an Award or to damages or severance entitlement related to non-continuation of the Award beyond the period provided under the Plan or any Award Agreement, except to the extent of any provision to the contrary in any written employment contract or other agreement between the Service Recipient and/or any member of the Company Group and the Participant, whether any such agreement is executed before, on or after the Date of Grant.

(g) International Participants. With respect to Participants who reside or work outside of the United States of America and who are not (and who are not expected to be) “covered employees” within the meaning of Section 162(m) of the Code, the Committee may, in its sole discretion, amend the terms of the Plan and create or amend Sub-Plans or amend outstanding Awards with respect to such Participants in order to conform such terms with the requirements of local law or to obtain more favorable tax or other treatment for a Participant or any member of the Company Group.

(h) Designation and Change of Beneficiary. Each Participant may file with the Committee a written designation of one or more Persons as the beneficiary(ies) who shall be entitled to receive the amounts payable with respect to an Award, if any, due under the Plan upon the Participant’s death. A Participant may, from time to time, revoke or change the Participant’s beneficiary designation without the consent of any prior beneficiary by filing a new designation with the Committee. The last such designation received by the Committee shall be controlling; *provided, however*, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Participant’s death, and in no event shall it be effective as of a date prior to such receipt. If no beneficiary designation is filed by a Participant, the beneficiary shall be deemed to be the Participant’s spouse or, if the Participant is unmarried at the time of death, the Participant’s estate.

(i) Termination. Except as otherwise provided in an Award Agreement, unless determined otherwise by the Committee at any point following such event: (i) neither a temporary absence from employment or service due to illness, vacation or leave of absence (including, without limitation, a call to active duty for military service through a Reserve or National Guard unit) nor a transfer from employment or service with one Service Recipient to employment or service with another Service Recipient (or vice-versa) shall be considered a Termination; and (ii) if a Participant undergoes a Termination of employment, but such Participant continues to provide services to the Company Group in a non-employee capacity, such change in status shall not be considered a Termination for purposes of the Plan. Further, unless otherwise determined by the Committee, in the event that any Service Recipient ceases to be a member of the Company Group (by reason of sale, divestiture, spin-off or other similar transaction), unless a Participant’s employment or service is transferred to another entity that would constitute a Service Recipient immediately following such transaction, such Participant shall be deemed to have suffered a Termination hereunder as of the date of the consummation of such transaction.

(j) No Rights as a Stockholder. Except as otherwise specifically provided in the Plan or any Award Agreement, no Person shall be entitled to the privileges of ownership in respect of shares of Common Stock which are subject to Awards hereunder until such shares have been issued or delivered to such Person.

(k) Government and Other Regulations.

(i) The obligation of the Company to settle Awards in shares of Common Stock or other consideration shall be subject to all applicable laws, rules, and regulations, and to such approvals by governmental agencies as may be required. Notwithstanding any terms or conditions of any Award to the contrary, the Company shall be under no obligation to offer to sell or to sell, and shall be prohibited from offering to sell or selling, any shares of Common Stock pursuant to an Award unless such shares have been properly registered for sale pursuant to the Securities Act with the Securities and Exchange Commission or unless the Company has received an opinion of counsel (if the Company has requested such an opinion), satisfactory to the Company, that such shares may be offered or sold without such registration pursuant to an available exemption therefrom and the terms and conditions of such exemption have been fully complied with. The Company shall be under no obligation to register for sale under the Securities Act any of the shares of Common Stock to be offered or sold under the Plan. The Committee shall have the authority to provide that all shares of Common Stock or other securities of any member of the Company Group issued under the Plan shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan, the applicable Award Agreement, the Federal securities laws, or the rules, regulations and other requirements of the Securities and Exchange Commission, any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or quoted and any other applicable Federal, state, local or non-U.S. laws, rules, regulations and other requirements, and, without limiting the generality of Section 9 of the Plan, the Committee may cause a legend or legends to be put on certificates representing shares of Common Stock or other securities of any member of the Company Group issued under the Plan to make appropriate reference to such restrictions or may cause such Common Stock or other securities of any member of the Company Group issued under the Plan in book-entry form to be held subject to the Company's instructions or subject to appropriate stop-transfer orders. Notwithstanding any provision in the Plan to the contrary, the Committee reserves the right to add any additional terms or provisions to any Award granted under the Plan that the Committee, in its sole discretion, deems necessary or advisable in order that such Award complies with the legal requirements of any governmental entity to whose jurisdiction the Award is subject.

(ii) The Committee may cancel an Award or any portion thereof if it determines, in its sole discretion, that legal or contractual restrictions and/or blockage and/or other market considerations would make the Company's acquisition of shares of Common Stock from the public markets, the Company's issuance of Common Stock to the Participant, the Participant's acquisition of Common Stock from the Company and/or the Participant's sale of Common Stock to the public markets, illegal, impracticable or inadvisable. If the Committee determines to cancel all or any portion of an Award in

accordance with the foregoing, the Company shall, subject to any limitations or reductions as may be necessary to comply with Section 409A of the Code, (A) pay to the Participant an amount equal to the excess of (I) the aggregate Fair Market Value of the shares of Common Stock subject to such Award or portion thereof canceled (determined as of the applicable exercise date, or the date that the shares would have been vested or issued, as applicable) over (II) the aggregate Exercise Price or Strike Price (in the case of an Option or SAR, respectively) or any amount payable as a condition of issuance of shares of Common Stock (in the case of any other Award). Such amount shall be delivered to the Participant as soon as practicable following the cancellation of such Award or portion thereof; or (B) in the case of Restricted Stock, Restricted Stock Units or Other Equity-Based Awards, provide the Participant with a cash payment or equity subject to deferred vesting and delivery consistent with the vesting restrictions applicable to such Restricted Stock, Restricted Stock Units or Other Equity-Based Awards, or the underlying shares in respect thereof.

(l) No Section 83(b) Elections Without Consent of Company. Except with respect to OP Units, no election under Section 83(b) of the Code or under a similar provision of law may be made unless expressly permitted by the terms of the applicable Award Agreement or by action of the Committee in writing prior to the making of such election. If a Participant, in connection with the acquisition of shares of Common Stock or OP Units under the Plan or otherwise, is expressly permitted to make such election and the Participant makes the election, the Participant shall notify the Company of such election within ten (10) days of filing notice of the election with the Internal Revenue Service or other governmental authority, in addition to any filing and notification required pursuant to Section 83(b) of the Code or other applicable provision.

(m) Payments to Persons Other Than Participants. If the Committee shall find that any Person to whom any amount is payable under the Plan is unable to care for the Participant's affairs because of illness or accident, or is a minor, or has died, then any payment due to such Person or the Participant's estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so directs the Company, be paid to the Participant's spouse, child, relative, an institution maintaining or having custody of such Person, or any other Person deemed by the Committee to be a proper recipient on behalf of such Person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Committee and the Company therefor.

(n) Nonexclusivity of the Plan. Neither the adoption of the Plan by the Board nor the submission of the Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of equity-based awards otherwise than under the Plan, and such arrangements may be either applicable generally or only in specific cases.

(o) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between any member of the Company Group, on the one hand, and a Participant or other Person, on the other hand. No provision of the Plan or any Award shall require the Company, for the purpose of

satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor shall the Company be obligated to maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants shall have no rights under the Plan other than as unsecured general creditors of the Company, except that insofar as they may have become entitled to payment of additional compensation by performance of services, they shall have the same rights as other service providers under general law.

(p) Reliance on Reports. Each member of the Committee and each member of the Board shall be fully justified in acting or failing to act, as the case may be, and shall not be liable for having so acted or failed to act in good faith, in reliance upon any report made by the independent public accountant of any member of the Company Group and/or any other information furnished in connection with the Plan by any agent of the Company or the Committee or the Board, other than himself or herself.

(q) Relationship to Other Benefits. No payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company except as otherwise specifically provided in such other plan or as required by applicable law.

(r) Governing Law. The Plan shall be governed by and construed in accordance with the internal laws of the State of Maryland applicable to contracts made and performed wholly within the State of Maryland, without giving effect to the conflict of laws provisions thereof. EACH PARTICIPANT WHO ACCEPTS AN AWARD IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY SUIT, ACTION, OR OTHER PROCEEDING INSTITUTED BY OR AGAINST SUCH PARTICIPANT IN RESPECT OF THE PARTICIPANT'S RIGHTS OR OBLIGATIONS HEREUNDER

(s) Severability. If any provision of the Plan or any Award or Award Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be construed or deemed stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

(t) Obligations Binding on Successors. The obligations of the Company under the Plan shall be binding upon any successor corporation or organization resulting from the merger, consolidation or other reorganization of the Company, or upon any successor corporation or organization succeeding to substantially all of the assets and business of the Company (or as otherwise contemplated in connection with any Internal Reorganization).

(u) Section 409A of the Code.

(i) Notwithstanding any provision of the Plan to the contrary, it is intended that the provisions of the Plan comply with Section 409A of the Code, and all provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code. Each Participant is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or in respect of such Participant in connection with the Plan (including any taxes and penalties under Section 409A of the Code), and neither the Service Recipient nor any other member of the Company Group shall have any obligation to indemnify or otherwise hold such Participant (or any beneficiary) harmless from any or all of such taxes or penalties. With respect to any Award that is considered “deferred compensation” subject to Section 409A of the Code, references in the Plan to “termination of employment” (and substantially similar phrases) shall mean “separation from service” within the meaning of Section 409A of the Code. For purposes of Section 409A of the Code, each of the payments that may be made in respect of any Award granted under the Plan is designated as separate payments.

(ii) Notwithstanding anything in the Plan to the contrary, if a Participant is a “specified employee” within the meaning of Section 409A(a)(2)(B)(i) of the Code, no payments in respect of any Awards that are “deferred compensation” subject to Section 409A of the Code and which would otherwise be payable upon the Participant’s “separation from service” (as defined in Section 409A of the Code) shall be made to such Participant prior to the date that is six (6) months after the date of such Participant’s “separation from service” or, if earlier, the date of the Participant’s death. Following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the earliest date permitted under Section 409A of the Code that is also a business day.

(iii) Unless otherwise provided by the Committee in an Award Agreement or otherwise, in the event that the timing of payments in respect of any Award (that would otherwise be considered “deferred compensation” subject to Section 409A of the Code) would be accelerated upon the occurrence of (A) a Change in Control, no such acceleration shall be permitted unless the event giving rise to the Change in Control satisfies the definition of a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation pursuant to Section 409A of the Code; or (B) a Disability, no such acceleration shall be permitted unless the Disability also satisfies the definition of “Disability” pursuant to Section 409A of the Code.

(v) Clawback/Repayment. All Awards shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with (i) any clawback, forfeiture or other similar policy adopted by the Board or the Committee and as in effect from time to time; and (ii) applicable law. Further, to the extent that the Participant receives any amount in excess of the amount that the Participant should otherwise have received under the terms of the Award for any reason (including, without limitation, by reason of a financial restatement, mistake in calculations or other administrative error), the Participant shall be required to repay any such excess amount to the Company.

(w) Detrimental Activity. Notwithstanding anything to the contrary contained herein, if a Participant has engaged in any Detrimental Activity, as determined by the Committee, the Committee may, in its sole discretion, provide for one or more of the following:

(i) cancellation of any or all of such Participant's outstanding Awards; or

(ii) forfeiture by the Participant of any gain realized on the vesting or exercise of Awards, and to repay any such gain to promptly to the Company.

(x) Right of Offset. The Company will have the right to offset against its obligation to deliver shares of Common Stock (or other property or cash) under the Plan or any Award Agreement any outstanding amounts (including, without limitation, travel and entertainment or advance account balances, loans, repayment obligations under any Awards, or amounts repayable to the Company pursuant to tax equalization, housing, automobile or other employee programs) that the Participant then owes to any member of the Company Group and any amounts the Committee otherwise deems appropriate pursuant to any tax equalization policy or agreement. Notwithstanding the foregoing, if an Award is "deferred compensation" subject to Section 409A of the Code, the Committee will have no right to offset against its obligation to deliver shares of Common Stock (or other property or cash) under the Plan or any Award Agreement if such offset could subject the Participant to the additional tax imposed under Section 409A of the Code in respect of an outstanding Award.

(y) Expenses; Titles and Headings. The expenses of administering the Plan shall be borne by the Company Group. The titles and headings of the sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

INDEMNIFICATION AGREEMENT

THIS INDEMNIFICATION AGREEMENT ("Agreement") is made and entered into as of the _____ day of _____, 20____, by and between Invitation Homes Inc., a Maryland corporation (the "Company"), and _____("Indemnitee").

WHEREAS, at the request of the Company, Indemnitee currently serves as **[a director] [and] [an officer]** of the Company and may, therefore, be subjected to claims, suits or proceedings arising as a result of such service;

WHEREAS, as an inducement to Indemnitee to serve or continue to serve in such capacity, the Company has agreed to indemnify Indemnitee and to advance expenses and costs incurred by Indemnitee in connection with any such claims, suits or proceedings, to the maximum extent permitted by law; and

WHEREAS, the parties by this Agreement desire to set forth their agreement regarding indemnification and advance of expenses;

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Definitions. For purposes of this Agreement:

(a) "Change in Control" means a change in control of the Company occurring after the Effective Date of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not the Company is then subject to such reporting requirement; provided, however, that, without limitation, such a Change in Control shall be deemed to have occurred if, after the Effective Date (i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than The Blackstone Group L.P. or any affiliate thereof or any group including The Blackstone Group L.P. or any affiliate thereof, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 35% or more of the combined voting power of all of the Company's then-outstanding securities entitled to vote generally in the election of directors without the prior approval of at least two-thirds of the members of the Board of Directors in office immediately prior to such person's or group's attaining such percentage interest; (ii) the Company is a party to a merger, consolidation, sale of assets, plan of liquidation or other reorganization not approved by at least two-thirds of the members of the Board of Directors then in office, as a consequence of which members of the Board of Directors in office immediately prior to such transaction or event constitute less than a majority of the Board of Directors thereafter; or (iii) at any time, a majority of the members of the Board of Directors are not individuals (A) who were directors as of the Effective Date or (B) whose election by the Board of Directors or nomination for election by the Company's stockholders was approved by the affirmative vote of at least two-thirds of the directors then in office who were directors as of the Effective Date or whose election or nomination for election was previously so approved.

(b) “Corporate Status” means the status of a person as a present or former director, officer, employee or agent of the Company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, trust, partnership, limited liability company, joint venture, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company. As a clarification and without limiting the circumstances in which Indemnitee may be serving at the request of the Company, service by Indemnitee shall be deemed to be at the request of the Company: (i) if Indemnitee serves or served as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any corporation, trust, partnership, limited liability company, joint venture, or other enterprise (1) of which a majority of the voting power or equity interest is or was owned directly or indirectly by the Company or (2) the management of which is controlled directly or indirectly by the Company; (ii) if, as a result of Indemnitee’s service to the Company or any of its affiliated entities, Indemnitee is subject to duties by, or required to perform services for, an employee benefit plan or its participants or beneficiaries, including as a deemed fiduciary thereof; or (iii) if such service is at the express written request of the Company.

“Determination” means a determination that either (1) Indemnitee is entitled to indemnification under this Agreement (a “Favorable Determination”) or (2) Indemnitee is not entitled to indemnification under this Agreement (an “Adverse Determination”).

(c) “Disinterested Director” means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification and/or advance of Expenses is sought by Indemnitee.

(d) “Effective Date” means the date set forth in the first paragraph of this Agreement.

(e) “Expenses” means any and all reasonable and out-of-pocket attorneys’ fees and costs, retainers, court costs, arbitration and mediation costs, transcript costs, fees of experts, witness fees, public relations consultants, bonds, costs of collecting and producing documents, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties and any other disbursements or expenses incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in or otherwise participating in a Proceeding. Expenses shall also include Expenses incurred in connection with any appeal resulting from any Proceeding including, without limitation, the premium, security for and other costs relating to any cost bond, supersedeas bond or other appeal bond or its equivalent.

(f) “Independent Counsel” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither is, nor in the past five years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement or of other indemnitees under similar indemnification agreements), or (ii) any other party to or participant or witness in the Proceeding giving rise to a claim for indemnification or advance of Expenses hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

(g) “Proceeding” means any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing, claim, demand, discovery request, or any other actual, threatened or completed proceeding, whether brought by or in the right of the Company or otherwise and whether of a civil (including intentional or unintentional tort claims), criminal, administrative or investigative (formal or informal) nature in which Indemnitee was, is, will or might be involved as a party or non-party witness by reason of Indemnitee’s Corporate Status, including any appeal therefrom, except one pending or completed on or before the Effective Date, unless otherwise specifically agreed in writing by the Company and Indemnitee. If Indemnitee reasonably believes that a given situation may lead to or culminate in the institution of a Proceeding, such situation shall also be considered a Proceeding.

(h) “ Voting Securities ” means any securities of the Company that entitle the holder thereof to vote generally in the election of directors.

Section 2. Services by Indemnitee . Indemnitee will serve in the capacity or capacities set forth in the first WHEREAS clause above. However, this Agreement shall not impose any independent obligation on Indemnitee or the Company to continue Indemnitee’s service to the Company. Indemnitee shall be entitled to resign or otherwise terminate such service with immediate effect at any time, and neither such resignation or termination nor the length of such service shall affect the Indemnitee’s rights under this Agreement. This Agreement shall not (a) be deemed an employment contract between the Company (or any other entity) and Indemnitee, (b) supersede any employment agreement to which Indemnitee is a party or (c) create any right of Indemnitee to continued employment or appointment.

Section 3. General . The Company shall indemnify, and advance Expenses to, Indemnitee (a) as provided in this Agreement and (b) otherwise to the maximum extent permitted by Maryland law in effect on the Effective Date and as amended from time to time; provided, however, that no change in Maryland law shall have the effect of reducing the benefits available to Indemnitee hereunder based on Maryland law as in effect on the Effective Date. The rights of Indemnitee provided in this Section 3 shall include, without limitation, the rights set forth in the other sections of this Agreement and any additional indemnification permitted by the Maryland General Corporation Law (the “MGCL”), including, without limitation, Section 2-418 of the MGCL.

Section 4. Standard for Indemnification. If, by reason of Indemnitee's Corporate Status, Indemnitee is, or is threatened to be, made a party to any Proceeding, the Company shall indemnify Indemnitee against all judgments, penalties, fines and amounts paid in settlement and all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with any such Proceeding unless it is established that (a) the act or omission of Indemnitee was material to the matter giving rise to the Proceeding and (i) was committed in bad faith or (ii) was the result of active and deliberate dishonesty, (b) Indemnitee actually received an improper personal benefit in money, property or services or (c) in the case of any criminal Proceeding, Indemnitee had reasonable cause to believe that Indemnitee's conduct was unlawful.

Section 5. Certain Limits on Indemnification. Notwithstanding any other provision of this Agreement (other than Section 6), Indemnitee shall not be entitled to:

(a) indemnification hereunder if the Proceeding was one by or in the right of the Company and Indemnitee is adjudged, in a final adjudication of the Proceeding not subject to further appeal, to be liable to the Company;

(b) indemnification hereunder if Indemnitee is adjudged, in a final adjudication of the Proceeding not subject to further appeal, to be liable on the basis that personal benefit in money, property or services was improperly received in any Proceeding charging improper personal benefit to Indemnitee, whether or not involving action in the Indemnitee's Corporate Status; or

(c) indemnification or advance of Expenses hereunder if the Proceeding was brought by Indemnitee, unless: (i) the Proceeding was brought to enforce indemnification under this Agreement, and then only to the extent in accordance with and as authorized by Section 12 of this Agreement, or (ii) the charter or Bylaws of the Company, a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors or an agreement approved by the Board of Directors to which the Company is a party expressly provide otherwise.

Section 6. Court-Ordered Indemnification. Notwithstanding any other provision of this Agreement, a court of appropriate jurisdiction, upon application of Indemnitee and such notice as the court shall require, may order indemnification of Indemnitee by the Company in the following circumstances:

(a) if such court determines that Indemnitee is entitled to reimbursement under Section 2-418(d)(1) of the MGCL, the court shall order indemnification, in which case Indemnitee shall be entitled to recover the Expenses of securing such reimbursement; or

(b) if such court determines that Indemnitee is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not Indemnitee (i) has met the standards of conduct set forth in Section 2-418(b) of the MGCL or (ii) has been adjudged liable for receipt of an improper personal benefit under Section 2-418(c) of the MGCL, the court may order such indemnification as the court shall deem proper without regard to any limitation on such court-ordered indemnification contemplated by Section 2-418(d)(2)(ii) of the MGCL.

Section 7. Indemnification for Expenses of an Indemnitee Who is Wholly or Partially Successful. Notwithstanding any other provision of this Agreement, and without limiting any such provision, to the extent that Indemnitee was or is, by reason of Indemnitee's Corporate Status, made a party to (or otherwise becomes a participant in) any Proceeding and is successful, on the merits or otherwise, in the defense of such Proceeding, the Company shall indemnify Indemnitee for all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee under this Section 7 for all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with each such claim, issue or matter, allocated on a reasonable and proportionate basis. For purposes of this Section 7 and, without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 8. Advance of Expenses for Indemnitee. If, by reason of Indemnitee's Corporate Status, Indemnitee is, or is threatened to be, made a party to any Proceeding, the Company shall, without requiring a preliminary Determination of Indemnitee's ultimate entitlement to indemnification hereunder, advance all Expenses incurred by or on behalf of Indemnitee in connection with such Proceeding. The Company shall make such advance within ten days after the receipt by the Company of a statement or statements requesting such advance from time to time, whether prior to or after final disposition of such Proceeding and may be in the form of, in the reasonable discretion of the Indemnitee (but without duplication), (a) payment of such Expenses directly to third parties on behalf of Indemnitee, (b) advance of funds to Indemnitee in an amount sufficient to pay such Expenses or (c) reimbursement to Indemnitee for Indemnitee's payment of such Expenses. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee and shall include or be preceded or accompanied by a written affirmation by Indemnitee and a written undertaking by or on behalf of Indemnitee, in substantially the form attached hereto as Exhibit A or in such form as may be required under applicable law as in effect at the time of the execution thereof. To the extent that Expenses advanced to Indemnitee do not relate to a specific claim, issue or matter in the Proceeding, such Expenses shall be allocated on a reasonable and proportionate basis. The undertaking required by this Section 8 shall be an unlimited general obligation by or on behalf of Indemnitee and shall be accepted without reference to Indemnitee's financial ability to repay such advanced Expenses and without any requirement to post security therefor.

Section 9. Indemnification and Advance of Expenses as a Witness or Other Participant. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is or may be, by reason of Indemnitee's Corporate Status, made a witness or otherwise asked to participate in any Proceeding, or is called upon to produce documents in connection with any such Proceeding, whether instituted by the Company or any other person, and to which Indemnitee is not a party, Indemnitee shall be advanced and indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith within ten days after the receipt by the Company of a statement or statements requesting any such advance or indemnification from time to time, whether prior to or after final disposition of such Proceeding. Such statement or statements shall reasonably evidence the Expenses incurred by Indemnitee. In connection with any such advance of Expenses, the Company may require Indemnitee to provide an undertaking and affirmation substantially in the form attached hereto as Exhibit A.

Section 10. Procedure for Determination of Entitlement to Indemnification.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request as soon as practicable, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary or appropriate to determine whether and to what extent Indemnitee is entitled to indemnification; provided that any failure or delay in giving such notice shall not relieve the Company of its obligations under this Agreement unless and to the extent that (i) none of the Company or its subsidiaries are party to or aware of such Proceeding and (ii) the Company is materially prejudiced by such failure or delay. Subject to the foregoing, Indemnitee may submit one or more such requests from time to time and at such time(s) as Indemnitee deems appropriate in Indemnitee's sole discretion. The officer of the Company receiving any such request from Indemnitee shall, promptly upon receipt of such a request for indemnification, advise the Board of Directors in writing that Indemnitee has requested indemnification.

(b) Upon written request by Indemnitee for indemnification pursuant to Section 10(a) above, a Determination, if required by applicable law, shall promptly be made in the specific case: (i) if a Change in Control has occurred, by Independent Counsel, in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee, which Independent Counsel shall be selected by the Board of Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL and approved by the Indemnitee, which approval shall not be unreasonably withheld; or (ii) if a Change in Control has not occurred, (A) by a majority vote of a quorum of the Board of Directors consisting of Disinterested Directors or, if the Disinterested Directors constitute less than a quorum, by a majority vote of a committee of one or more Disinterested Directors designated by a majority vote of the Board of Directors (which may include the Disinterested Directors and directors who are parties to the Proceeding), (B) if Independent Counsel has been selected by the Board of Directors in accordance with Section 2-418(e)(2)(ii) of the MGCL and approved by the Indemnitee, which approval shall not be unreasonably withheld or delayed, by Independent Counsel, in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnitee or (C) if so directed by the Board of Directors, by the stockholders of the Company, other than directors or officers who are parties to the Proceeding. If it is so determined that Indemnitee is entitled to indemnification, the Company shall make payment to Indemnitee within ten days after such Determination. Indemnitee shall cooperate with the person or persons making such Determination with respect to Indemnitee's entitlement to indemnification, including providing to such person or persons upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary or appropriate to such Determination in the discretion of the Board of Directors or Independent Counsel if retained pursuant to clause (ii)(B) of this Section 10(b). Any Expenses incurred by Indemnitee in so cooperating with the person or persons making such Determination shall be borne by the Company (irrespective of whether the Determination is a Favorable Determination or an Adverse Determination) and the Company shall indemnify and hold Indemnitee harmless therefrom.

(c) The Company shall pay the reasonable fees and expenses of Independent Counsel, if one is appointed.

Section 11. Presumptions and Effect of Certain Proceedings.

(a) In making a Determination hereunder, the person or persons (including any court having jurisdiction over the matter) making such Determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 10(a) of this Agreement, and the Company shall have the burden of overcoming that presumption.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, upon a plea of *nolo contendere* or its equivalent, or entry of an order of probation prior to judgment, does not create a presumption that Indemnitee did not meet the requisite standard of conduct described herein for indemnification.

(c) The knowledge and/or actions, or failure to act, of any other director, officer, employee or agent of the Company or any other director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, trust, partnership, limited liability company, joint venture, employee benefit plan or other enterprise shall not be imputed to Indemnitee for purposes of determining any other right to indemnification under this Agreement.

Section 12. Remedies of Indemnitee.

(a) If (i) an Adverse Determination is made pursuant to Section 10(b) of this Agreement, (ii) advance of Expenses is not timely made pursuant to Sections 8 or 9 of this Agreement, (iii) no Favorable Determination shall have been made pursuant to Section 10(b) of this Agreement within 60 days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Sections 7 or 9 of this Agreement within ten days after receipt by the Company of a written request therefor or (v) payment of indemnification pursuant to any other section of this Agreement or the charter or Bylaws of the Company is not made within ten days after a Favorable Determination, Indemnitee shall be entitled to an adjudication in an appropriate court located in the State of Maryland, or in any other court of competent jurisdiction, or in an arbitration conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association, of Indemnitee's entitlement to indemnification or advance of Expenses. Indemnitee shall commence a proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 12(a); provided, however, that the foregoing clause shall not apply to a proceeding brought by Indemnitee to enforce Indemnitee's rights under Section 7 of this Agreement. Except as set forth herein, the provisions of Maryland law (without regard to its conflicts of laws rules) shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In any judicial proceeding or arbitration commenced pursuant to this Section 12, Indemnitee shall be presumed to be entitled to indemnification or advance of Expenses, as the case may be, under this Agreement and the Company shall have the burden of proving that Indemnitee is not entitled to indemnification or advance of Expenses, as the case may be. Any Proceeding commenced by Indemnitee pursuant to Section 12 shall be *de novo* with respect to all determinations of fact and law. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 12, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 8 of this Agreement until a final Determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed). The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all of the provisions of this Agreement.

(c) If a Favorable Determination shall have been made pursuant to Section 10(b) of this Agreement, the Company shall be bound by such Favorable Determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification that was not disclosed in connection with the determination.

(d) In the event that Indemnitee is successful in seeking, pursuant to this Section 12, a judicial adjudication of or an award in arbitration to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company for, any and all Expenses actually and reasonably incurred by Indemnitee in such judicial adjudication or arbitration. If it shall be determined in such judicial adjudication or arbitration that Indemnitee is entitled to receive part but not all of the indemnification or advance of Expenses sought, the Expenses incurred by Indemnitee in connection with such judicial adjudication or arbitration shall be appropriately prorated.

(e) Interest shall be paid by the Company to Indemnitee at the maximum rate allowed to be charged for judgments under the Courts and Judicial Proceedings Article of the Annotated Code of Maryland for amounts which the Company pays or is obligated to pay for the period (i) commencing with either the tenth day after the date on which the Company was requested to advance Expenses in accordance with Sections 8 or 9 of this Agreement or the 60th day after the date on which the Company was requested to make the Determination of entitlement to indemnification under Section 10(b) of this Agreement, as applicable, and (ii) ending on the date such payment is made to Indemnitee by the Company.

Section 13. Defense of the Underlying Proceeding.

(a) Indemnitee shall notify the Company promptly in writing upon being served with any summons, citation, subpoena, complaint, indictment, request or other document relating to any Proceeding which may result in the right to indemnification or the advance of Expenses hereunder and shall include with such notice a description of the nature of the Proceeding and a summary of the facts underlying the Proceeding. The failure to give any such notice shall not disqualify Indemnitee from the right, or otherwise affect in any manner any right of Indemnitee, to indemnification or the advance of Expenses under this Agreement unless the Company's ability to defend in such Proceeding or to obtain proceeds under any insurance policy is materially and adversely prejudiced thereby, and then only to the extent the Company is thereby actually so prejudiced.

(b) Subject to the provisions of the last sentence of this Section 13(b) and of Section 13(c) below, the Company shall have the right to defend Indemnitee in any Proceeding which may give rise to indemnification hereunder; provided, however, that the Company shall notify Indemnitee of any such decision to defend within 15 calendar days following receipt of notice of any such Proceeding under Section 13(a) above. The Company shall not, without the prior written consent of Indemnitee, which shall not be unreasonably withheld or delayed, consent to the entry of any judgment against Indemnitee or enter into any settlement or compromise which (i) includes an admission of fault of Indemnitee, (ii) does not include, as an unconditional term thereof, the full release of Indemnitee from all liability in respect of such Proceeding, which release shall be in form and substance reasonably satisfactory to Indemnitee, or (iii) would impose any Expense, judgment, fine, penalty or limitation on Indemnitee. This Section 13(b) shall not apply to a Proceeding brought by Indemnitee under Section 12 of this Agreement.

(c) Notwithstanding the provisions of Section 13(b) above, if in a Proceeding to which Indemnitee is a party by reason of Indemnitee's Corporate Status, (i) Indemnitee reasonably concludes, based upon an opinion of counsel approved by the Company, which approval shall not be unreasonably withheld or delayed, that Indemnitee may have separate defenses or counterclaims to assert with respect to any issue which may not be consistent with other defendants in such Proceeding, (ii) Indemnitee reasonably concludes, based upon an opinion of counsel approved by the Company, which approval shall not be unreasonably withheld or delayed, that an actual or apparent conflict of interest or potential conflict of interest exists between Indemnitee and the Company, or (iii) if the Company fails to assume the defense of such Proceeding in a timely manner, Indemnitee shall be entitled to be represented by separate legal counsel of Indemnitee's choice, subject to the prior approval of the Company, which approval shall not be unreasonably withheld or delayed, at the expense of the Company. In addition, if the Company fails to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes any action to declare this Agreement void or unenforceable, or institutes any Proceeding to deny or to recover from Indemnitee the benefits intended to be provided to Indemnitee hereunder, Indemnitee shall have the right to retain counsel of Indemnitee's choice, subject to the prior approval of the Company, which approval shall not be unreasonably withheld or delayed, at the expense of the Company (subject to Section 12(d) of this Agreement), to represent Indemnitee in connection with any such matter.

Section 14. Non-Exclusivity; Survival of Rights; Primacy of Indemnification; Subrogation.

(a) The rights of indemnification and advance of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the charter or Bylaws of the Company, any agreement or a resolution of the stockholders entitled to vote generally in the election of directors or of the Board of Directors, or otherwise. Unless consented to in writing by Indemnitee, no amendment, alteration or repeal of the charter or Bylaws of the Company, this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal, regardless of whether a claim with respect to such action or inaction is raised prior or subsequent to such amendment, alteration or repeal. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right or remedy shall be cumulative and in addition to every other right or remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion of any right or remedy hereunder, or otherwise, shall not prohibit the concurrent assertion or employment of any other right or remedy.

(b) [The Company hereby acknowledges that Indemnitee may have certain rights to indemnification, advancement of expenses and/or insurance provided by The Blackstone Group L.P. and certain of its affiliates (collectively, the "Blackstone Indemnitors"). The Company hereby agrees (i) that, as between the Company and the Blackstone Indemnitors, the Company is the indemnitor of first resort (*i.e.*, its obligations to Indemnitee are primary and any obligation of the Blackstone Indemnitors to advance Expenses or to provide indemnification for the same Expenses or liabilities incurred by Indemnitee are secondary), (ii) that the Company shall be required to advance the full amount of expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the terms of this Agreement and the charter or Bylaws of the Company (or any other agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Blackstone Indemnitors and (iii) that the Company irrevocably waives, relinquishes and releases the Blackstone Indemnitors from any and all claims against the Blackstone Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Blackstone Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and the Blackstone Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and Indemnitee agree that the Blackstone Indemnitors are express third party beneficiaries of the terms of this Section 14.]¹

¹ To be inserted if the Indemnitee is employed by or associated with The Blackstone Group L.P. or any of its affiliates.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

Section 15. Insurance.

(a) The Company will use its reasonable best efforts to acquire directors and officers liability insurance, on terms and conditions deemed appropriate by the Board of Directors, with the advice of counsel, covering Indemnitee or any claim made against Indemnitee by reason of Indemnitee's Corporate Status and covering the Company for any indemnification or advance of Expenses made by the Company to Indemnitee for any claims made against Indemnitee by reason of Indemnitee's Corporate Status. In the event of a Change in Control, the Company will use its reasonable best efforts to maintain in force any and all directors and officers liability insurance policies that were maintained by the Company immediately prior to the Change in Control for a period of six years with the insurance carrier or carriers and through the insurance broker in place at the time of the Change in Control; provided, however, (i) if the carriers will not offer the same policy and an expiring policy needs to be replaced, a policy substantially comparable in scope and amount shall be obtained and (ii) if any replacement insurance carrier is necessary to obtain a policy substantially comparable in scope and amount, such insurance carrier shall have an AM Best rating that is the same or better than the AM Best rating of the existing insurance carrier; provided, further, however, in no event shall the Company be required to expend in the aggregate in excess of 250% of the annual premium or premiums paid by the Company for directors and officers liability insurance in effect on the date of the Change in Control. In the event that 250% of the annual premium paid by the Company for such existing directors and officers liability insurance is insufficient for such coverage, the Company shall spend up to that amount to purchase such lesser coverage as may be obtained with such amount.

(b) Without in any way limiting any other obligation under this Agreement, the Company shall indemnify Indemnitee for any payment by Indemnitee which would otherwise be indemnifiable hereunder arising out of the amount of any deductible or retention and the amount of any excess of the aggregate of all judgments, penalties, fines, settlements and Expenses incurred by Indemnitee in connection with a Proceeding over the coverage of any insurance referred to in Section 15(a). The purchase, establishment and maintenance of any such insurance shall not in any way limit or affect the rights or obligations of the Company or Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and the Indemnitee shall not in any way limit or affect the rights or obligations of the Company under any such insurance policies. If, at the time the Company receives notice from any source of a Proceeding to which Indemnitee is a party or a participant (as a witness or otherwise) the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies.

(c) The Indemnitee shall cooperate with the Company or any insurance carrier of the Company with respect to any Proceeding.

Section 16. Coordination of Payments. [Subject to Section 14(b),] ² [T]he Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable or payable or reimbursable as Expenses hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

Section 17. Contribution. If the indemnification provided in this Agreement is unavailable in whole or in part and may not be paid to Indemnitee for any reason, other than for failure to satisfy the standard of conduct set forth in Section 4 or due to the provisions of Section 5, then, in respect to any Proceeding in which the Company is jointly liable with Indemnitee (or would be joined in such Proceeding), to the fullest extent permissible under applicable law, the Company, in lieu of indemnifying and holding harmless Indemnitee, shall pay, in the first instance, the entire amount incurred by Indemnitee, whether for Expenses, judgments, penalties, and/or amounts paid or to be paid in settlement, in connection with any Proceeding without requiring Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against Indemnitee.

Section 18. Reports to Stockholders. To the extent required by the MGCL, the Company shall report in writing to its stockholders the payment of any amounts for indemnification of, or advance of Expenses to, Indemnitee under this Agreement arising out of a Proceeding by or in the right of the Company with the notice of the meeting of stockholders of the Company next following the date of the payment of any such indemnification or advance of Expenses or prior to such meeting.

Section 19. Duration of Agreement; Binding Effect.

(a) This Agreement shall continue until and terminate on the later of (i) the date that Indemnitee shall have ceased to serve as a director, officer, employee or agent of the Company or as a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, trust, partnership, limited liability company, joint venture, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company and (ii) the date that Indemnitee is no longer subject to any actual or possible Proceeding (including any rights of appeal thereto and any Proceeding commenced by Indemnitee pursuant to Section 12 of this Agreement).

² To be inserted if the Indemnitee is employed by or associated with The Blackstone Group L.P. or any of its affiliates.

(b) This Agreement shall be binding upon the Indemnitee and the Company and their respective successors and assigns, including without limitation any direct or indirect acquiror of all or substantially all of the Company's assets or business, any person (as such term is used in Sections 13(d) and 14(d) of Exchange Act) that acquires beneficial ownership of securities of the Company representing more than 50% of the total voting power represented by the Company's then-outstanding Voting Securities or any survivor of any merger or consolidation to which the Company is a party, shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or a director, trustee, officer, partner, manager, managing member, fiduciary, employee or agent of any other foreign or domestic corporation, trust, partnership, limited liability company, joint venture, employee benefit plan or other enterprise that such person is or was serving in such capacity at the request of the Company, and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

(c) The Company shall require and cause any successor, including without limitation any direct or indirect acquiror of all or substantially all of the Company's assets or business, any person (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) that acquires beneficial ownership of securities of the Company representing more than 50% of the total voting power represented by the Company's then-outstanding Voting Securities or any survivor of any merger or consolidation to which the Company is a party, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place, and the Company shall not permit any such succession (purchase of assets or business, acquisition of securities or merger or consolidation) to occur until such written agreement has been executed and delivered. No such assumption and agreement shall relieve the Company of any of its obligations hereunder, and this Agreement shall not otherwise be assignable by the Company.

(d) The Company and Indemnitee agree that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which Indemnitee may be entitled. Indemnitee shall further be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertakings in connection therewith. The Company acknowledges that, in the absence of a waiver, a bond or undertaking may be required of Indemnitee by a court, and the Company hereby waives any such requirement of such a bond or undertaking.

Section 20. Severability. If any provision or provisions of this Agreement shall be held to be invalid, void, illegal or otherwise unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 21. Counterparts. This Agreement may be executed in one or more counterparts, (delivery of which may be by facsimile, or via e-mail as a portable document format (.pdf) or other electronic format), each of which will be deemed to be an original and it will not be necessary in making proof of this Agreement or the terms of this Agreement to produce or account for more than one such counterpart. One such counterpart signed by the party against whom enforceability is sought shall be sufficient to evidence the existence of this Agreement.

Section 22. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

Section 23. Termination, Modification and Waiver. No termination, cancellation, supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor, unless otherwise expressly stated, shall such waiver constitute a continuing waiver.

Section 24. Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, on the day of such delivery, or (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed:

(a) If to Indemnitee, to the address set forth on the signature page hereto.

(b) If to the Company, to:

Invitation Homes Inc.
1717 Main Street, Suite 2000
Dallas, TX 75201
Attention: Mark A. Solls, Esq.

or to such other address as may have been furnished in writing to Indemnitee by the Company or to the Company by Indemnitee, as the case may be.

Section 25. Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Maryland, without regard to its conflicts of laws rules.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

COMPANY:

Invitation Homes Inc.

By: _____

Name:

Title:

INDEMNITEE:

Name:

Address:

EXHIBIT A

AFFIRMATION AND UNDERTAKING TO REPAY EXPENSES ADVANCED

To: The Board of Directors of Invitation Homes Inc.

Re: Affirmation and Undertaking

Ladies and Gentlemen:

This Affirmation and Undertaking is being provided pursuant to that certain Indemnification Agreement dated the _____ day of _____, 20 _____, by and between Invitation Homes Inc., a Maryland corporation (the "Company"), and the undersigned Indemnitee (the "Indemnification Agreement"), pursuant to which I am entitled to advance of Expenses in connection with **[Description of Proceeding]** (the "Proceeding").

Terms used herein and not otherwise defined shall have the meanings specified in the Indemnification Agreement.

I am subject to the Proceeding by reason of my Corporate Status or by reason of alleged actions or omissions by me in such capacity. I hereby affirm my good faith belief that at all times, insofar as I was involved as **[a director][and] [an officer]** of the Company, in any of the facts or events giving rise to the Proceeding, I (1) did not act with bad faith or active or deliberate dishonesty, (2) did not receive any improper personal benefit in money, property or services and (3) in the case of any criminal proceeding, had no reasonable cause to believe that any act or omission by me was unlawful.

In consideration of the advance by the Company for Expenses incurred by me in connection with the Proceeding (the "Advanced Expenses"), I hereby agree that if, in connection with the Proceeding, it is established that (1) an act or omission by me was material to the matter giving rise to the Proceeding and (a) was committed in bad faith or (b) was the result of active and deliberate dishonesty, or (2) I actually received an improper personal benefit in money, property or services or (3) in the case of any criminal proceeding, I had reasonable cause to believe that the act or omission was unlawful, then I shall promptly reimburse the portion of the Advanced Expenses relating to the claims, issues or matters in the Proceeding as to which the foregoing findings have been established.

IN WITNESS WHEREOF, I have executed this Affirmation and Undertaking on this _____ day of _____, 20 _____.

Name: _____

LOAN AGREEMENT

Dated as of August 14, 2014

between

2014-2 IH BORROWER L.P.,
as Borrower,

and

GERMAN AMERICAN CAPITAL CORPORATION,
as Lender

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Schedules and Exhibits

Schedules :

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- Schedule II - Organizational Chart
- Schedule III - Exceptions to Representations and Warranties
- Schedule IV - Definition of Special Purpose Bankruptcy Remote Entity
- Schedule V - Allocated Loan Amount
- Schedule VI - Qualified Title Insurance Companies
- Schedule VII - Chief Executive Office, Prior Names and Employer Identification Number
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- Schedule XI - Vacant Properties
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Exhibits :

- Exhibit A - Form of Blocked Account Control Agreement
- Exhibit B - Form of Property Account Control Agreement
- Exhibit C - Form of Compliance Certificate
- Exhibit D - Form of Tenant Direction Letter
- Exhibit E - Request for Release
- Exhibit F - Forms of U.S. Tax Compliance Certificate

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of August 14, 2014 (as amended, restated, replaced, supplemented or otherwise modified from time to time, this “*Agreement*”), between GERMAN AMERICAN CAPITAL CORPORATION, a Maryland corporation, having an address at 60 Wall Street, 10th Floor, New York, New York 10005 (together with its successors and assigns, collectively, “*Lender*”) and 2014-2 IH BORROWER L.P., a Delaware limited partnership, having an address at c/o Blackstone Real Estate Advisors L.P., 345 Park Avenue, New York, New York 10154 (together with its permitted successors and assigns, collectively, “*Borrower*”).

All capitalized terms used herein shall have the respective meanings set forth in *Article 1* hereof.

WITNESSETH:

WHEREAS, Borrower desires to obtain the Loan from Lender; and

WHEREAS, Lender is willing to make the Loan to Borrower, subject to and in accordance with the terms and conditions of this Agreement and the other Loan Documents.

NOW, THEREFORE, in consideration of the covenants set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree, represent and warrant as follows:

ARTICLE 1

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1 Specific Definitions.

For all purposes of this Agreement, except as otherwise expressly provided:

“*Acknowledgment*” means the Acknowledgment, dated on or about the date hereof made by Counterparty, or as applicable, Approved Counterparty.

“*Actual Rent Collections*” means, for any period of determination, actual cash collections of Rents in respect of the Properties by Borrower (or, for the period prior to the Closing Date, by Borrower’s Affiliates that owned the Properties) to the extent such Rents relate to such period of determination, regardless of when actually collected.

“*Affiliate*” means, as to any Person, any other Person that (i) owns directly or indirectly forty-nine percent (49%) or more of all equity interests in such Person, and/or (ii) is in Control of, is Controlled by or is under common ownership or Control with such Person, and/or (iii) is a director or officer of such Person or of an Affiliate of such Person, and/or (iv) is the spouse, issue or parent of such Person or of an Affiliate of such Person.

“*Allocated Loan Amount*” means, with respect to each Property, an amount equal to the portion of the Loan made with respect to such Property, as set forth on *Schedule V* as the same may be reduced in accordance with *Section 2.4*.

“ **ALTA** ” means American Land Title Association, or any successor thereto.

“ **Annual Budget** ” means the operating and capital budget for the Properties in the aggregate setting forth, on a month-by-month basis, in reasonable detail, each line item of Borrower’s good faith estimate of anticipated Rents and other recurring income, Operating Expenses and Capital Expenditures for the applicable Fiscal Year.

“ **Approved Capital Expenditures** ” means Capital Expenditures incurred by Borrower and either (i) if no Trigger Period is continuing, included in the Annual Budget or, if during a Trigger Period, an Approved Annual Budget or (ii) approved by Lender, which approval shall not be unreasonably withheld, conditioned or delayed.

“ **Approved Counterparty** ” means a counterparty to the Interest Rate Cap Agreement (or the guarantor of such counterparty’s obligations) that (a) has and shall maintain, until the expiration of the applicable Interest Rate Cap Agreement, (i) (x) a long-term unsecured debt rating of not less than “A” by S&P and a short-term senior unsecured debt rating of at least “A-1” from S&P or (y) if no short-term debt rating exists, a long-term senior unsecured debt rating of at least “A+” from S&P, (ii)(x) a long-term unsecured debt rating of not less than “A2” from Moody’s and a short-term senior unsecured debt rating of at least “P1” from Moody’s or (y) if no short-term debt rating exists, a long-term senior unsecured debt rating of at least “A1” from Moody’s, (iii) (x) if any Securities or any class thereof in any Securitization are then rated by Fitch (determined as of the date of the Interest Rate Cap Agreement or any Replacement Interest Rate Cap Agreement) and (y) if the counterparty is rated by Fitch, a long-term unsecured debt rating of at least “A-” by Fitch and short-term unsecured debt rating of at least “F1”, and (iv) if the counterparty is then rated by KBRA (determined as of the date of the Interest Rate Cap Agreement or any Replacement Interest Rate Cap Agreement), (x) a long-term senior unsecured debt rating of not less than “A” from KBRA and a short-term debt/deposit rating of at least “K1” from KBRA, or (y) if no short-term debt rating exists, a long-term senior unsecured debt rating of at least “A+” from KBRA, or (b) is otherwise acceptable to the Rating Agencies, as evidenced by a Rating Agency Confirmation to the effect that such counterparty shall not cause a downgrade, withdrawal or qualification of the ratings assigned, or to be assigned, to the Securities or any class thereof in any Securitization.

“ **Assignment of Leases and Rents** ” means an Assignment of Leases and Rents for each Property or for multiple Properties located within the same county or parish, dated as of the Closing Date (or, in connection with a Property which is a Substitute Property, dated as of the date of the substitution), executed and delivered by Borrower, constituting an assignment of the Lease or the Leases, as applicable, and the proceeds thereof as Collateral for the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time. The Assignment of Leases and Rents may be included as part of the Mortgage for such Property or Properties.

“ **Assignment of Management Agreement** ” means an Assignment of Management Agreement and Subordination of Management Fees among Borrower, Manager and Lender, substantially in the form delivered on the date hereof by Borrower, Existing Manager and Lender.

“ **Assumed Note Rate** ” means (i) with respect to each Floating Rate Component of the Loan, an interest rate equal to the sum of 0.50%, plus the applicable Floating Rate Component Spread, plus LIBOR as determined on the preceding Interest Determination Date and (ii) with respect to Component G, the Component G Interest Rate.

“**Award**” means any compensation paid by any Governmental Authority in connection with a Condemnation in respect to all or any part of a Property.

“**Bankruptcy Code**” means Title 11 of the United States Code, 11 U.S.C. Section 101 et seq., as the same may be amended from time to time, and any successor statute or statutes and all rules and regulations from time to time promulgated thereunder, and any comparable foreign laws relating to bankruptcy, insolvency or creditors’ rights or any other Federal or state bankruptcy or insolvency law.

“**Blocked Account Control Agreement**” means the Cash Management Agreement among Borrower, Collection Account Bank and Lender providing for the exclusive control of the Collection Account and all other Accounts by Lender, substantially in the form of **Exhibit A** or such other form as may be reasonably acceptable to Lender.

“**Borrower GP**” means 2014-2 IH Borrower G.P. LLC, a Delaware limited liability company.

“**Borrower GP Guaranty**” that certain Borrower GP Guaranty, dated as of the date hereof, executed by Borrower GP in favor of Lender.

“**Borrower GP Security Agreement**” that certain Security Agreement, dated as of the date hereof, executed by Borrower GP in favor of Lender.

“**Borrower Security Agreement**” that certain Security Agreement, dated as of the date hereof, executed by Borrower in favor of Lender.

“**BPO Value**” means, with respect to any Property, the “as is” value for such Property set forth in a Broker Price Opinion obtained by Lender with respect to a Property.

“**BREP**” means, collectively, Blackstone Real Estate Partners VII.F L.P., Blackstone Real Estate Partners VII.TE.8 L.P., Blackstone Real Estate Partners VII.TE.7 L.P., Blackstone Real Estate Partners VII.TE.6 L.P., Blackstone Real Estate Partners VII.TE.5 L.P., Blackstone Real Estate Partners VII.TE.4 L.P., Blackstone Real Estate Partners VII.TE.3 L.P., Blackstone Real Estate Partners VII.TE.2 L.P., Blackstone Real Estate Partners VII.TE.1 L.P., Blackstone Real Estate Partners VII L.P. and any other parallel partnerships and alternative investment vehicles comprising the real estate fund commonly known as Blackstone Real Estate Partners VII L.P.

“**Broker Price Opinion**” means a broker price opinion obtained by Lender.

“**Business Day**” means any day other than a Saturday, a Sunday or a legal holiday on which national banks are not open for general business in (i) the State of New York, (ii) the state where the corporate trust office of the Trustee is located, or (iii) the state where the servicing offices of the Servicer are located.

“**Calculation Date**” means the last day of each calendar quarter during the Term.

“**Capital Expenditures**” for any period means amounts expended for replacements and alterations to a Property and required to be capitalized according to GAAP.

“**Cap Receipts**” means all amounts received by a Borrower pursuant to an Interest Rate Cap Agreement.

“**Casualty Threshold Amount**” means, with respect to all Casualties arising from any single Casualty event, an amount equal to two percent (2%) of the Outstanding Principal Balance as of the date of such Casualty Event.

“**Closing Date**” means the date of the funding of the Loan.

“**Closing Date Debt Yield**” means 5.5%.

“**Code**” means the Internal Revenue Code of 1986, as amended, and as it may be further amended from time to time, any successor statutes thereto, and applicable U.S. Department of Treasury regulations issued pursuant thereto in temporary or final form.

“**Collateral**” means, collectively, all of the real, personal and mixed property in which Liens are purported to be granted pursuant to the Collateral Documents as security for the Obligations.

“**Collateral Assignment of Interest Rate Protection Agreement**” means a Collateral Assignment of Interest Rate Protection Agreement between Borrower and Lender, substantially in the form delivered on the date hereof by Borrower and Lender.

“**Collateral Documents**” means Borrower Security Agreement, the Borrower GP Security Agreement, the Equity Owner Security Agreement, the Blocked Account Control Agreement, each Property Account Control Agreement, the Collateral Assignment of Interest Rate Protection Agreement, the Assignment of Management Agreement, each Mortgage Document and all other instruments, documents and agreements delivered by any Loan Party pursuant to this Agreement or any of the other Loan Documents in order to grant to Lender a Lien on any real, personal or mixed property of that Loan Party as security for the Obligations, as the same may be (and each of the foregoing defined terms shall refer to such documents as they may be) amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Collection Account**” shall mean an Eligible Account at the Collection Account Bank.

“**Collection Account Bank**” shall mean the Eligible Institution selected by Lender to maintain the Collection Account.

“**Collections**” means, without duplication, with respect to any Property, all Rents, Other Receipts, Insurance Proceeds (whether or not Lender elects to treat any such Insurance Proceeds as business or rental interruption Insurance Proceeds pursuant to **Section 5.4(d)**), Condemnation Proceeds, Net Transfer Proceeds, Cap Receipts, interest on amounts on deposit in the Collection Account and the Reserve Funds, amounts paid to Borrower pursuant to the terms of the applicable Purchase Agreement, amounts drawn on security deposits that become Collections pursuant to **Section 4.1.15**, amounts paid by Borrower to the Collection Account pursuant to this Agreement and all other payments received with respect to such Property (except for security deposits) and all “proceeds” (as defined in Section 9-102 of the UCC) of such Property.

“ **Compliance Certificate** ” means the certificate in the form attached hereto as **Exhibit C** .

“ **Component** ” means individually or collectively, as the context may require, any one of Component A, Component B, Component C, Component D, Component E, Component F and Component G, each as more particularly set forth in **Section 2.1.2** .

“ **Component G Interest Rate** ” shall mean a rate of five ten thousandths of one percent (0.0005%) per annum.

“ **Component Outstanding Principal Balance** ” means, as of any given date, with respect to each Component, the outstanding principal balance of such Component.

“ **Concessions** ” means, for any period of determination, the value of concessions (other than free Rent) provided with respect to the Properties by Borrower (or, for the period prior to the Closing Date, by Borrower’s Affiliates that owned the Properties).

“ **Condemnation** ” means a temporary or permanent taking by any Governmental Authority as the result or in lieu or in anticipation of the exercise of the right of condemnation or eminent domain, of all or any part of a Property, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting a Property or any part thereof.

“ **Connection Income Taxes** ” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“ **Constituent Document** ” means, (i) with respect to any partnership (whether limited or general), (a) the certificate of partnership (or equivalent filings), (b) the partnership agreement (or equivalent organizational documents) of such partnership and (c) any document setting forth the designation, amount and/or rights, limitations and preferences of any of such partnership’s partnership interests or the holders thereof; (ii) with respect to any limited liability company, (a) the certificate of formation (or the equivalent organizational documents) of such entity, (b) the operating agreement (or the equivalent governing documents) of such entity and (c) any document setting forth the designation, amount and/or rights, limitations and preferences of any of such limited liability company’s membership interests or the holders thereof; and (iii) with respect to any other type of entity, the organizational and governing document for such entity which are equivalent to those described in **clauses (i)** and **(ii)** above, as applicable.

“ **Contest Security** ” shall mean any security delivered to Lender by Borrower under **Section 4.1.3** or **Section 4.4.8** .

“ **Control** ” means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, by contract or otherwise, and the terms Controlled, Controlling and Common Control shall have correlative meanings.

“**Counterparty**” means, with respect to the Interest Rate Cap Agreement, SMBC Capital Markets, Inc., and with respect to any Replacement Interest Rate Cap Agreement, any Approved Counterparty thereunder.

“**Cure Period**” means, (i) with respect to the failure of any Property to qualify as an Eligible Property (other than with respect to the failure of a Property to comply with the representation in **Section 3.2.22**) if such failure is reasonably susceptible of cure, a period of thirty (30) days after the earlier of actual knowledge of such condition by a Responsible Officer of Borrower or the Manager or notice thereof by Lender to Borrower; *provided* that, if Borrower is diligently pursuing such cure during such thirty (30) day period and such failure is susceptible of cure but cannot reasonably be cured within such thirty (30) day period, then such cure period shall be extended for another ninety (90) days so long as Borrower continues to diligently pursue such cure and, *provided further*, that if the Obligations have been accelerated pursuant to **Section 8.2.1**, then the cure period hereunder shall be reduced to zero (0) days and (ii) with respect to the failure of a Property to comply with the representation in **Section 3.2.22**, zero (0) days. If any failure of any Property to qualify as an Eligible Property is not reasonably susceptible of cure, then no cure period shall be available. If any failure of any Property to qualify as an Eligible Property is due to a Voluntary Action, then no cure period shall be available.

“**Cut Off Date**” means June 22, 2014.

“**Debt**” means the Outstanding Principal Balance together with all interest accrued and unpaid thereon and all other sums (including the Spread Maintenance Premium, if applicable) due to Lender from time to time in respect of the Loan under the Note, this Agreement, the Mortgage Documents, the Environmental Indemnity or any other Loan Document.

“**Debt Service**” means, with respect to any particular period of determination, the scheduled interest payments due under the Note for such period.

“**Debt Service Coverage Ratio**” means, as of any date of determination, a ratio in which:

(a) the numerator is the Underwritten Net Cash Flow calculated for the twelve (12) month period ending on the Stated Maturity Date, the First Extended Maturity Date or the Second Extended Maturity Date, as applicable; and

(b) the denominator is the aggregate debt service for the twelve (12) month period following such date of determination, calculated as the sum of (i) with respect to Component A, the product of (A) the Component Outstanding Principal Balance for Component A as of such date and (B) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component A and (y) the Strike Price described in clause (b)(ii) of the definition of Strike Price, (ii) with respect to Component B, the product of (A) the Component Outstanding Principal Balance for Component B as of such date and (B) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component B and (y) the Strike Price described in clause (b)(ii) of the definition of Strike Price, (iii) with respect to Component C, the product of (A) the Component Outstanding Principal Balance for Component C as of such date and (B) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component C and (y) the Strike Price described in clause (b)(ii) of the definition of Strike Price, (iv) with respect to Component D, the product of (A) the Component Outstanding Principal Balance for Component D as of such date and (B) an interest rate equal to the sum of (x) the Floating Rate Component

Spread for Component D and (y) the Strike Price described in clause (b)(ii) of the definition of Strike Price, (v) with respect to Component E, the product of (A) the Component Outstanding Principal Balance for Component E as of such date and (B) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component E and (y) the Strike Price described in clause (b)(ii) of the definition of Strike Price, (vi) with respect to Component F, the product of (A) the Component Outstanding Principal Balance for Component F as of such date and (B) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component F and (y) the Strike Price described in clause (b)(ii) of the definition of Strike Price, (vii) with respect to Component G, the product of (A) the Component Outstanding Principal Balance for Component G as of such date and (B) the Component G Interest Rate, and (viii) the regular monthly fee of the certificate administrator (deemed to be \$5,400 per month) and the trustee (deemed to be \$417 per month) under the Servicing Agreement.

“**Debt Yield**” means, as of any date of determination, a fraction expressed as a percentage in which:

(a) the numerator is the Underwritten Net Cash Flow; and

(b) the denominator is the aggregate Component Outstanding Principal Balances of the Floating Rate Components.

“**Default**” means the occurrence of any event hereunder or under any other Loan Document which, but for the giving of notice or passage of time, or both, would constitute an Event of Default.

“**Default Rate**” means, with respect to each Floating Rate Component of the Loan and any other Obligations, a rate per annum equal to the lesser of (i) the Maximum Legal Rate or (ii) three percent (3%) above the Interest Rate applicable to such Floating Rate Component.

“**Deficiency**” means, with respect to any Property File, (i) the failure of one or more Specified Documents contained therein to be fully executed or to match the information on the most recent Properties Schedule required to be delivered by **Section 4.3.6**, (ii) one or more Specified Documents contained therein are mutilated, materially damaged or torn or otherwise physically altered or unreadable or (iii) the absence from a Property File of any Specified Document required to be contained in such Property File.

“**Disqualified Property**” means any Property that fails to constitute an Eligible Property (after the lapse of any applicable Cure Period).

“**Eligible Account**” means a separate and identifiable account from all other funds held by the holding institution that is an account or accounts (or subaccounts thereof) maintained with a federal or state-chartered depository institution or trust company which complies with the definition of Eligible Institution. An Eligible Account will not be evidenced by a certificate of deposit, passbook or other instrument.

“**Eligible Institution**” means:

(a) PNC Bank, National Association so long as PNC Bank, National Association’s long term unsecured debt rating shall be at least “A2” from Moody’s and

the equivalent by KBRA (if then rated by KBRA) (if the deposits are to be held in the applicable account for more than 30 days) or PNC Bank, National Association's short term deposit or short term unsecured debt rating shall be at least "P-1" from Moody's and the equivalent by KBRA (if then rated by KBRA) (if the deposits are to be held in the applicable account for 30 days or less); or

(b) a depository institution or trust company insured by the Federal Deposit Insurance Corporation the short term unsecured debt obligations or commercial paper of which are rated at least A-1 by S&P, P-1 by Moody's, and F-1+ by Fitch in the case of accounts in which funds are held for thirty (30) days or less or, in the case of Letters of Credit or accounts in which funds are held for more than thirty (30) days, the long term unsecured debt obligations of which are rated at least (i) "AA" by S&P, (ii) "AA" and/or "F1+" (for securities) and/or "AAAmf" (for money market funds), by Fitch and (iii) "Aa2" by Moody's;

provided that, Bank of America, National Association shall be an Eligible Institution with respect to Property Accounts and the Security Deposit Accounts only, so long as Bank of America, National Association's long term unsecured debt rating shall be at least "A3" from Moody's and the equivalent by KBRA (if then rated by KBRA).

"**Eligible Lease**" means, as of any date of determination, a Lease for a Property that satisfies all of the following:

- (a) the Lease reflects customary market standard terms;
- (b) the Lease is entered into on an arms-length basis without payment support by any Borrower or its Affiliates (provided that any incentives offered to Tenants shall not be deemed to constitute such payment support);
- (c) the Lease had, as of its commencement date, an initial lease term of at least six (6) months;
- (d) the Lease is to a bona fide third-party lessee; and
- (e) the Lease is in compliance with all applicable Legal Requirements in all material respects.

"**Eligibility Requirements**" means, with respect to any Person, the requirement that such Person has a net worth of not less than \$300,000,000.00 (exclusive of such Person's direct or indirect interest in the Properties and Borrower).

"**Eligible Property**" means, as of any date of determination, a Property that is in compliance with each of the Property Representations and each of the Property Covenants.

"**Environmental Indemnity**" means that certain Environmental Indemnity Agreement dated as of the date hereof executed by Borrower in connection with the Loan for the benefit of Lender.

"**Environmental Laws**" has the meaning set forth in the Environmental Indemnity.

“**Equity Interests**” means, with respect to any Person, shares of capital stock, partnership interests, membership interests, beneficial interests or other equity ownership interests in such Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest from such Person.

“**Equity Owner**” means 2014-2 IH Equity Owner L.P., a Delaware limited partnership.

“**Equity Owner GP**” means 2014-2 IH Equity Owner G.P. LLC, a Delaware limited liability company.

“**Equity Owner Guaranty**” means that certain Equity Owner Guaranty, dated as of the date hereof, executed by Equity Owner in favor of Lender.

“**Equity Owner Security Agreement**” means that certain Equity Owner Security Agreement, dated as of the date hereof, executed by Equity Owner in favor of Lender.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor statute.

“**ERISA Affiliate**” means any corporation or trade or business that is a member of any group of organizations (i) described in Section 414(b) or (c) of the Code of which another entity is a member or (ii) described in Section 414(m) or (o) of the Code of which another entity is a member, except that this clause (ii) shall apply solely for purposes of potential liability under Section 302(b) of ERISA and Section 412(b) of the Code and the lien created under Section 303(k) of ERISA and Section 430(k) of the Code.

“**ERISA Event**” means (i) the failure to pay a minimum required contribution or installment to a Plan on or before the due date provided under Section 430 of the Code or Section 303 of ERISA, (ii) the filing of an application with respect to a Plan for a waiver of the minimum funding standard under Section 412(c) of the Code or Section 302(c) of ERISA, (iii) the failure of a Loan Party or any of its ERISA Affiliates to pay a required contribution or installment to a Multiemployer Plan on or before the applicable due date, (iv) any officer of any Loan Party or any of its ERISA Affiliates knows or has reason to know that a Plan is in “at risk” status within the meaning of Section 430(i) of the Code or Section 303(i) of ERISA or (v) the occurrence of a Plan Termination Event.

“**Event of Bankruptcy**” means, with respect to any Person:

(a) such Person shall fail generally to pay its debts as they come due, or shall make a general assignment for the benefit of creditors; or any case or other proceeding shall be instituted by such Person seeking to adjudicate it as bankrupt or insolvent, or seeking liquidation, reorganization, debt arrangement, dissolution, winding up, or composition or readjustment of debts of it or its debts under the Bankruptcy Code; or such Person shall take any corporate, limited partnership or limited liability company action to authorize any of such actions; or

(b) a case or other proceeding shall be commenced, without the application or consent of such Person in any court seeking the liquidation, reorganization, debt arrangement, dissolution, winding up, or composition or readjustment of debts of such Person, the appointment of a trustee, receiver, custodian, liquidator, assignee, sequestrator or the like for such Person or

all or substantially all of its assets, or any similar action with respect to such Person under the Bankruptcy Code, and (A) such case or proceeding shall continue undismissed, or unstayed and in effect, for a period of sixty (60) consecutive days or (B) an order for relief in respect of such Person shall be entered in such case or proceeding or a decree or order granting such other requested relief shall be entered.

“**Excluded Taxes**” means any of the following Taxes imposed on or with respect to a Lender or required to be withheld or deducted from a payment to a Lender, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Lender being organized under the laws of, or having its principal office or its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to **Section 2.10**, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Lender’s failure to comply with **Section 2.10.6** and (d) any U.S. federal withholding Taxes imposed under FATCA.

“**Existing Management Agreement**” means that certain Management Agreement, dated as of the date hereof, between Borrower and Existing Manager, pursuant to which Existing Manager is to provide management and other services with respect to the Properties.

“**Existing Manager**” means THR Property Management L.P.

“**Extension Date**” means the Stated Maturity Date, the First Extended Maturity Date or the Second Extended Maturity Date, as applicable.

“**Extension Option**” means the First Extension Option, the Second Extension Option and the Third Extension Option, as applicable.

“**FATCA**” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“**Fiscal Year**” means each twelve (12) month period commencing on January 1 and ending on December 31 during each year of the Term.

“**Fitch**” means Fitch, Inc.

“**Fixture Filing**” means, with respect to any jurisdiction in which any Property or Properties are located in which a separate, stand alone fixture filing is required or generally recorded or filed pursuant to the local law or custom (as reasonably determined by Lender), a Uniform Commercial Code financing statement (or other form of financing statement required in

the jurisdiction in which the applicable Property or Properties are located) recorded or filed in the real estate records in which the applicable Property or Properties are located.

“**Floating Rate Component Prime Rate Spread**” means, in connection with any conversion of the Floating Rate Components from a LIBOR Loan to a Prime Rate Loan, with respect to each Floating Rate Component of the Loan, the difference (expressed as the number of basis points) between (a) the sum of (i) LIBOR, determined as of the Interest Determination Date for which LIBOR was last available, plus (ii) the Floating Rate Component Spread applicable to such Floating Rate Component, minus (b) the Prime Rate as of such Interest Determination Date; *provided, however*, that if such difference is a negative number for such Floating Rate Component, then the Floating Rate Component Prime Rate Spread for such Component shall be zero.

“**Floating Rate Component Spread**” means, (a) with respect to Component A, 1.1705% *per annum*; (b) with respect to Component B, 1.6705% *per annum*; (c) with respect to Component C, 2.2705% *per annum*; (d) with respect to Component D, 2.8205% *per annum*; (e) with respect to Component E, 3.4805% *per annum* and (f) with respect to Component F, 4.0705% *per annum*.

“**Floating Rate Components**” means Component A, Component B, Component C, Component D, Component E and Component F.

“**Foreign Lender**” means a Lender that is not a U.S. Person.

“**Foreign Plan**” means any “employee benefit plan” as defined in Section 3(3) of ERISA that (a) neither is subject to ERISA nor is a governmental plan within the meaning of Section 3(32) of ERISA and that is maintained, or contributed to, by a Loan Party or any of its ERISA Affiliates and (b) is mandated by a government other than the United States (other than a state within the United States or an instrumentality thereof) for employees of a Loan Party or any of its ERISA Affiliates.

“**GAAP**” means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession), or in such other statements by such entity as may be in general use by significant segments of the U.S. accounting profession.

“**Governmental Authority**” means any court, board, agency, commission, office or authority of any nature whatsoever or any governmental unit (federal, state, commonwealth, county, district, municipal, city or otherwise) whether now or hereafter in existence.

“**Government List**” means (1) OFAC, (2) any other list of terrorists, terrorist organizations or narcotics traffickers maintained pursuant to any of the Rules and Regulations of OFAC that Lender notified Borrower in writing is now included in “**Government Lists**”, or (3) any similar lists maintained by the United States Department of State, the United States Department of Commerce or any other Governmental Authority or pursuant to any Executive Order of the President of the United States of America that Lender notified Borrower in writing is now included in “**Government Lists**”.

“**GPR**” means, as of any date of determination, the sum of (i) the annualized in place Rents under bona fide Eligible Leases for the Properties as of such date and (ii) annualized market rents for Properties that are vacant as of such date. For purposes of clause (ii) market rents shall be determined by Lender in its reasonable discretion; *provided* that Borrower may object to any such determination by delivering written notice to Lender within five (5) Business Days of any such determination and, in such event, the market rents so objected to shall be as determined by an independent broker opinion of market rent obtained by Lender at Borrower’s sole cost and expense.

“**Guarantors**” means Equity Owner and Borrower GP.

“**Hazardous Substance**” has the meaning set forth in the Environmental Indemnity.

“**Improvements**” means the buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on a Property.

“**Indebtedness**” means, for any Person, without duplication: (i) all indebtedness of such Person for borrowed money, for amounts drawn under a letter of credit, or for the deferred purchase price of property for which such Person or its assets is liable, (ii) all unfunded amounts under a loan agreement, letter of credit, or other credit facility for which such Person would be liable if such amounts were advanced thereunder, (iii) all amounts required to be paid by such Person as a guaranteed payment to partners or a preferred or special dividend, including any mandatory redemption of shares or interests, (iv) all indebtedness guaranteed by such Person, directly or indirectly, (v) all obligations under leases that constitute capital leases for which such Person is liable, (vi) all obligations of such Person under interest rate swaps, caps, floors, collars and other interest hedge agreements, in each case for which such Person is liable or its assets are liable, whether such Person (or its assets) is liable contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss and (vii) any other contractual obligation for the payment of money which are not settled within thirty (30) days.

“**Indemnified Taxes**” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

“**Independent**” means, when used with respect to any Person, a Person who: (i) does not have any direct financial interest or any material indirect financial interest in Borrower or in any Affiliate of Borrower, (ii) is not connected with Borrower or any Affiliate of Borrower as an officer, employee, promoter, underwriter, trustee, partner, member, manager, creditor, director, supplier, customer or person performing similar functions and (iii) is not a member of the immediate family of a Person defined in (i) or (ii) above.

“**Independent Accountant**” means (i) a firm of nationally recognized, certified public accountants which is Independent and which is selected by Borrower and reasonably acceptable to Lender or (ii) such other certified public accountant(s) selected by Borrower, which is Independent and reasonably acceptable to Lender.

“**Individual Material Adverse Effect**” means, in respect of a Property, any event or condition that has a material adverse effect on the value, use, occupation, leasing or marketability of such Property or results in any material liability to, claim against or obligation of Lender or material liability or obligation on the part of any Loan Party.

“**Insolvency Opinion**” shall mean that certain bankruptcy non-consolidation opinion letter dated the date hereof delivered by Richards, Layton & Finger, P.A. in connection with the Loan.

“**Interest Determination Date**” shall mean, (A) with respect to the Initial Interest Period, the date that is two (2) Business Days before the Closing Date and (B) with respect to any other Interest Period, the date which is two (2) Business Days prior to the commencement of such Interest Period. When used with respect to an Interest Determination Date, Business Day shall mean any day on which banks are open for dealing in foreign currency and exchange in London.

“**Interest Rate**” shall mean, with respect to each Interest Period, (i) with respect to each Floating Rate Component, an interest rate per annum equal to (a) for a LIBOR Loan, the sum of (1) LIBOR, determined as of the Interest Determination Date immediately preceding the commencement of such Interest Period, plus (2) the Floating Rate Component Spread applicable to such Floating Rate Component (or, when applicable pursuant to this Agreement or any other Loan Document, the Default Rate); and (b) for a Prime Rate Loan, the sum of (1) the Prime Rate, plus (2) the Floating Rate Component Prime Rate Spread applicable to such Floating Rate Component (or, when applicable pursuant to this Agreement or any other Loan Document, the applicable Default Rate) and (ii) with respect to Component G, the Component G Interest Rate.

“**Interest Rate Cap Agreement**” means the Confirmation and Agreement (together with the schedules relating thereto), dated on or about the date hereof, between the Counterparty and Borrower, obtained by Borrower and collaterally assigned to Lender pursuant to this Agreement. After delivery of a Replacement Interest Rate Cap Agreement to Lender, the term Interest Rate Cap Agreement shall be deemed to mean such Replacement Interest Rate Cap Agreement. The Interest Rate Cap Agreement shall be governed by the laws of the State of New York and shall contain each of the following:

(a) the notional amount of the Interest Rate Cap Agreement shall be equal to or greater than the aggregate Component Outstanding Principal Balances of the Floating Rate Components;

(b) the remaining term of the Interest Rate Cap Agreement shall at all times extend through the end of the Interest Period in which the Maturity Date occurs as extended from time to time pursuant to this Agreement and the Loan Documents;

(c) the Interest Rate Cap Agreement shall be issued by the Counterparty to Borrower and shall be pledged to Lender by Borrower in accordance with this Agreement;

(d) the Counterparty under the Interest Rate Cap Agreement shall be obligated to make a stream of payments, directly to the Collection Account (whether or not an Event of Default has occurred) from time to time equal to the product of (i) the notional amount of such Interest Rate Cap Agreement multiplied by (ii) the excess, if any, of

LIBOR (including any upward rounding under the definition of LIBOR) over the Strike Price and shall provide that such payment shall be made on a monthly basis in each case not later than (after giving effect to and assuming the passage of any cure period afforded to such Counterparty under the Interest Rate Cap Agreement, which cure period shall not in any event be more than three Business Days) each Monthly Payment Date;

(e) the Counterparty under the Interest Rate Cap Agreement shall execute and deliver the Acknowledgment; and

(f) the Interest Rate Cap Agreement shall impose no material obligation on the beneficiary thereof (after payment of the acquisition cost) and shall be in all material respects satisfactory in form and substance to Lender and shall satisfy applicable Rating Agency standards and requirements, including, without limitation, provisions satisfying Rating Agencies standards, requirements and criteria (i) that incorporate customary tax “gross up” provisions, (ii) whereby the Counterparty agrees not to file or join in the filing of any petition against Borrower under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law, and (iii) that incorporate, if the Interest Rate Cap Agreement contemplates collateral posting by the Counterparty, a credit support annex setting forth the mechanics for collateral to be calculated and posted that are consistent with Rating Agency standards, requirements and criteria.

“**IRS**” means the United States Internal Revenue Service.

“**KBRA**”: Kroll Bond Rating Agency, Inc.

“**Lease**” means a bona fide written lease, sublease, letting, license, concession or other agreement pursuant to which any Person is granted a possessory interest in, or right to use or occupy all or any portion of any space in any Property by or on behalf of Borrower (or, with respect to any Vacant Properties on the Closing Date, prior to such Closing Date, by or on behalf of any Affiliate of Borrower), and (a) every modification, amendment or other agreement relating to such lease, sublease or other agreement entered into in connection with such lease, sublease or other agreement, and (b) every guarantee of the performance and observance of the covenants, conditions and agreements to be performed and observed by the Tenant.

“**Legal Requirements**” means all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting the Loan, any Secondary Market Transaction with respect to the Loan, Borrower or a Property or any part thereof or the construction, use, alteration or operation thereof, or any part thereof, whether now or hereafter enacted and in force, including, without limitation, the Securities Act, the Exchange Act, Regulation AB, the rules and regulations promulgated pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, zoning and land use laws, the Americans with Disabilities Act of 1990, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments, either of record or known to Borrower, at any time in force affecting a Property or any part thereof, including any which may (i) require repairs, modifications or alterations in or to a Property or any part thereof, or (ii) in any way limit the use and enjoyment thereof.

“**LIBOR**” means, with respect to each Interest Period and each Interest Determination Date, the rate per annum (rounded upwards, if necessary, to the nearest 1/1,000 of 1%) calculated by Lender as set forth below:

(a) The rate for deposits in U.S. Dollars for a one-month period that appears on Reuters Screen LIBOR01 Page (or its equivalent) as of 11:00 a.m., London time, on such Interest Determination Date.

(b) If such rate does not appear on Reuters Screen LIBOR01 Page (or its equivalent) as of 11:00 a.m., London time, on the applicable Interest Determination Date, Lender shall request the principal London office of any four major reference banks in the London interbank market selected by Lender to provide such reference bank’s offered quotation to prime banks in the London interbank market for deposits in U.S. Dollars for a one month period as of 11:00 a.m., London time, on such Interest Determination Date in a principal amount of not less than \$1,000,000 that is representative for a single transaction in the relevant market at the relevant time. If at least two such offered quotations are so provided, LIBOR shall be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, Lender shall request any three major banks in New York City reasonably selected by Lender to provide such bank’s rates for loans in U.S. Dollars to leading European banks for a one-month period as of 11:00 a.m., New York City time, on such Interest Determination Date in a principal amount not less than \$1,000,000 that is representative for a single transaction in the relevant market at the relevant time, and if at least two such rates are so provided, LIBOR shall be the arithmetic mean of such rates.

“**LIBOR Loan**” means the Floating Rate Components of the Loan at such time as interest thereon accrues at a rate of interest based upon LIBOR.

“**Lien**” means any mortgage, deed of trust, lien (statutory or otherwise), pledge, hypothecation, easement, restrictive covenant, preference, assignment, security interest, or any other encumbrance, charge or transfer of, or any agreement to enter into or create any of the foregoing, on or affecting all or any portion of any Collateral or any interest therein, or any direct or indirect interest in Borrower or any Loan Party, including any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, the filing of any financing statement, and mechanic’s, materialmen’s and other similar liens and encumbrances.

“**Loan**” means the loan in the original principal amount of Seven Hundred Nineteen Million Nine Hundred Thirty Five Thousand and No/100 Dollars (\$719,935,000.00) made by Lender to Borrower pursuant to this Agreement.

“**Loan Documents**” means, collectively, this Agreement, the Note, the Management Agreement, the Sponsor Guaranty, the Equity Owner Guaranty, the Borrower GP Guaranty, the Environmental Indemnity, the Interest Rate Cap Agreement, each Collateral Document, and all other agreements, instruments and documents delivered pursuant thereto or in connection therewith, as the same may be (and each of the foregoing defined terms shall refer to such documents as they may be) amended, restated, replaced, supplemented or otherwise modified from time to time.

“ **Loan Party** ” means Borrower and each Guarantor.

“ **Low Debt Yield Period** ” shall commence if, as of any Calculation Date, the Debt Yield is less than eighty-five percent (85%) of the Closing Date Debt Yield (a “ **Low Debt Yield Trigger** ”), and shall end (i) upon the Properties achieving a Debt Yield of at least the Low Debt Yield Trigger for two (2) consecutive Calculation Dates or (ii) immediately (without waiting for two (2) consecutive Calculation Dates) upon Borrower prepaying the principal amount of the Loan in an amount sufficient to cause the Debt Yield to be equal to or in excess of the Low Debt Yield Trigger (a “ **Debt Yield Cure Prepayment** ”).

“ **Major Contract** ” shall mean (i) any management agreement relating to the Properties or the Loan Parties, (ii) any agreement between any Loan Party and any Affiliate of any Relevant Party and (iii) any brokerage, leasing, cleaning, maintenance, service or other contract or agreement of any kind (other than Leases) relating to the Properties, in each case involving payment or expense of more than One Million Dollars (\$1,000,000) during any twelve (12) month period, unless cancelable on thirty (30) days or less notice without requiring payment of termination fees or payments of any kind.

“ **Management Agreement** ” means the Existing Management Agreement or a Replacement Management Agreement pursuant to which a Qualified Manager is managing one or more of the Properties in accordance with the terms and provisions of this Agreement.

“ **Management Fee Cap** ” means, with respect to the calendar month ending immediately prior to each Monthly Payment Date during the Term, six percent (6.0%) of gross Rents collected with respect to the Properties for such calendar month.

“ **Manager** ” means Existing Manager or, if the context requires, a Qualified Manager who is managing one or more of the Properties in accordance with the terms and provisions of this Agreement or pursuant to a Replacement Management Agreement.

“ **Material Adverse Effect** ” means a material adverse effect on (a) the property, business, operations or financial condition of any Loan Party, (b) the use, operation or value of the Properties, taken as a whole, (c) the ability of Borrower to repay the principal and interest of the Loan when due or to satisfy any of Borrower’s other obligations under the Loan Documents, or (d) the enforceability or validity of any Loan Document, the perfection or priority of any Lien created under any Loan Document or the rights, interests and remedies of Lender under any Loan Document.

“ **Maturity Date** ” means the Stated Maturity Date, provided that (a) in the event of the exercise by Borrower of the First Extension Option pursuant to **Section 2.7**, the Maturity Date shall be the First Extended Maturity Date, (b) in the event of the exercise by Borrower of the Second Extension Option pursuant to **Section 2.7**, the Maturity Date shall be the Second Extended Maturity Date, and (c) in the event of the exercise by Borrower of the Third Extension Option pursuant to **Section 2.7**, the Maturity Date shall be the Third Extended Maturity Date, or such earlier date on which the final payment of principal of the Note becomes due and payable as herein or therein provided, whether at the Stated Maturity Date, by declaration of acceleration, or otherwise.

“ **Maximum Legal Rate** ” means the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the indebtedness evidenced by the Note and as provided for herein or the other Loan Documents, under the laws of such Governmental Authority whose laws are held by any court of competent jurisdiction to govern the interest rate provisions of the Loan.

“ **Minimum Disbursement Amount** ” means \$100,000.

“ **Monthly Debt Service Payment Amount** ” means, for each Monthly Payment Date, an amount equal to the amount of interest which is then due on all the Components of the Loan in the aggregate for the Interest Period during which such Monthly Payment Date occurs.

“ **Monthly Payment Date** ” means the ninth (9th) day of every calendar month occurring during the Term. The first Monthly Payment Date shall be October 9, 2014.

“ **Moody’s** ” means Moody’s Investors Service, Inc.

“ **Mortgage** ” means a Mortgage or Deed of Trust or Deed to Secure Debt, as applicable, for each Property or for multiple Properties located within the same county or parish, dated as of the Closing Date (or, in connection with a Property which is a Substitute Property, dated as of the date of the substitution), executed and delivered by Borrower, constituting a Lien on the Improvements and the Property or Properties, as applicable, as Collateral for the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“ **Mortgage Documents** ” means the Mortgages, the Assignments of Leases and Rents and the Fixture Filings.

“ **Multiemployer Plan** ” means a plan within the meaning of Section 414(f) of the Code or Section 3(37) of ERISA to which contributions are required to be made by any Loan Party or any of its ERISA Affiliates or to which any such entity has any liability.

“ **Net Assets** ” shall mean, with respect to any Person, the difference between (i) the fair market value of such Person’s assets and (ii) such Person’s liabilities determined in accordance with GAAP.

“ **Net Proceeds** ” means (i) the net amount of all insurance proceeds received by Lender pursuant to **Section 5.1.1 (a)(i) and (iii)** as a result of damage to or destruction of a Property, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting same (“ **Insurance Proceeds** ”), or (ii) the net amount of an Award, after deduction of Lender’s reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting same (“ **Condemnation Proceeds** ”), whichever the case may be.

“ **Net Transfer Proceeds** ” shall mean, with respect to the Transfer of any Property, the gross sales price for such Property (including any earnest money, down payment or similar deposit included in the total sales price paid by the purchaser), less Transfer Expenses.

“ **Non-Property Taxes** ” means all Taxes other than Property Taxes and Other Charges.

“**NRSRO**” means any credit rating agency that has elected to be treated as a nationally recognized statistical rating organization for purposes of Section 15E of the Exchange Act, without regard to whether or not such credit rating agency has been engaged by Lender or its designees in connection with, or in anticipation of, a Securitization.

“**Obligations**” means, collectively, Borrower’s obligations for the payment of the Debt and the performance by the Loan Parties of the Other Obligations.

“**OFAC**” means the Office of Foreign Assets Control of the U.S. Department of Treasury.

“**Officer’s Certificate**” means a certificate delivered to Lender by Borrower which is signed by an authorized officer of Borrower or another Loan Party.

“**Operating Expenses**” means, for any period, without duplication, all expenses actually paid or payable by Borrower (or, for the period prior to the Closing Date, by Borrower’s Affiliates that owned the Properties) during such period in connection with the administration, operation, management, maintenance, repair and use of the Properties, determined on an accrual basis, and, except to the extent otherwise provided in this definition, in accordance with GAAP. Operating Expenses specifically shall include, without duplication, (i) all operating expenses incurred in such period based on quarterly financial statements delivered to Lender in accordance with **Section 4.3.1(a)**, (ii) cost of utilities, inventories, and fixed asset supplies consumed in the operation of the Properties (iii) management fees in an amount equal to the greater of (A) actual management fees or (B) the Management Fee Cap, (iv) administrative, payroll, security and general expenses for the Properties, (v) costs and fees of Independent professionals (including, without limitation, legal, accounting, consultants and other professional expenses), technical consultants, operational experts (including quality assurance inspectors) or other third parties retained to perform services required or permitted hereunder, (vi) computer processing charges, (vii) operational equipment and other lease payments to the extent constituting operating expenses under GAAP, (viii) Property Taxes and Other Charges (other than income taxes), (ix) insurance premiums, (x) Property maintenance expenses and (xi) all reserves required by Lender hereunder (without duplication). Notwithstanding the foregoing, Operating Expenses shall not include (A) depreciation or amortization, (B) income taxes or other charges in the nature of income taxes, (C) any expenses (including legal, accounting and other professional fees, expenses and disbursements) incurred in connection with the making of the Loan or the sale, exchange, transfer, financing or refinancing of all or any portion of any Property or in connection with the recovery of Insurance Proceeds or Awards which are applied to prepay the Note, (D) Capital Expenditures, (E) Debt Service, (F) expenses incurred in connection with the acquisition, initial renovation and initial leasing of Properties and other activities undertaken prior to such initial lease that do not constitute recurring operating expenses to be paid by Borrower, including eviction of existing tenants, incentive payments to tenants and other similar expenses, (G) any item of expense which would otherwise be considered within Operating Expenses pursuant to the provisions above but is paid directly by any Tenant under a Lease, (H) any service that is required to be provided by the Manager pursuant to the Management Agreement without compensation or reimbursement (other than the management fee set forth in the Management Agreement), (I) any expenses that relate to a Property from and after the release of such Property in accordance with **Section 2.5** hereof, (J) bad debt expense with respect to Rents and (K) the value of any free rent or other concessions provided with respect to the Properties.

“ **Other Charges** ” means all (i) homeowners’ or condominium owners’ association dues, fees and assessments, (ii) impositions other than Property Taxes, (iii) charges, liens or fees levied or assessed or imposed against a Property by a Governmental Authority in connection with code violations, and (iv) any other charges levied or assessed or imposed against a Property or any part thereof other than Property Taxes.

“ **Other Connection Taxes** ” means, with respect to any Lender, Taxes imposed as a result of a present or former connection between such Lender and the jurisdiction imposing such Tax (other than connections arising from such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“ **Other Obligations** ” means (a) the performance of all obligations of the Loan Parties contained herein; (b) the performance of each obligation of the Relevant Parties contained in any other Loan Document; and (c) the performance of each obligation of the Relevant Parties contained in any renewal, extension, amendment, restatement, modification, consolidation, change of, or substitution or replacement for, all or any part of this Agreement, the Note or any other Loan Document.

“ **Other Receipts** ” for any period of determination, any actual net cash flow receipts received by Borrower (or, for the period prior to the Closing Date, by Borrower’s Affiliates that owned the Properties) from sources other than Rents, such as fees, payments or other compensation from any Tenant (but excluding any security deposits), with respect to the Properties to the extent they are recurring in nature and properly included as operating income for such period in accordance with GAAP.

“ **Other Taxes** ” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

“ **Outstanding Principal Balance** ” means, as of any date, the aggregate Component Outstanding Principal Balances of the Components of the Loan.

“ **Patriot Act** ” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT ACT) of 2001, as the same may be amended from time to time, and corresponding provisions of future laws.

“ **Permitted Investments** ” means:

(a) obligations of, or obligations fully guaranteed as to payment of principal and interest by, the United States or any agency or instrumentality thereof provided such obligations are backed by the full faith and credit of the United States including, without limitation, obligations of: the U.S. Treasury (all direct or fully guaranteed obligations), the Farmers Home Administration (certificates of beneficial ownership), the General Services Administration (participation certificates), the U.S. Maritime Administration (guaranteed Title XI financing), the Small Business Administration (guaranteed

participation certificates and guaranteed pool certificates), the U.S. Department of Housing and Urban Development (local authority bonds) and the Washington Metropolitan Area Transit Authority (guaranteed transit bonds); *provided, however*, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an “r” highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(b) federal funds, unsecured certificates of deposit, time deposits, bankers’ acceptances and repurchase agreements with maturities of not more than 365 days of any bank, (A) in the case of such investments with maturities of 30 days or less, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated at least “A2” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s), (B) in the case of such investments with maturities of three months or less, but more than 30 days, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated at least “A1” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s), (C) in the case of such investments with maturities of six (6) months or less, but more than three months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated at least “Aa3” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s), and (D) in the case of such investments with maturities of more than six (6) months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated “Aaa” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s); *provided, however*, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an “r” highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(c) fully Federal Deposit Insurance Corporation-insured demand and time deposits in, or certificates of deposit of, or bankers’ acceptances issued by, any bank or trust company, savings and loan association or savings bank, (A) in the case of such investments with maturities of 30 days or less, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated at least “A2” by Moody’s (or such lower rating

for which Rating Agency Confirmation is received with respect to Moody's), (B) in the case of such investments with maturities of three months or less, but more than 30 days, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated at least "A1" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), (C) in the case of such investments with maturities of six (6) months or less, but more than three months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated at least "Aa3" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), and (D) in the case of such investments with maturities of more than six (6) months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated "Aaa" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's; *provided, however*, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(d) debt obligations with maturities of not more than 365 days and at all times rated by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in its highest long-term unsecured rating category; *provided, however*, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(e) commercial paper (including both non-interest-bearing discount obligations and interest-bearing obligations payable on demand or on a specified date not more than one year after the date of issuance thereof) with maturities of not more than 365 days (A) in the case of such investments with maturities of 30 days or less, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated at least "A2" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), (B) in the case of such investments with maturities of three months or less, but more than 30 days, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated Moody's in the highest short term rating category) and the long term obligations of which are rated at least "A1" by Moody's (or such lower rating for which

Rating Agency Confirmation is received with respect to Moody's), (C) in the case of such investments with maturities of six (6) months or less, but more than three months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated at least "Aa3" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), and (D) in the case of such investments with maturities of more than six (6) months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated "Aaa" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's ; *provided, however* , that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(f) units of taxable money market funds, which funds are regulated investment companies, seek to maintain a constant net asset value per share and invested solely in obligations backed by the full faith and credit of the United States, which funds have the highest rating available from each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities) for money market funds; and

(g) any other security, obligation or investment which has been specifically approved as a Permitted Investment in writing (i) by Lender and (ii) each Rating Agency, as confirmed by satisfaction of the Rating Agency Condition with respect to each Rating Agency;

provided, however , that no obligation or security shall be a Permitted Investment if (A) such obligation or security evidences a right to receive only interest payments or (B) the right to receive principal and interest payments on such obligation or security are derived from an underlying investment that provides a yield to maturity in excess of 120% of the yield to maturity at par of such underlying investment and *provided, further* , that each investment described hereunder must have (x) a predetermined fixed amount of principal due at maturity (that cannot vary or change) and (y) an original maturity of not more than 365 days and a remaining maturity of not more than thirty (30) days.

"Permitted Liens" means, collectively, (i) the Liens and security interests created by the Loan Documents, (ii) all encumbrances and other matters disclosed in the Title Insurance Policies for the Properties and, with respect to any Substitute Property, as Lender has approved in writing in Lender's reasonable discretion, (iii) Liens, if any, for Non-Property Taxes or Property Taxes imposed by any Governmental Authority not yet due or delinquent, (iv) Liens arising after the Closing Date for Non-Property Taxes, Property Taxes or Other Charges being contested in accordance with *Section 4.1.3* or *Section 4.4.8* , (v) any workers', mechanics' or

other similar Liens on a Property that are bonded or discharged within sixty (60) days after Borrower first receives written notice of such Lien, (vi) all easements, rights-of-way, restrictions and other similar non-monetary encumbrances recorded against and affecting any Property and that would not reasonably be expected to and do not have an Individual Material Adverse Effect on the Property, (vii) such other title and survey exceptions as Lender has approved or may approve in writing in Lender's reasonable discretion, (viii) the Specified Liens and (ix) rights of Tenants as Tenants only under Leases permitted hereunder.

“**Person**” means any individual, corporation, partnership, limited liability company, joint venture, estate, trust, unincorporated association, any other entity, any Governmental Authority and any fiduciary acting in such capacity on behalf of any of the foregoing.

“**Plan**” means an “employee benefit plan” as defined in Section 3(3) of ERISA that is established, maintained or contributed to by any Loan Party or any of its ERISA Affiliates (or as to which such entity has any liability) and that is covered by Title IV of ERISA, other than a Multiemployer Plan.

“**PBGC**” means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

“**Plan Termination Event**” means (i) any event described in Section 4043 of ERISA with respect to any Plan; (ii) the withdrawal of any Loan Party or any of its ERISA Affiliates from a Plan during a plan year in which such Loan Party or such ERISA Affiliate was a “substantial employer” as defined in Section 4001(a)(2) of ERISA; (iii) the imposition of an obligation on any Loan Party or any of its ERISA Affiliates under Section 4041 of ERISA to provide affected parties written notice of intent to terminate a Plan in a distress termination described in Section 4041(c) of ERISA; (iv) the institution of proceedings by the PBGC to terminate a Plan or by any similar foreign governmental authority to terminate a Foreign Plan; (v) any event or condition which could reasonably constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan; (vi) the institution of proceedings by a foreign governmental authority to appoint a trustee to administer any Foreign Plan; or (vii) the partial or complete withdrawal of any Loan Party or any of its ERISA Affiliates from a Multiemployer Plan or Foreign Plan or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

“**Prepayment Notice**” means a prior written notice to Lender specifying the proposed Business Day on which a prepayment of the Debt is to be made pursuant to **Section 2.4.2**, which date shall be no earlier than ten (10) days after the date of such Prepayment Notice and no later than ninety (90) days after the date of such Prepayment Notice. A Prepayment Notice may be revoked in writing by Borrower, or may be modified in writing by Borrower to a new specified Business Day, in each case, on or prior to the proposed prepayment date set forth in such Prepayment Notice; *provided* that such new Business Day shall be no earlier than such proposed prepayment date. If revoked (as opposed to modified), any new Prepayment Notice shall comply with the timeframes set forth above. Borrower shall pay to Lender all out-of-pocket costs and expenses (if any) incurred by Lender in connection with Borrower's permitted revocation or modification of any Prepayment Notice.

“**Prime Rate**” means the rate of interest published in *The Wall Street Journal* from time to time as the “Prime Rate”. If more than one “Prime Rate” is published in *The Wall Street*

Journal for a day, the average of such “Prime Rates” will be used, and such average will be rounded up to the nearest 1/100th of one percent (0.01%). If *The Wall Street Journal* ceases to publish the “Prime Rate,” Lender will select an equivalent publication that publishes such “Prime Rate,” and if such “Prime Rates” are no longer generally published or are limited, regulated or administered by a governmental or quasi-governmental body, then Lender will select a comparable interest rate index.

“**Prime Rate Loan**” means the Floating Rate Components of the Loan at such time as interest thereon accrues at a rate of interest based upon the Prime Rate.

“**Property**” means, individually, and “**Properties**” means, collectively, (i) the residential real properties described on the Properties Schedule as of the Closing Date and encumbered by the Mortgages and (ii) any residential real properties that are Substitute Properties; *provided* that if the Allocated Loan Amount for any Property has been reduced to zero and all interest and other Obligations related thereto that are required to be paid on or prior to the date when the Allocated Loan Amount for such Property is required to be repaid have been repaid in full, then such residential real property shall no longer be a Property hereunder. The Properties include the Improvements now or hereafter erected or installed thereon and other personal property owned by Borrower located thereon, together with all rights pertaining to such real property, Improvements and personal property.

“**Properties Schedule**” means the data tape of Properties attached hereto as **Schedule I**, as updated on a monthly basis pursuant to **Section 4.3.6**.

“**Property Account Bank**” means the Eligible Institution at which a Property Account is maintained.

“**Property Accounts**” means the Rent Deposit Accounts and Borrower’s Operating Account.

“**Property Account Control Agreement**” means the Deposit Account Control Agreement dated the date hereof among Borrower, Lender, Manager and a Property Account Bank, providing for springing control by Lender, substantially in the form set forth as **Exhibit B** attached hereto or such other form as may be reasonably acceptable to Lender.

“**Property Covenants**” means those covenants set forth in **Section 4.4** and the covenants contained in **Section 2** of the Environmental Indemnity.

“**Property File**” means with respect to each Property:

- (a) The Purchase Agreement, auction receipt or other applicable purchase documentation reasonably satisfactory to Lender;
- (b) The documentation described in **Sections 3.2.3**, **3.2.4**, **3.2.5**, **4.4.3**, **4.4.4**, and **4.4.5**;
- (c) Evidence reasonably satisfactory to Lender of the insurance policies required by **Section 5.1.1** with respect to such Property;

(d) The executed Lease and any renewals, amendments or modification of the Lease, each of which shall be delivered to the Property File within ten (10) days after execution thereof (provided, that if such Property is a Vacant Property, such Property will be disclosed in the Property File as a Vacant Property until an Eligible Lease is executed with respect to such Property); and

(e) The Broker Price Opinion for such Property.

“**Property Representations**” means those representations and warranties set forth in **Section 3.2** and Section 1 of the Environmental Indemnity.

“**Property Taxes**” means any real estate and personal property taxes, assessments, water charges, sewer rents, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto now or hereafter levied or assessed or imposed by a Governmental Authority against any Property, any Collateral, any part of either of the foregoing or Borrower.

“**Public Vehicle**” shall mean a Person whose securities are listed and traded on a national securities exchange and shall include a majority owned subsidiary of any such Person or any operating partnership through which such Person conducts all or substantially all of its business.

“**Purchase Agreement**” means the purchase agreement with respect to the purchase of a Property entered into by Borrower or its Affiliate and a third party seller of a Property who is not an Affiliate of any Loan Party.

“**Qualified Manager**” means (a) Existing Manager, (b) any Person that is under common Control with Existing Manager or Sponsor and/or (c) a reputable Person that has at least two (2) years’ experience in the management of at least two hundred and fifty (250) residential rental properties in each metropolitan statistical area in which the applicable Properties to be managed by such Person are located and is not the subject of a bankruptcy or similar proceeding; *provided*, that in the case of the foregoing **subclause (c)**, Borrower shall have obtained a Rating Agency Confirmation in respect of the management of the Properties by such Person; and *provided, further*, that in the case of the foregoing **subclause (b)** and **subclause (c)**, if such Person is an Affiliate of Borrower, Borrower shall have obtained an additional Insolvency Opinion if such an opinion is requested by Lender.

“**Qualified Title Insurance Company**” means each title insurance company listed on **Schedule VI** and any other title insurance company unless such title insurance company is disqualified by Lender in its sole discretion by notice to Borrower.

“**Qualified Transferee**” means (a) Sponsor or (b) any Person that (i) has a net worth of not less than \$300,000,000 (exclusive of such Person’s direct or indirect interest in the Properties and Borrower), (ii) has not been the subject of a voluntary or involuntary (to the extent the same has not been discharged) bankruptcy proceeding or any governmental or regulatory investigation which resulted in a final, nonappealable conviction for criminal activity involving moral turpitude, (iii) is (or is under common Control with a Person that is) regularly engaged in the management, ownership or operation of one to four unit residential rental properties and (iv) with respect to the applicable Transfer to such Person, Borrower shall have obtained a Rating Agency Confirmation.

“ **Rating Agencies** ” means the nationally-recognized statistical rating organization (e.g. S&P, Moody’s, Fitch, DBRS, Inc., Morningstar, Inc., KBRA or any successor thereto) that have been or will be engaged by Lender or its designees in connection with, or in anticipation of, a Securitization.

“ **Rating Agency Confirmation** ” means a written affirmation from each of the Rating Agencies that the credit rating of the Securities by such Rating Agency immediately prior to the occurrence of the event with respect to which such Rating Agency Confirmation is sought will not be qualified, downgraded or withdrawn as a result of the occurrence of such event, which affirmation may be granted or withheld in such Rating Agency’s sole and absolute discretion. In the event that, at any given time, no Securities are then outstanding, then the term Rating Agency Confirmation shall be deemed instead to require the written approval of Lender based on its reasonable, good faith determination of whether the Rating Agencies would issue a Rating Agency Confirmation if any such Securities were outstanding.

“ **Records** ” means all leases, agreements, instruments, documents, books, records and other information (including, without limitation, tapes, disks, punch cards and related property and rights) maintained with respect to Properties or the Loan Parties, other than the Property Files.

“ **Regulation AB** ” means Regulation AB under the Securities Act and the Exchange Act, as such Regulation may be amended from time to time.

“ **Regulatory Change** ” shall mean any change after the date of this Agreement in federal, state or foreign laws or regulations or the adoption or the making, after such date, of any interpretations, directives or requests applying to Lender, or any Person in Control of Lender or to a class of banks or companies Controlling banks of or under any federal, state or foreign laws or regulations (whether or not having the force of law) by any court or Governmental Authority or monetary authority charged with the interpretation or administration thereof.

“ **Related Loan** ” means a loan to an Affiliate of Borrower or any Guarantor or secured by a Related Property, that is included in a Securitization with the Loan, and any other loan that is cross-collateralized with the Loan.

“ **Related Property** ” means a parcel of real property, together with improvements thereon and personal property related thereto, that is “related” within the meaning of the definition of Significant Obligor, to a Property.

“ **Release Amount** ” means, for a Property, the following applicable amount (hereinafter, the “ **Principal Portion** ” of the Release Amount) together with any other amounts specified in **Section 2.4.5** :

(a) in connection with the Transfer of a Property pursuant to **Section 2.5** or any failure of a Property to qualify as an Eligible Property due to the occurrence of a Voluntary Action (such Properties, “ **Release Premium Properties** ”), (i) 105% of the Allocated Loan Amount for such Property if the sum of the initial Allocated Loan Amounts of all Release Premium Properties, including such Property, is less than \$71,993,500.00, (ii) 110% of the Allocated Loan Amount for such Property if the sum of the initial Allocated Loan Amounts of all Release Premium Properties, including such

Property, is equal to or greater than \$71,993,500.00 but less than \$107,990,250.00, (iii) 115% of the Allocated Loan Amount for such Property if the sum of the initial Allocated Loan Amounts of all Release Premium Properties, including such Property, is equal to or greater than \$107,990,250.00 but less than \$143,987,000.00, and (iv) 120% of the Allocated Loan Amount for such Property if the sum of the initial Allocated Loan Amounts of all Release Premium Properties, including such Property, is equal to or greater than \$143,987,000.00; and

(b) in connection with any failure of a Property to qualify as an Eligible Property other than due to the occurrence of a Voluntary Action that is not cured within the applicable Cure Period, an amount equal to 100% of the Allocated Loan Amount for such Property.

“ **Relevant Party** ” means each Loan Party, Equity Owner GP and Sponsor (and, collectively “ **Relevant Parties** ”).

“ **REMIC Trust** ” shall mean a “real estate mortgage investment conduit” within the meaning of Section 860D of the Code.

“ **Renovation Standards** ” means the maintenance, repairs, improvements and installations that are necessary (i) for a Property to conform to applicable material Legal Requirements and not deviate materially from local rental market standards for the area in which such Property is located and (ii) for a Property to conform to Requirements for Existing Housing One to Four Family Units (4905.1) or Minimum Property Standard for One and Two Family Dwellings (200.926) as applicable, as published by the U.S. Department of Housing and Urban Development.

“ **Rents** ” means, with respect to each Property, all rents and rent equivalents.

“ **Repayment Date** ” means the date of a prepayment of the Loan pursuant to the provisions of **Section 2.4** hereof.

“ **Replacement Interest Rate Cap Agreement** ” means an interest rate cap agreement from an Approved Counterparty with terms that are the same in all material respects as the terms of the Interest Rate Cap Agreement except that the same shall be effective as of (i) in connection with a replacement pursuant to **Section 2.6.3(c)** following a downgrade, withdrawal or qualification of the long-term unsecured debt rating of the Counterparty, the date required in **Section 2.6** or (ii) in connection with a replacement (or extension of the then-existing Interest Rate Cap Agreement) in connection with an extension of the Maturity Date pursuant to **Section 2.7**, the date required in **Section 2.7**; provided that to the extent any such interest rate cap agreement does not meet the foregoing requirements, a Replacement Interest Rate Cap Agreement shall be such interest rate cap agreement approved in writing by Lender, and if the Loan or any portion thereof is included in a Securitization, each of the Rating Agencies with respect thereto.

“ **Replacement Management Agreement** ” means, collectively, (a) either (i) a management agreement with a Qualified Manager, substantially in the same form and substance as the Existing Management Agreement, (ii) a management agreement with a Qualified Manager, which management agreement shall be reasonably acceptable to Lender in form and

substance, *provided*, that with respect to this **clause (ii)**, (x) if such management agreement provides for the payment of management fees in excess of those fees provided for under the Existing Management Agreement, then Borrower shall have obtained a Rating Agency Confirmation with respect to such increase in management fees and (y) otherwise Lender, at its option, may require that Borrower obtain a Rating Agency Confirmation with respect to such management agreement or (iii) a management agreement with a Manager approved by Lender in accordance with **Section 4.1.13(b)(y)** and satisfying the conditions set forth in **clauses (x)** and **(y)** above, and (b) an assignment of management agreement and subordination of management fees substantially in the form of the Assignment of Management Agreement dated as of the date hereof (or such other form and substance reasonably acceptable to Lender and the Qualified Manager).

“Reportable Event” has the meaning set forth in Section 4043 of ERISA.

“Request for Release” means a request for release of a Property in connection with any Transfer of a Property, substantially in the form attached hereto as **Exhibit E**.

“Reserve Funds” means, collectively, all funds deposited by Borrower with Lender or Collection Account Bank pursuant to **Article 6**, including, but not limited to, the Capital Expenditure Funds, the Insurance Funds, the Tax Funds, the Casualty and Condemnation Funds, the Cash Collateral Funds, the Special Insurance Reserve Funds and the Eligibility Funds.

“Reserve Release Date” means any Business Day as requested by Borrower pursuant to a Reserve Release Request; *provided* that there shall be no more than one Reserve Release Date in any calendar month.

“Reserve Release Request” means any written request by Borrower for a release of Reserves Funds made in accordance with **Article 6**.

“Responsible Officer” means, as to any Person, the chief executive officer or president or, with respect to financial matters, the chief financial officer or treasurer of such Person; *provided, that* in the event any such officer is unavailable at any time he or she is required to take any action hereunder, Responsible Officer means any officer authorized to act on such officer’s behalf as demonstrated by a certified resolution.

“Restoration” means the repair and restoration of a Property after a Casualty as nearly as possible to the condition such Property was in immediately prior to such Casualty, with such material alterations as may be approved by Lender, such approval not to be unreasonably withheld, delayed or conditioned.

“Restricted Junior Payment” means, with respect to any Person, (i) any dividend or other distribution of any nature (cash, securities, assets, Indebtedness or otherwise) and any payment, by virtue of redemption, retirement or otherwise, on any class of Equity Interests or subordinate Indebtedness issued by such Person, whether such Equity Interests are now or may hereafter be authorized or outstanding and any distribution in respect of any of the foregoing, whether directly or indirectly, (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Equity Interests or subordinate Indebtedness of such Person now or hereafter outstanding, or (iii) any payment of management or similar fees by such Person (other than payment of management fees under any Management Agreement to the extent expressly permitted by this Agreement).

“**Restricted Pledge Party**” shall mean, collectively, Borrower, any Guarantor, and any other direct or indirect equity holder in Borrower or any Guarantor up to, but not including, the first direct or indirect equity holder that has substantial assets other than the Properties and the other Collateral.

“**S&P**” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business.

“**Significant Obligor**” shall have the meaning set forth in Item 1101(k) of Regulation AB under the Securities Act.

“**Solvent**” means, with respect to any Person or any consolidated group, on any date of determination, that on such date (i) the fair saleable value of such Person’s or consolidated group’s assets exceeds its total liabilities, including, without limitation, subordinated, unliquidated, disputed and contingent liabilities, (ii) the fair saleable value of such Person’s or consolidated group’s assets exceeds its probable liabilities, as applicable, including the maximum amount of its contingent liabilities on its debts as such debts become absolute and matured, (iii) such Person’s or consolidated group’s assets do not constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted and (iv) such Person or consolidated group does not intend to, and does not believe that it will, incur debt and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such debt and liabilities as they mature (taking into account the timing and amounts of cash to be received by it and the amounts to be payable on or in respect of its obligations).

“**Specified Documents**” means, with respect to any Property File, each document listed in the definition of “Property File”.

“**Specified Liens**” means the Liens described on **Schedule XII** affecting one or more of the Properties as of the Closing Date, provided that all such Liens on the affected Properties are affirmatively covered by Title Insurance Policies.

“**Sponsor**” means Invitation Homes L.P., a Delaware limited partnership.

“**Sponsor Financial Covenant**” means the requirement that Sponsor or any Qualified Transferee that executes and delivers a replacement guaranty pursuant to **Section 7.1(h)** maintain Net Assets of not less than \$150,000,000 (exclusive of Sponsor’s or such Qualified Transferee’s direct or indirect interest in Borrower).

“**Sponsor Guaranty**” means that certain Sponsor Guaranty, dated as of the date hereof, executed by Sponsor in favor of Lender.

“**Sponsor Parent Entity**” means any Person that owns, directly or indirectly, 100% of the legal and beneficial interests in Sponsor.

“**Sponsor Public Listing**” shall mean the listing of the direct or indirect legal or beneficial interests of Sponsor (or any direct or indirect wholly owned subsidiary of Sponsor or any Sponsor Parent Entity) on the New York Stock Exchange or another nationally recognized securities exchange.

“**Sponsor Public Sale**” shall mean the sale, transfer or conveyance (but not a pledge), in one or a series of transactions (a) of more than 50% of the direct or indirect legal or beneficial interests in Sponsor (or any direct or indirect wholly owned subsidiary of Sponsor or any Sponsor Parent Entity) to a Public Vehicle or (b) through which Sponsor (or any direct or indirect wholly owned subsidiary of Sponsor or any Sponsor Parent Entity) becomes, or is merged with or into, a Public Vehicle.

“**Spread Maintenance Date**” means the Monthly Payment Date occurring in September 2015.

“**Spread Maintenance Premium**” means, with respect to any prepayment of principal (or acceleration of the Loan) prior to the Spread Maintenance Date (other than payments made pursuant to **Section 2.4.3(a)** (except where such prepayment arises as a result of a Voluntary Action) or **Section 2.4.3(c)**), and with respect to each Floating Rate Component, an amount equal to the product of the following: (i) the amount of such prepayment (or the amount of principal so accelerated) allocable to such Floating Rate Component, multiplied by (ii) the Floating Rate Component Spread applicable to such Floating Rate Component, multiplied by (iii) a fraction (expressed as a percentage) having a numerator equal to the number of months difference between the Spread Maintenance Date and the date such prepayment occurs (or the next succeeding Monthly Payment Date through which interest has been paid by Borrower) and a denominator equal to twelve (12). The total Spread Maintenance Premium shall be the sum of the Spread Maintenance Premium for each of the Floating Rate Components. All Spread Maintenance Premium payments hereunder shall be deemed to be earned by Lender upon the funding of the Loan.

“**Stated Maturity Date**” means September 9, 2016, as the same may be extended pursuant to **Section 2.7**.

“**Strike Price**” shall mean (a) as to any Interest Rate Cap Agreement during the initial term of the Loan, 2.44% per annum, and (b) as to any Replacement Interest Rate Cap Agreement obtained in connection with the exercise of any Extension Option, a rate per annum equal to the greater of (i) 2.44% per annum and (ii) the interest rate at which the Debt Service Coverage Ratio as of the Calculation Date immediately preceding the applicable Extension Date is not less than 1.20:1.00.

“**Taxes**” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“**Tenant**” means any Person obligated by contract or otherwise to pay monies (including a percentage of gross income, revenue or profits) under any Lease now or hereafter affecting all or any part of a Property.

“**Term**” means the entire term of this Agreement, which shall expire upon repayment in full of the Debt.

“ **Title Insurance Policy** ” means, with respect to each Property or multiple Properties encumbered by the same Mortgage, an ALTA mortgagee title insurance policy issued by a Qualified Title Insurance Company containing such endorsements as Lender may reasonably require (to the extent available in the state where the Property or the Properties, as applicable, are located) in a form reasonably acceptable to Lender (or, if such Property or the Properties, as applicable, are located in a state which does not permit the issuance of such ALTA policy, such form as shall be permitted in such state and determined that is reasonably acceptable to Lender) issued with respect to such Property or Properties, as applicable, and insuring the Lien of the Mortgage Documents encumbering such Property or Properties (subject to Permitted Liens), as applicable, and posted to the Lender’s online data room pursuant to **Section 4.1.14** with electronic or written notification to Lender of such posting.

“ **Title Insurance Owner’s Policy** ” means, with respect to each Property, an ALTA owner title insurance policy issued by a Qualified Title Insurance Company in a form reasonably acceptable to Lender (or, if a Property is in a state which does not permit the issuance of such ALTA policy, such form as shall be permitted in such state and determined that is reasonably acceptable to Lender) issued with respect to such Property and insuring the legal title to such Property, as applicable, posted to the Lender’s online data room pursuant to **Section 4.1.14** with electronic or written notification to Lender of such posting.

“ **Transfer Date** ” means the date upon which a Transfer of a Property is consummated.

“ **Transfer Expenses** ” means, with respect to the Transfer of any Property, the reasonable expenses of Borrower incurred in connection therewith not to exceed 6.0% of all gross amounts realized with respect thereto, for any of the following: (i) third party real estate commissions, (ii) the closing costs of the purchaser of such Property actually paid by Borrower and (iii) Borrower’s miscellaneous closings costs, including, but not limited to title, escrow and appraisal costs and expenses.

“ **Trigger Period** ” shall commence upon the occurrence of (i) an Event of Default or (ii) the commencement of a Low Debt Yield Period; and shall end if, (A) with respect to a Trigger Period continuing pursuant to **clause (i)** , the Event of Default commencing the Trigger Period has been cured and such cure has been accepted by Lender (and no other Event of Default is then continuing) or (B) with respect to a Trigger Period continuing due to **clause (ii)** , the Low Debt Yield Period has ended pursuant to the terms hereof.

“ **Trust Fund Expenses** ” shall mean (a) any interest payable to the Servicer, or any special servicer, trustee, operating advisor, custodian, or certificate administrator in connection with the Loan or the Properties pursuant to the Servicing Agreement in respect of advances made by any of the foregoing; *provided, however* , that Borrower shall only be obligated to pay any amounts described in this **clause (a)** if and to the extent such interest exceeds the sum of the Default Rate interest and late payment charges payable pursuant to **Section 2.3.4** in respect of the event giving rise to the related advances; (b) all special servicing fees, work-out, liquidation fees and other fees payable to any special servicer under the Servicing Agreement (i) after the Loan is transferred to the special servicer as a result of (A) the occurrence of an Event of Default or (B) an acknowledgement by Borrower in writing that the Loan is likely to go into default, or (ii) in connection with any Borrower requested or consensual work-out or modification of the Loan; (c) the regular monthly fee of the certificate administrator (capped at \$5,400 per month) and the trustee (capped at \$417 per month) under the Servicing Agreement, (d) the fees and expenses of

Midland Loan Services as Servicer as set forth in **Schedule IX** and (e) except for the regular monthly fees payable to the master servicer and any operating advisor, any other cost, fee or expense of the Servicer, the trustee, the operating advisor and any certificate administrator under the Servicing Agreement (i) after the Loan is transferred to the special servicer as a result of (A) the occurrence of an Event of Default or (B) an acknowledgement by Borrower in writing that the Loan is likely to go into default, (ii) the occurrence of an Event of Default under **clauses (i), (ii) or (iii) of Section 8.1** or (iii) in connection with any Borrower requested or consensual work out or modification of the Loan or any other special waiver or approval requests made by Borrower or any Guarantor during the term of the Loan (in each case including, but not limited to, (1) any costs and expenses in connection with Broker Price Opinions and, where Broker Price Opinions are not sufficient in accordance customary mortgage servicing standards, appraisals of the Properties or the Equity Interests in Borrower (or any updates to Broker Price Opinions or such appraisals) conducted by or on behalf of the Servicer and/or special servicer, (2) property inspections conducted by or on behalf of the Servicer and/or special servicer, (3) lien searches conducted by or on behalf of the Servicer and/or special servicer, (4) any reimbursements to the trustee, the Servicer, the special servicer, the operating advisor, any certificate administrator thereunder and related Persons of each of the foregoing, or the trust fund, pursuant to the Servicing Agreement, (5) any indemnification to Persons entitled thereto under the Servicing Agreement, (6) any litigation expenses arising from an Event of Default and (7) the cost of Rating Agency Confirmations and/or opinions of counsel, if any, required to be obtained pursuant to the Servicing Agreement in connection with servicing or administering the Loan or the Properties and administration of the trust fund).

“**Trustee**” means any trustee holding the Loan or any Component in a Securitization.

“**UCC**” or “**Uniform Commercial Code**” means the Uniform Commercial Code as in effect in the State (with respect to fixtures), the State of New York or the state in which any of the Cash management Accounts are located, as the case may be.

“**Underwritten Capital Expenditures**” means, as of any date of determination, for the twelve (12) month period ending on such date, the product of (i) the number of Properties multiplied by (ii) \$450.

“**Underwritten Net Cash Flow**” shall mean, as of any date of determination, the excess of: (a) for the twelve (12) month period ending on such date, the sum of (i) the lesser of (x) GPR multiplied by 94.0%, and (y) Actual Rent Collections, and (ii) Other Receipts; over (b) for the twelve (12) month period ending on such date, the sum of (i) Operating Expenses, adjusted to reflect exclusion of amounts representing non-recurring expenses, (ii) Underwritten Capital Expenditures and (iii) Concessions. For purposes of the foregoing calculations, for the first Calculation Date after the Closing Date, Operating Expenses, Concessions, Actual Rent Collections and Other Receipts with respect to the Properties for the period from and including January 1, 2014, to and including such Calculation Date shall be annualized to determine the twelve (12) month Operating Expenses, Concessions, Actual Rent Collections and Other Receipts with respect to the Properties.

Notwithstanding the foregoing, Underwritten Net Cash Flow shall not include (a) any Insurance Proceeds (other than business interruption and/or rental loss insurance proceeds and only to the extent allocable to the applicable reporting period), (b) any proceeds resulting from the Transfer of all or any portion of any Property, (c) any item of income otherwise included in

Underwritten Net Cash Flow but paid directly by any Tenant to a Person other than Borrower as an offset or deduction against Rent payable by such Tenant, provided such item of income is for payment of an item of expense (such as payments for utilities paid directly to a utility company) and such expense is otherwise excluded from the definition of Operating Expenses pursuant to clause “(G)” of the definition thereof, (d) security deposits received from Tenants until forfeited or applied and (e) any lease buy-out or surrender payment from any Tenant (including any payment relating to unamortized tenant improvements and/or leasing commissions).

Notwithstanding anything herein to the contrary, the Underwritten Net Cash Flow of any Property that is a Disqualified Property shall be zero for all purposes of this Agreement.

“ **United States** ” means the United States of America.

“ **Unrestricted Cash** ” means any cash or Permitted Investments not held (or required to be held) in any Collection Account, Account, Rent Deposit Account or Security Deposit Account, to the extent the cash value thereof could be distributed as a Restricted Junior Payment by a Loan Party pursuant to **Section 4.2.12** on such date.

“ **U.S. Dollars** ” refers to lawful money of the United States.

“ **U.S. Person** ” means any Person that is a “United States person” as defined in Section 7701(a)(30) of the Code.

“ **Vacant Property** ” means, individually, and “ **Vacant Properties** ” means, collectively, the Properties listed on **Schedule XI** attached hereto which are not leased to or occupied by any Tenant as of the Cut-Off Date.

“ **Voluntary Action** ” means, in respect of any Property (i) a voluntary action or omission by any Loan Party or an action or omission by any third party authorized by a Loan Party that, in each case, such Loan Party intends to result in (a) an imposition of a Lien (other than a Permitted Lien) on such Property or (b) a Transfer of such Property.

“ **Welfare Plan** ” means an “employee welfare benefit plan” as defined in Section 3(1) of ERISA that is established, maintained or contributed to by any Loan Party or any of its ERISA Affiliates (or as to which such entity has any liability).

Section 1.2 Index of Other Definitions. The following terms are defined in the Sections, Schedules or Loan Documents as indicated below:

“ **Acceptable Blanket Policy** ” – 5.1.1(c)

“ **Acceptable LLC** ” – Schedule IV

“ **Account Collateral** ” – 6.9

“ **Accounts** ” – 6.1.1

“ **Act** ” – Schedule IV

“ **Affected Property** ” and “ **Affected Properties** ” – 2.4.3(a)

“ **Agreement** ” – Introductory Paragraph

“ **Anti-Money Laundering Laws** ” – 4.1.16

“ **Approved Annual Budget** ” – 6.8.3

“ **Approved Extraordinary Operating Expense** ” – 6.8.4

“ **Approved Initial Budget** ” – 6.8.3
“ **Available Cash** ” – 6.8.1(i)
“ **Borrower** ” – Introductory Paragraph
“ **Borrower’s Operating Account** ” – 6.1.3
“ **Breakage Costs** ” – 2.2.5
“ **Capital Expenditure Account** ” – 6.4.1
“ **Capital Expenditure Funds** ” – 6.4.1
“ **Cash Collateral Account** ” – 6.7.1
“ **Cash Collateral Floor** ” – 6.7.2
“ **Cash Collateral Funds** ” – 6.7.1
“ **Cash Management Accounts** ” – 6.9
“ **Casualty** ” – 5.2
“ **Casualty and Condemnation Account** ” – 6.6
“ **Casualty and Condemnation Funds** ” – 6.6
“ **Casualty Consultant** ” – 5.4(d)(iii)
“ **Casualty Retainage** ” – 5.4(d)(iv)
“ **Cause** ” – Schedule IV
“ **Committee** ” – Schedule IV
“ **Condemnation Proceeds** ” – Net Proceeds Definition
“ **Counterparty Opinion** ” – 2.6.3(g)
“ **Covered Disclosure Information** ” – 9.2(b)
“ **Debt Yield Cure Prepayment** ” – Low Debt Yield Period Definition
“ **Disclosure Document** ” – 9.2(a)
“ **Eligibility Funds** ” – 6.10(a)
“ **Eligibility Reserve Account** ” – 6.10(a)
“ **Embargoed Person** ” – 4.2.16
“ **Equity Certificate** ” – 10.28(a)
“ **ERISA Plan** ” – 3.1.8(a)
“ **Event of Default** ” – 8.1
“ **Excess Deductible** ” – 5.1.3
“ **Exchange Act** ” – 9.2(a)
“ **Exchange Act Filing** ” – 9.1(d)
“ **Extraordinary Operating Expense** ” – 6.8.4
“ **First Extended Maturity Date** ” – 2.7.1
“ **First Extension Notice** ” – 2.7.1
“ **First Extension Option** ” – 2.7.1
“ **Fully Condemned Property** ” – 5.3(b)
“ **Fully Condemned Property Prepayment Amount** ” – 5.3(b)
“ **Government Lists** ” – 3.1.26
“ **Guarantor’s Permitted Indebtedness** ” – 4.2.8
“ **Increased Costs** ” – 2.9.1
“ **Indemnified Liabilities** ” – 4.1.21
“ **Independent Director** ” – Schedule IV
“ **Independent Manager** ” – Schedule IV
“ **Initial Interest Period** ” – 2.3.1
“ **Insurance Account** ” – 6.3.1
“ **Insurance Funds** ” – 6.3.1
“ **Insurance Premiums** ” – 5.1.1(b)

“ **Insurance Proceeds** ” – Net Proceeds Definition
“ **Interest Period** ” – 2.3.2
“ **Interest Shortfall** ” – 2.4.5(a)(ii)
“ **Issuer** ” – 9.2(b)
“ **Lender** ” – Introductory Paragraph
“ **Lender Group** ” – 9.2(b)
“ **Liabilities** ” – 9.2(b)
“ **Low Debt Yield Trigger** ” – Low Debt Yield Period Definition
“ **Margin Stock** ” – 3.1.16
“ **Material Action** ” – Schedule IV
“ **Monthly Budgeted Amount** ” – 6.8.3
“ **Nationally Recognized Service Company** ” – Schedule IV
“ **Net Proceeds Deficiency** ” – 5.4(d)(vi)
“ **Note** ” – 2.1.4
“ **Notice** ” – 10.5
“ **Participant Register** ” – 10.24
“ **Patriot Act Offense** ” – 3.1.26
“ **Periodic Rating Agency Information** ” – 4.3.10
“ **Permitted Indebtedness** ” – 4.2.8
“ **Permitted Transfers** ” – 7.1
“ **Policy** ” and “ **Policies** ” – 5.1.1(b)
“ **Qualified Release Property Default** ” – 2.5(b)
“ **Rate Cap Collateral** ” – 2.6.2
“ **Register** ” – 10.24
“ **Registrar** ” – 10.24
“ **Release Conditions** ” – 2.5
“ **Release Premium Properties** ” – Release Amount Definition
“ **Release Property** ” – 2.5
“ **Rent Deposit Account** ” – 6.1.1
“ **Rent Deposit Account Retained Amount** ” – 6.1.1
“ **Rent Deposit Bank** ” – 6.1.1
“ **Review Waiver** ” – 10.2(b)
“ **Second Extended Maturity Date** ” – 2.7.1
“ **Second Extension Notice** ” – 2.7.1
“ **Second Extension Option** ” – 2.7.1
“ **Secondary Market Transaction** ” – 9.1(a)
“ **Securities** ” – 9.1(a)
“ **Securitization** ” – 9.1(a)
“ **Securities Act** ” – 9.2(a)
“ **Security Deposit Account** ” – 4.1.15(a)
“ **Servicer** ” – 10.20
“ **Servicing Agreement** ” – 10.20
“ **Sole Member** ” – Schedule IV
“ **SPC Party** ” – Schedule IV
“ **Special Insurance Reserve Account** ” – 6.5(a)
“ **Special Insurance Reserve Funds** ” – 6.5(a)
“ **Special Member** ” – Schedule IV
“ **Special Purpose Bankruptcy Remote Entity** ” – Schedule IV

- “ *Substitute Property* ” and “ *Substitute Properties* ” – 2.4.3(a)
- “ *Substitute Mortgage Documents* ” – 2.4.3(a)(x)
- “ *Succeeding Interest Period* ” – 2.4.5(a)(ii)
- “ *Tax Account* ” – 6.2.1
- “ *Tax Funds* ” – 6.2.1
- “ *Tenant Direction Letter* ” – 6.1.1
- “ *Third Extended Maturity Date* ” – 2.7.1
- “ *Third Extension Notice* ” – 2.7.1
- “ *Third Extension Option* ” – 2.7.1
- “ *Transfer* ” – 4.2.3
- “ *Underwriter Group* ” – 9.2(b)
- “ *Updated Information* ” – 9.1(b)(i)
- “ *U.S. Tax Compliance Certificate* ” – 2.10.6(b)(ii)(C)

Section 1.3 Principles of Construction. All references to sections and schedules are to sections and schedules in or to this Agreement unless otherwise specified. Unless otherwise specified, the words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement or any other Loan Document shall refer to this Agreement or such other Loan Document as a whole and not to any particular provision hereof or thereof. When used in this Agreement or any other Loan Document, the word “including” shall mean “including but not limited to”. Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined.

ARTICLE 2

THE LOAN

Section 2.1 The Loan .

2.1.1 Agreement to Lend and Borrow. Subject to and upon the terms and conditions set forth herein, Lender shall make the Loan to Borrower and Borrower shall accept the Loan from Lender on the Closing Date.

2.1.2 Components of the Loan. For purposes of the computation of the interest accrued on the Loan from time to time and certain other computations set forth herein, the Loan shall be divided into multiple components designated as “Component A”, “Component B”, “Component C”, “Component D”, “Component E”, “Component F” and “Component G”. The following table sets forth the initial principal amount of each such Component.

<u>Component</u>	<u>Initial Principal Amount</u>
Component A	\$ 322,494,000
Component B	\$ 78,787,000
Component C	\$ 69,412,000
Component D	\$ 58,612,000

Component E	\$	95,348,000
Component F	\$	59,280,000
Component G	\$	36,002,000

2.1.3 Single Disbursement to Borrower. Borrower shall receive only one borrowing hereunder in respect of the Loan and any amount borrowed and repaid hereunder in respect of the Loan may not be reborrowed.

2.1.4 The Note. The Loan and all of the Components thereof shall be evidenced by that certain Promissory Note of even date herewith, in the stated principal amount of Seven Hundred Nineteen Million Nine Hundred Thirty Five Thousand and No/100 Dollars (\$719,935,000.00) executed by Borrower and payable to the order of Lender in evidence of each of the Components of the Loan (as the same may hereafter be amended, supplemented, restated, increased, extended or consolidated from time to time, the “*Note*”) and shall be repaid in accordance with the terms of this Agreement, the Note and the other Loan Documents.

2.1.5 Use of Proceeds. Borrower shall use proceeds of the Loan to (i) make initial deposits of the Reserve Funds, (ii) make distributions to Equity Owner and Borrower GP, (iii) pay costs and expenses incurred in connection with the closing of the Loan and the related Securitization, and (iv) to the extent any proceeds remain after satisfying **clauses (i) through (iii)** above, for such lawful purpose as Borrower shall designate.

Section 2.2 Interest Rate.

2.2.1 Interest Rate.

(a) Each Component of the Loan shall accrue interest throughout the Term at the Interest Rate applicable to such Component during each Interest Period. The total interest accrued under the Loan shall be the sum of the interest accrued on the outstanding balance of each of the Components. Borrower shall pay to Lender on each Monthly Payment Date the interest accrued or to be accrued on the Loan for the related Interest Period.

(b) Component G shall accrue interest at the Component G Interest Rate. Subject to the terms and conditions hereof, the Floating Rate Components of the Loan shall be a LIBOR Loan. In the event that Lender shall have determined (which determination shall be conclusive and binding upon Borrower absent manifest error) that by reason of circumstances affecting the interbank Eurodollar market, adequate and reasonable means do not exist for ascertaining LIBOR, then Lender shall forthwith give notice by telephone of such determination, confirmed in writing, to Borrower at least one (1) day prior to the next succeeding Interest Determination Date. If such notice is given, the Floating Rate Components of the Loan shall be converted, as of the first day of the next succeeding Interest Period, to a Prime Rate Loan. Notwithstanding any provision of this Agreement to the contrary, in no event shall Borrower have the right to convert a LIBOR Loan to a Prime Rate Loan.

(c) If, pursuant to the terms hereof, the Floating Rate Components of the Loan have been converted to a Prime Rate Loan and Lender shall determine (which determination shall be conclusive and binding upon Borrower absent manifest error) that the event(s) or circumstance(s) which resulted in such conversion shall no longer be applicable, Lender shall give notice by telephone of such determination, confirmed in writing, to Borrower at least one

(1) day prior to the next succeeding Interest Determination Date. If such notice is given, the Floating Rate Components of the Loan shall be converted, as of the first day of the next succeeding Interest Period, to a LIBOR Loan. Notwithstanding any provision of this Agreement to the contrary, in no event shall Borrower have the right to convert a Prime Rate Loan to a LIBOR Loan.

(d) If the adoption of any requirement of law or any change therein or in the interpretation or application thereof, shall hereafter make it unlawful for Lender to maintain a LIBOR Loan as contemplated hereunder, (i) the obligation of Lender hereunder to make or maintain a LIBOR Loan or to convert a Prime Rate Loan to a LIBOR Loan shall be canceled forthwith and (ii) any outstanding LIBOR Loan shall be converted automatically to a Prime Rate Loan on the first day of the next succeeding Interest Period, or upon such earlier date as may be required by law. Borrower hereby agrees to promptly pay to Lender, upon demand, any additional amounts necessary to compensate Lender for any costs incurred by Lender in making any conversion in accordance with this Agreement, including without limitation, any interest or fees payable by Lender to lenders of funds obtained by it in order to make or maintain the LIBOR Loan hereunder. Lender's notice of such costs, as certified to Borrower, shall be conclusive absent manifest error.

2.2.2 Default Rate. In the event that, and for so long as, any Event of Default shall have occurred and be continuing, the Component Outstanding Principal Balance of each of the Floating Rate Components and, to the extent not prohibited by applicable law, all other portions of the Debt, shall accrue interest at the Default Rate, calculated from the date such payment was due or, if later, such Default shall have occurred, without regard to any grace or cure periods contained herein. Interest at the Default Rate shall be paid immediately upon demand, which demand may be made as frequently as Lender shall elect, to the extent not prohibited by applicable law.

2.2.3 Interest Calculation. Interest on the Loan and other Obligations shall be calculated by multiplying (A) the actual number of days elapsed in the period for which the calculation is being made by (B) a daily rate based on a three hundred sixty (360) day year (that is, the Interest Rate expressed as an annual rate divided by 360) by (C) the Outstanding Principal Balance or the amount of such other Obligations, as applicable. The accrual period for calculating interest due on each Monthly Payment Date shall be the Interest Period in which such Monthly Payment Date occurs.

2.2.4 Usury Savings. This Agreement and the other Loan Documents are subject to the express condition that at no time shall Borrower be required to pay interest on the Outstanding Principal Balance at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the Maximum Legal Rate. If by the terms of this Agreement or the other Loan Documents, Borrower is at any time required or obligated to pay interest on the Outstanding Principal Balance at a rate in excess of the Maximum Legal Rate, the Interest Rate shall be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the sums due under the Loan, shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the Maximum Legal Rate from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

2.2.5 Breakage Indemnity. Borrower shall indemnify Lender against any loss or expense which Lender may actually sustain or incur in liquidating or redeploying deposits from third parties acquired to effect or maintain the Loan or any part thereof as a consequence of (i) any payment or prepayment of the Loan or any portion thereof made on a date other than a Monthly Payment Date (unless interest is paid by the Borrower on such payment through the end of the applicable Interest Period) and (ii) any default in payment or prepayment of the Principal or any part thereof or interest accrued thereon, as and when due and payable (at the date thereof or otherwise, and whether by acceleration or otherwise) (collectively, “*Breakage Costs*”), provided, Borrower shall not indemnify Lender from any loss or expense arising from Lender’s willful misconduct or gross negligence. Lender shall deliver to Borrower a statement for any such sums which it is entitled to receive pursuant to this Section 2.2.5, which statement shall be binding and conclusive absent manifest error. Borrower’s obligations under this Section 2.2.5 are in addition to Borrower’s obligations to pay any Spread Maintenance Premium applicable to a payment or prepayment of the Loan.

Section 2.3 Loan Payments.

2.3.1 Payments. On the Closing Date, Borrower shall pay interest on the Outstanding Principal Balance of the Components from the date hereof through and including September 14, 2014 (the “*Initial Interest Period*”). On October 9, 2014, and each Monthly Payment Date thereafter during the Term, Borrower shall make a payment of principal and interest equal to the Monthly Debt Service Payment Amount, which payment shall be applied in accordance with *Article 6*. Borrower shall also pay to Lender all amounts required in respect of Reserve Funds as set forth in *Article 6*.

2.3.2 Payments Generally. After the Initial Interest Period, each interest accrual period thereafter (each, an “*Interest Period*”) shall commence on the fifteenth (15th) calendar day of a calendar month and ending on (and including) the fourteenth (14th) calendar day of the following calendar month. For purposes of making payments hereunder, but not for purposes of calculating Interest Periods, if the Monthly Payment Date is not a Business Day, then amounts due on such date shall be due on the immediately preceding Business Day. Lender shall have the right from time to time, in its sole discretion, upon not less than ten (10) days prior written notice to Borrower, to change the Monthly Payment Date to a different calendar day and, if requested by Lender, Borrower shall promptly execute an amendment to this Agreement to evidence such change; *provided, however*, that if Lender shall have elected to change the Monthly Payment Date as aforesaid, Lender shall adjust the Interest Period and, with respect to the Floating Rate Components, the Interest Determination Date accordingly, so that (a) after giving effect to any such change or adjustment, the period of time between the Monthly Payment Date and the end of the Interest Period shall not be greater than five (5) days and (b) the date of each Maturity Date (including the Stated Maturity Date, the First Extended Maturity Date, the Second Extended Maturity Date and the Third Extended Maturity Date) and any other date in the Loan Documents which corresponds with a Monthly Payment Date shall be automatically amended to reflect the Monthly Payment Date as so adjusted. With respect to payments of principal due on any Component on the Maturity Date, interest shall be payable at the Interest Rate, through and including the day immediately preceding such Maturity Date.

2.3.3 Payment on Maturity Date. Borrower shall pay to Lender on the Maturity Date the Outstanding Principal Balance, all accrued and unpaid interest and all other amounts due hereunder and under the Note, the Mortgage Documents and the other Loan Documents.

2.3.4 Late Payment Charge. If any principal, interest or any other sum due under the Loan Documents (other than the Outstanding Principal Balance due and payable on the Maturity Date) is not paid by Borrower on the date on which it is due, Borrower shall pay to Lender upon demand an amount equal to the lesser of four percent (4%) of such unpaid sum or the maximum amount permitted by applicable law in order to defray the expense incurred by Lender in handling and processing such delinquent payment and to compensate Lender for the loss of the use of such delinquent payment. Any such amount shall be secured by Borrower Security Agreement, the Mortgage Documents and the other Loan Documents to the extent permitted by law.

2.3.5 Method and Place of Payment.

(a) Except as otherwise specifically provided herein, all payments and prepayments under this Agreement and the Note shall be made to Lender not later than 2:00 p.m., New York City time, on the date when due and shall be made in lawful money of the United States of America in immediately available funds at Lender's office or at such other place as Lender shall from time to time designate, and any funds received by Lender after such time shall, for all purposes hereof, be deemed to have been paid on the next succeeding Business Day.

(b) Whenever any payment to be made hereunder or under any other Loan Document shall be stated to be due on a day which is not a Business Day, the due date thereof shall be the immediately preceding Business Day.

(c) All payments required to be made by Borrower hereunder or under the Note or the other Loan Documents shall be made irrespective of, and without deduction for, any setoff, claim or counterclaim and shall be made irrespective of any defense thereto.

Section 2.4 Prepayments.

2.4.1 Prepayments. Except as otherwise provided herein, Borrower shall not have the right to prepay the Loan in whole or in part prior to the Stated Maturity Date.

2.4.2 Voluntary Prepayments. Provided that Borrower shall timely deliver to Lender a Prepayment Notice, Borrower may prepay all or any portion of the Outstanding Principal Balance and any other amounts outstanding under the Note, this Agreement, the Mortgage Documents and any of the other Loan Documents, on any Business Day, provided that Borrower shall comply with the provisions of and pay to Lender the amounts set forth in **Section 2.4.5**. Each such prepayment shall be in a minimum principal amount equal to \$1,000,000 and in integral multiples of \$100,000 in excess thereof and shall be made and applied in the manner set forth in **Section 2.4.5**.

2.4.3 Mandatory Prepayments.

(a) **Disqualified Properties**. If at any time any Property shall become a Disqualified Property, Borrower shall, no later than the close of business on the fifth (5th) Business Day following the last day of the applicable Cure Period, if any, give notice thereof to Lender and prepay the Debt in the applicable Release Amount with respect to such Property. After the prepayment of the Debt by the Release Amount with respect to a Disqualified Property as provided above, Lender shall release the Disqualified Property from the applicable Mortgage Documents and related Lien, provided, that (x) Borrower has delivered to Lender a draft release (and, in the event the Mortgage and the Assignment of Leases and Rents applicable to the Disqualified Property encumbers other Property(ies) in addition to the Disqualified Property, such release shall be a partial release that relates only to the Disqualified Property and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such Disqualified Property is located and shall contain standard provisions protecting the rights of Lender, (y) Borrower shall pay all costs, taxes and expenses associated with such release (including, without limitation, cost to file and record the release and Lender's reasonable attorneys' fees) and (z) such Disqualified Property is a separate legal parcel from the property remaining encumbered by Mortgages. Notwithstanding the foregoing, in lieu of such prepayment, Borrower may either (1) deposit an amount equal to 100% of the Allocated Loan Amount for such Disqualified Property in the Eligibility Reserve Account in accordance with and subject to **Section 6.10** or (2) substitute a Disqualified Property or a portfolio of Disqualified Properties (each, an "**Affected Property**" and collectively, the "**Affected Properties**") with a substitute Eligible Property or a portfolio of Eligible Properties (each, a "**Substitute Property**" and collectively, the "**Substitute Properties**") provided that, in the case of a proposed substitution, the following conditions are satisfied:

(i) each substitute Eligible Property shall be either a condominium (so long as condominiums constitute no more than 2% of the Properties by BPO Value and provided no condominium that is a Substitute Property shall consist of more than one single family unit) or a detached single family residential real property, but excluding townhomes, other condominium units, housing cooperatives and manufactured housing;

(ii) no Event of Default shall have occurred and be continuing except as related to, and cured by the removal of, any Affected Property;

(iii) Lender shall have obtained, at Borrower's sole cost and expense, a Broker Price Opinion for the Substitute Property (or Broker Price Opinions for the Substitute Properties, if a portfolio of Affected Properties are being substituted) and based on such Broker Price Opinion(s), the Substitute Property (or Substitute Properties, if a portfolio of Affected Properties are being substituted) shall have the same or greater BPO Value as the greater of (x) the BPO Value of the Affected Property (or portfolio of Affected Properties being substituted) as of the Closing Date and (y) the BPO Value of the Affected Property (or portfolio of Affected Properties being substituted) at the time of substitution;

(iv) Borrower shall deliver to Lender an Officer's Certificate stating that each Substitute Property satisfies each of the Property Representations and is in compliance with each of the Property Covenants on the date of the substitution after giving effect to the substitution;

(v) the Eligible Lease for each Substitute Property shall have a remaining contractual term of at least six (6) months (without giving effect to any extension option in such lease);

(vi) the in place Rents under the Lease(s) for the Substitute Property (or Substitute Properties, if a portfolio of Affected Properties are being substituted) shall be equal to or greater than greater of (A) the in place Rents under the Lease(s) for the Affected Property (or portfolio of Affected Properties being substituted) measured as of the time of substitution and (B) the in place Rents under the Lease(s) for the Affected Property (or portfolio of Affected Properties being substituted) measured as of the Closing Date;

(vii) simultaneously with the substitution, Borrower shall convey all of Borrower's right, title and interest in, to and under the Affected Property (or portfolio of Affected Properties being substituted) to a Person other than Borrower or a Loan Party or any Person owned directly or indirectly to Borrower or a Loan Party and Borrower shall deliver to Lender a copy of the deed conveying all or Borrower's right, title and interest in the Affected Property (or portfolio of Affected Properties being substituted);

(viii) Borrower shall deliver on or prior to the date of substitution evidence satisfactory to Lender that each Substitute Property is insured pursuant to Policies meeting the requirements of *Article 5* ;

(ix) Borrower shall deliver to Lender the Property File with respect to each Substitute Property;

(x) Borrower shall have executed and delivered to Lender, the Mortgage Documents with respect to each Substitute Property, which shall be in substantially the same form as the Mortgage, Assignment of Leases and Rents and Fixture Filing, if applicable, executed and/or delivered on the Closing Date with such changes as may be necessitated or appropriate (as reasonably determined by Lender) for the jurisdiction in which the Substitute Property is located, and which may, in Lender's reasonable discretion, be Mortgage Documents with respect to only such Substitute Property (and in the event the Substitute Property is located in the same county or parish in which one or more other Properties (other than the Affected Property) is located, such Mortgage and Assignment of Leases and Rents may be in the form of an amendment and spreader agreement to the existing Mortgage and Assignment of Leases and Rents covering such Property or Properties located in the same county or parish as the Substitute Property, in each case, in form and substance reasonably acceptable to Lender) (the "*Substitute Mortgage Documents*");

(xi) Borrower shall deliver to Lender the following opinions of counsel: (A) an opinion of counsel admitted to practice under the laws of the state in which the Substitute Property (or Substitute Properties, if a portfolio of Affected Properties are being substituted) is located in form and substance reasonably satisfactory to Lender opining as to the enforceability of the Substitute Mortgage Documents with respect to the Substitute Property and (B) an opinion stating that the Substitute Mortgage Documents were duly authorized, executed and delivered by Borrower and that the execution and delivery of such Substitute Mortgage Documents and the performance by

Borrower of its obligations thereunder will not cause a breach or a default under, any agreement, document or instrument to which Borrower is a party or to which it or the Properties are bound and otherwise in form and substance reasonably satisfactory to Lender;

(xii) Lender shall have received a Title Insurance Policy for the Substitute Property (or, in the event a Substitute Property is located in the same county or parish in which one or more other Properties (other than an Affected Property) is located, an endorsement to the existing Title Insurance Policy with respect to such Property or Properties located in the same county or parish as such Substitute Property in form and substance reasonably satisfactory to Lender) insuring the Lien of the Mortgage encumbering such Substitute Property as a valid first lien on such Substitute Property, free and clear of all exceptions other than the Permitted Liens;

(xiii) each Substitute Property shall be located in a metropolitan statistical area that contains at least one property described on the Properties Schedule as of the Closing Date,

(xiv) no acquisition of a Substitute Property will result in Borrower or any Loan Party incurring any indebtedness (except as permitted by this Agreement);

(xv) the BPO Value of the Affected Properties, together with the BPO Value of all other Affected Properties since the date hereof, shall be no more than ten percent (10%) of the aggregate BPO Values of all Properties as of the Closing Date;

(xvi) if any Lien, litigation or governmental proceeding is existing or pending or, to the actual knowledge of a Responsible Officer of Manager or a Loan Party, threatened against any Affected Property or Substitute Property which may result in liability for Borrower, Borrower shall have deposited with Lender reserves reasonably satisfactory to Lender as security for the satisfaction of such liability;

(xvii) simultaneously with the substitution, Lender shall release the Affected Property or Affected Properties from the applicable Mortgage Documents and related Lien, provided, that Borrower has delivered to Lender a draft release (and, in the event the Mortgage and the Assignment of Leases and Rents applicable to the Affected Property or Affected Properties encumbers other Property(ies) in addition to the Affected Property or Affected Properties, such release shall be a partial release that relates only to the Affected Property or Affected Properties and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such Affected Property or Affected Properties are located which contains standard provisions protecting the rights of Lender;

(xviii) Borrower shall pay to Lender all reasonable out-of-pocket costs and expenses incurred by Lender in connection with the substitution (including, without limitation, costs and expenses incurred by Lender in connection with the release of the Affected Property from applicable Mortgage Documents) and, in addition, the current reasonable and customary fee being assessed by Lender and/or its Servicer to effect releases or assignments; and

(xix) the Affected Property or Affected Properties shall constitute separate legal parcels from the property remaining encumbered by Mortgages, and the Substitute Property shall be comprised of one or more separate legal parcels on a stand alone basis.

Any such deposit in the Eligibility Reserve Account or any such substitution shall be completed no later than the due date for the prepayment required under this **Section 2.4.3(a)**. Notwithstanding anything to the contrary contained herein or in any other Loan Document, if the Loan is included in a REMIC Trust, no substitution will be permitted unless (1) either (aa) immediately after such substitution the ratio of the unpaid principal balance of the Loan to the value of the remaining Properties (as determined by Lender in its sole discretion using any commercially reasonable method permitted to a REMIC Trust; and which shall exclude the value of personal property (other than fixtures) or going concern value, if any) is equal to or less than 125% or (bb) the ratio of the unpaid principal balance of the Loan to the value of the Properties (including the Substitute Property or Substitute Properties) will not increase as a result of the substitution of the Substitute Property or Substitute Properties for the Affected Property or Affected Properties, or (2) Lender receives an opinion of counsel that the Securitization will not fail to maintain its status as a REMIC Trust as a result of the substitution of the Substitute Property or Substitute Properties for the Affected Property or Affected Properties.

(b) Transfer. If at any time any Property is Transferred to a third party, then Borrower shall, no later than the close of business on the day on which such Transfer occurs, give notice thereof to Lender and prepay the Debt in the applicable Release Amount with respect to such Property in accordance with **Section 2.5**.

(c) Condemnation or Casualty. If Borrower is required to make any prepayment under **Section 5.3** or **Section 5.4** as a result of a Condemnation or Casualty, on the next occurring Monthly Payment Date following the date on which Lender actually receives the applicable Net Proceeds, one hundred percent (100%) of such Net Proceeds and all other amounts required to be prepaid pursuant to **Section 5.3** or **Section 5.4**, as applicable, shall be applied to the prepayment of the Debt in accordance with **Section 2.4.5(d)**. Notwithstanding anything herein to the contrary, no Spread Maintenance Premium shall be due in connection with any prepayment made pursuant to this **Section 2.4.3(c)**.

(d) Application of Mandatory Prepayments. Each such prepayment shall be made and applied in the manner set forth in **Section 2.4.5**.

(e) Payment from Collection Account. Lender may collect any prepayment required under this **Section 2.4.3** from the Collection Account on the date such prepayment is payable hereunder.

2.4.4 Prepayments After Default

(a) If, during the continuance of an Event of Default, payment of all or any part of the Debt is tendered by Borrower and accepted by Lender or is otherwise recovered by Lender (including through application of any Reserve Funds), such tender or recovery shall be deemed to be a voluntary prepayment by Borrower in violation of the prohibition against prepayment set forth in **Section 2.4.1**, and Borrower shall pay, as part of the Debt, all of: (i) all accrued interest calculated at the Interest Rate on the amount of principal being prepaid through

and including the date of such prepayment together with an amount equal to the interest that would have accrued at the Interest Rate on the amount of principal being prepaid through the end of the Interest Period in which such prepayment occurs, notwithstanding that such Interest Period extends beyond the date of prepayment, (ii) the Interest Shortfall, if applicable, with respect to the amount prepaid, (iii) Breakage Costs, if any, without duplication of any sums paid pursuant to the preceding clauses (i) and (ii), and (iv) an amount equal to the applicable Spread Maintenance Premium (if made before the Spread Maintenance Date) .

(b) Notwithstanding anything contained herein to the contrary, upon the occurrence and during the continuance of any Event of Default, any payment of principal, interest and other amounts payable under the Loan Documents from whatever source may be applied by Lender among the Components and other Obligations as Lender shall determine in its sole and absolute discretion.

2.4.5 Prepayment/Repayment Conditions .

(a) On the date on which a prepayment, voluntary or mandatory, is made under the Note or as required under this Agreement, which date must be a Business Day, Borrower shall pay to Lender:

(i) all accrued and unpaid interest calculated at the Interest Rate on the amount of principal being prepaid on the applicable Component or Components through and including the Repayment Date together with an amount equal to the interest that would have accrued at the Interest Rate on the amount of principal being prepaid through the end of the Interest Period in which such prepayment occurs, notwithstanding that such Interest Period extends beyond the date of prepayment;

(ii) if such prepayment is made during the period from and including the first day after a Monthly Payment Date through and including the last day of the Interest Period in which such prepayment occurs, all interest on the principal amount being prepaid on the applicable Component or Components which would have accrued from the first day of the Interest Period immediately following the Interest Period in which the prepayment occurs (the “*Succeeding Interest Period*”) through and including the end of the Succeeding Interest Period, calculated at (A) the Interest Rate if such prepayment occurs on or after the Interest Determination Date for the Succeeding Interest Period or (B) the Assumed Note Rate if such prepayment occurs before the Interest Determination Date for the Succeeding Interest Period (the “*Interest Shortfall*”);

(iii) Breakage Costs, if any, without duplication of any sums paid pursuant to the preceding clauses (i) and (ii);

(iv) the Spread Maintenance Premium applicable thereto (if such prepayment occurs prior to the Spread Maintenance Date); provided that no Spread Maintenance Premium shall be due in connection with a prepayment under *Section 2.4.3(a)* (except where such prepayment arises as a result of a Voluntary Action) or *Section 2.4.3(c)* ; and

(v) all other sums, then due under the Note, this Agreement and the other Loan Documents.

(b) If the Interest Shortfall for any Floating Rate Component was calculated based upon the Assumed Note Rate, upon determination of LIBOR on the Interest Determination Date for the Succeeding Interest Period then (i) if the Interest Rate applicable to such Floating Rate Component for such Succeeding Interest Period is less than the Assumed Note Rate applicable to such Floating Rate Component, Lender shall promptly refund to Borrower the amount of the Interest Shortfall paid with respect to such Floating Rate Component, calculated at a rate equal to the difference between the Assumed Note Rate applicable to such Floating Rate Component and the Interest Rate applicable to such Floating Rate Component for such Interest Period, or (ii) if the Interest Rate applicable to such Floating Rate Component is greater than the Assumed Note Rate applicable to such Floating Rate Component, Borrower shall promptly (and in no event later than the ninth (9th) day of the following month) pay Lender the amount of such additional Interest Shortfall applicable to such Floating Rate Component calculated at a rate equal to the amount by which the Interest Rate applicable to such Floating Rate Component exceeds the Assumed Note Rate applicable to such Floating Rate Component.

(c) Borrower shall pay all reasonable costs and expenses of Lender incurred in connection with the repayment or prepayment (including without limitation reasonable attorneys' fees and expenses and costs and expenses related to the Transfer or substitution of any Property); provided, for the avoidance of doubt, this provision shall not apply with respect to Taxes.

(d) Except during an Event of Default, prepayments shall be applied by Lender in the following order of priority: (i) *first*, to any amounts (other than principal, interest, Interest Shortfall, Breakage Costs and Spread Maintenance Premium) then due and payable under the Loan Documents, including any costs and expenses of Lender in connection with such prepayment; (ii) *second*, interest payable pursuant to **Section 2.4.5(a)(i)** on the applicable Component or Components being prepaid pursuant to this **clause (d)** at the Interest Rate; (iii) *third*, Interest Shortfall on the applicable Component or Components being prepaid pursuant to this **clause (d)**; (iv) *fourth*, Breakage Costs on the applicable Component or Components being prepaid pursuant to this **clause (d)**; (v) *fifth*, Spread Maintenance Premium, to the extent applicable, on the applicable Floating Rate Component or Floating Rate Components being prepaid pursuant to this **clause (d)** and (vi) *sixth*, to principal, applied as set forth in **clause (e)** below.

(e) Except during an Event of Default, prepayments of principal of the Loan made pursuant to this **Section 2.4.5** shall be applied to the Loan (i) *first*, to Component A until the Component Outstanding Principal Balance of Component A is reduced to zero, (ii) *second*, to Component B until the Component Outstanding Principal Balance of Component B is reduced to zero, (iii) *third*, to Component C until the Component Outstanding Principal Balance of Component C is reduced to zero, (iv) *fourth*, to Component D until the Component Outstanding Principal Balance of Component D is reduced to zero, (v) *fifth*, to Component E until the Component Outstanding Principal Balance of Component E is reduced to zero, (vi) *sixth*, to Component F until the Component Outstanding Principal Balance of Component F is reduced to zero and (vii) *seventh*, to Component G until the Component Outstanding Principal Balance of Component G is reduced to zero; *provided*, that so long as no Default or Event of Default shall then exist or would result therefrom, any voluntary prepayments of principal on the Loan made from Unrestricted Cash pursuant to **Section 2.4.2**, other than Debt Yield Cure Prepayments, shall be applied to the Components of the Loan on a pro rata basis based on the Component

Outstanding Principal Balance of each such Component relative to the aggregate Component Outstanding Principal Balances for all of the Components until the Component Outstanding Principal Balance for each Component has been reduced to zero.

(f) Prepayments under **Section 2.4.2** shall reduce the Allocated Loan Amounts for each Property on a pro rata basis. Prepayments under **Section 2.4.3** shall reduce the Allocated Loan Amount with respect to the applicable Property, until the Allocated Loan Amount and any interest, fees or other Obligations related thereto is zero and any excess of such prepayment shall be applied to reduce the Allocated Loan Amounts for the remaining Properties on a pro rata basis.

(g) Lender shall, upon the written request and at the expense of Borrower, upon payment in full of the Debt in accordance with the terms and provisions of the Loan Documents, release the Liens of the Mortgage Documents and cause the trustees under any of the Mortgages to reconvey the applicable Properties to Borrower. In connection with the releases of the Liens, Borrower shall submit to Lender, forms of releases of Liens (and related Loan Documents) for execution by Lender. Such releases shall be the forms appropriate in the jurisdictions in which the Properties are located and contain standard provisions protecting the rights of Lender. In addition, Borrower shall provide all other documentation Lender reasonably requires to be delivered by Borrower in connection with such releases, together with an Officer's Certificate certifying that such documentation (i) is in compliance with all Legal Requirements, and (ii) will effect such release in accordance with the terms of this Agreement. Borrower shall pay all out-of-pocket costs, taxes and expenses associated with the release of the Liens of the Mortgage Documents, including Lender's reasonable attorneys' fees.

Section 2.5 Transfers of Properties. Borrower may Transfer any Property (each, a "**Release Property**") and Lender shall release the Release Property from the applicable Mortgage Documents and release the security interest and Lien on any Collateral located at such Property, provided that the following conditions precedent to such Transfer are satisfied (the "**Release Conditions**"); provided, that, for the avoidance of doubt, the Release Conditions do not need to be satisfied in order for Lender to release its security interest and Lien on any Disqualified Property in connection with any prepayment or substitution in accordance with **Section 2.4.3(a)** :

(a) Borrower shall submit to Lender, not less than ten (10) Business Days' prior to the Transfer Date, a Request for Release, together with all attachments thereto and evidence reasonably satisfactory to Lender that the conditions precedent set forth in this **Section 2.5** will be satisfied upon the consummation of such Transfer;

(b) No Event of Default has occurred and is continuing (other than a non-monetary Event of Default that is specific to such Release Property to which **Section 2.4.3(a)** is applicable and would be cured as a result of the release of the Release Property, so long as a mandatory prepayment is made with respect thereto in accordance with **Section 2.4.3(a)** (a "**Qualified Release Property Default**"));

(c) The Debt Yield as of the most recent Calculation Date, after giving pro forma effect for the elimination of the Underwritten Net Cash Flow for the Release Property and the repayment of the Loan in the applicable Release Amount, is at least the greater of (x) the Closing Date Debt Yield and (y) the actual Debt Yield as of such date; provided that the condition in this clause (c) shall not be applicable to a Transfer of a Property if the Loan is

prepaid in the amount that is the greater of the applicable Release Amount and 100% of the Net Transfer Proceeds for the Transferred Property;

(d) The Release Property shall be Transferred to a Person other than Borrower, any other Loan Party or, unless the release of the Release Property is effected in order to cure a Qualified Release Property Default, any Affiliate of Borrower or any other Loan Party, and, unless the release of the Release Property is effected in order to cure a Qualified Release Property Default, shall be Transferred pursuant to a bona fide all-cash sale of the Release Property on arms-length terms and conditions;

(e) On or prior to the Transfer Date, Borrower shall prepay the Outstanding Principal Balance by an amount equal to the applicable Release Amount for the Release Property, and Borrower shall comply with the provisions and pay to Lender the amounts set forth in **Section 2.4.5** ;

(f) If a Trigger Period is continuing on the Transfer date, the excess, if any, of (i) the Net Transfer Proceeds for the Release Property over (ii) the applicable Release Amount for the Release Property and any other amounts payable to Lender in connection with such release, shall be deposited into the Cash Collateral Account;

(g) Borrower shall submit to Lender, not less than five (5) Business Days' prior to the Transfer Date, a draft release for the applicable Mortgage Documents (and, in the event the Mortgage and the Assignment of Leases and Rents applicable to the Release Property encumber other Property(ies) in addition to the Release Property, such release shall be a partial release that relates only to the Release Property and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which the Release Property is located and shall contain standard provisions protecting the rights of Lender. In addition, Borrower shall provide all other documentation of a ministerial or administrative nature that Lender reasonably requires to be delivered by Borrower in connection with such release or assignment;

(h) Borrower shall have paid all taxes and all reasonable out-of-pocket costs and expenses incurred by Lender and/or its Servicer in connection with any such release and, in addition, the current reasonable and customary fee being assessed by Lender and/or its Servicer to effect such release or assignment;

(i) Notwithstanding anything to the contrary contained herein or in any other Loan Document, if the Loan is included in a REMIC Trust and the ratio of the unpaid principal balance of the Loan to the value of the remaining Properties (as determined by Lender in its sole discretion using any commercially reasonable method permitted to a REMIC Trust; and which shall exclude the value of any personal property (other than fixtures) or going concern value, if any) exceeds or would exceed 125% immediately after giving effect to the release of the Release Property, no release will be permitted unless the principal balance of the Loan is prepaid by an amount not less than the greater of (i) the Release Amount or (ii) the least amount that is a "qualified amount" as that term is defined in IRS Revenue Procedure 2010-30, as the same may be amended, replaced, supplemented or modified from time to time, unless Lender receives an opinion of counsel that, if this **Section 2.5(i)** is applicable but not followed or is no longer applicable at the time of such release, the Securitization will not fail to maintain its status as a REMIC Trust as a result of the release of the Release Property; and

(j) The Release Property is a separate legal parcel from the property remaining encumbered by Mortgages.

Section 2.6 Interest Rate Cap Agreement

2.6.1 Interest Rate Cap Agreement. Prior to or contemporaneously with the Closing Date, Borrower shall have obtained, and thereafter maintain in effect, the Interest Rate Cap Agreement, which shall have a term expiring no earlier than the last day of the Interest Period in which the Stated Maturity Date occurs and have a notional amount which shall not at any time be less than the aggregate Component Outstanding Principal Balances of the Floating Rate Components. The Interest Rate Cap Agreement shall have a strike rate equal to the Strike Price.

2.6.2 Pledge and Collateral Assignment. As security for the full and punctual payment and performance of the Obligations when due (whether upon stated maturity, by acceleration, early termination or otherwise), Borrower, as pledgor, hereby pledges, assigns, hypothecates, transfers and delivers to Lender as collateral and hereby grants to Lender a continuing first priority lien on and security interest in, to and under all of the following whether now owned or hereafter acquired and whether now existing or hereafter arising (the “**Rate Cap Collateral**”): all of the right, title and interest of Borrower in and to (i) the Interest Rate Cap Agreement; (ii) all payments, distributions, disbursements or proceeds due, owing, payable or required to be delivered to Borrower in respect of the Interest Rate Cap Agreement or arising out of the Interest Rate Cap Agreement, whether as contractual obligations, damages or otherwise; and (iii) all of Borrower’s claims, rights, powers, privileges, authority, options, security interests, liens and remedies, if any, under or arising out of the Interest Rate Cap Agreement, in each case including all accessions and additions to, substitutions for and replacements, products and proceeds of any or all of the foregoing.

2.6.3 Covenants

(a) Borrower shall comply with all of its obligations under the terms and provisions of the Interest Rate Cap Agreement. All amounts paid by the Counterparty under the Interest Rate Cap Agreement to Borrower or Lender shall be deposited immediately into the Collection Account pursuant to **Section 6.1.1**. Subject to terms hereof, provided no Event of Default has occurred and is continuing, Borrower shall be entitled to exercise all rights, powers and privileges of Borrower under, and to control the prosecution of all claims with respect to, the Interest Rate Cap Agreement and the other Rate Cap Collateral. Borrower shall take all actions reasonably requested by Lender to enforce Borrower’s rights under the Interest Rate Cap Agreement in the event of a default by the Counterparty thereunder and shall not waive, amend or otherwise modify any of its rights thereunder.

(b) Borrower shall defend Lender’s right, title and interest in and to the Rate Cap Collateral pledged by Borrower pursuant hereto or in which it has granted a security interest pursuant hereto against the claims and demands of all other Persons.

(c) In the event of any downgrade, withdrawal or qualification of the rating of the Counterparty such that it ceases to qualify as an “Approved Counterparty”, unless the Counterparty shall have posted collateral on terms acceptable to each Rating Agency, Borrower shall replace the Interest Rate Cap Agreement with a Replacement Interest Rate Cap Agreement

not later than ten (10) Business Days following receipt of notice from Lender, Servicer or any other Person of such downgrade, withdrawal or qualification. In the event that the Counterparty is downgraded (i) below BBB+ by S&P or Fitch (or, if such counterparty was an approved counterparty based on its short-term rating by S&P or Fitch, below “A-2” by S&P or “F-2” by Fitch) or (ii) below “Baa1” by Moody’s, a Replacement Interest Rate Cap Agreement shall be required regardless of the posting of collateral.

(d) In the event that Borrower fails to purchase and deliver to Lender the Interest Rate Cap Agreement as and when required hereunder, Lender may purchase the Interest Rate Cap Agreement and the cost incurred by Lender in purchasing the Interest Rate Cap Agreement shall be paid by Borrower to Lender with interest thereon at the Default Rate from the date such cost was incurred by Lender until such cost is paid by Borrower to Lender.

(e) Borrower shall not sell, assign, or otherwise dispose of, or mortgage, pledge or grant a security interest in, any of the Rate Cap Collateral or any interest therein, and any sale, assignment, mortgage, pledge or security interest whatsoever made in violation of this covenant shall be a nullity and of no force and effect, and upon demand of Lender, shall forthwith be cancelled or satisfied by an appropriate instrument in writing.

(f) Borrower shall not (i) without the prior written consent of Lender, modify, amend or supplement the terms of the Interest Rate Cap Agreement, (ii) without the prior written consent of Lender, except in accordance with the terms of the Interest Rate Cap Agreement, cause the termination of the Interest Rate Cap Agreement prior to its stated maturity date, (iii) without the prior written consent of Lender, except as aforesaid, waive or release any obligation of the Counterparty (or any successor or substitute party to the Interest Rate Cap Agreement) under the Interest Rate Cap Agreement, (iv) without the prior written consent of Lender, consent or agree to any act or omission to act on the part of the Counterparty (or any successor or substitute party to the Interest Rate Cap Agreement) which, without such consent or agreement, would constitute a default under the Interest Rate Cap Agreement, (v) fail to exercise promptly and diligently each and every material right which it may have under the Interest Rate Cap Agreement, (vi) take or intentionally omit to take any action or intentionally suffer or permit any action to be omitted or taken, the taking or omission of which would result in any right of offset against sums payable under the Interest Rate Cap Agreement or any defense by the Counterparty (or any successor or substitute party to the Interest Rate Cap Agreement) to payment or (vii) fail to give prompt notice to Lender of any notice of default given by or to Borrower under or with respect to the Interest Rate Cap Agreement, together with a complete copy of such notice. If Borrower shall have received written notice that the Securitization shall have occurred, no consent by Lender provided for in this **Section 2.6.3 (f)** shall be given by Lender unless Lender shall have received a Rating Agency Confirmation.

(g) In connection with an Interest Rate Cap Agreement, Borrower shall obtain and deliver to Lender an opinion of counsel from counsel (which counsel may be in-house counsel for the Counterparty) for the Counterparty upon which Lender and its successors and assigns may rely (the “**Counterparty Opinion**”), under New York law and, if the Counterparty is a non-U.S. entity, the applicable foreign law, which shall provide in relevant part, that: (i) the issuer is duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation and has the organizational power and authority to execute and deliver, and to perform its obligations under, the Interest Rate Cap Agreement; (ii) the execution and delivery of the Interest Rate Cap Agreement by the issuer, and any other agreement which the issuer has

executed and delivered pursuant thereto, and the performance of its obligations thereunder have been and remain duly authorized by all necessary action and do not contravene any provision of its certificate of incorporation or by-laws (or equivalent organizational documents) or any law, regulation or contractual restriction binding on or affecting it or its property; (iii) all consents, authorizations and approvals required for the execution and delivery by the issuer of the Interest Rate Cap Agreement, and any other agreement which the issuer has executed and delivered pursuant thereto, and the performance of its obligations thereunder have been obtained and remain in full force and effect, all conditions thereof have been duly complied with, and no other action by, and no notice to or filing with any governmental authority or regulatory body is required for such execution, delivery or performance; and (iv) the Interest Rate Cap Agreement, and any other agreement which the issuer has executed and delivered pursuant thereto, has been duly executed and delivered by the issuer and constitutes the legal, valid and binding obligation of the issuer, enforceable against the issuer in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

2.6.4 [Reserved] .

2.6.5 Representations and Warranties . Borrower hereby covenants with, and represents and warrants to Lender as of the Closing Date as follows:

(a) The Interest Rate Cap Agreement constitutes the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, subject only to applicable bankruptcy, insolvency and similar laws affecting rights of creditors generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(b) The Rate Cap Collateral is free and clear of all claims or security interests of every nature whatsoever, except such as are created pursuant to this Agreement and the other Loan Documents, and Borrower has the right to pledge and grant a security interest in the same as herein provided without the consent of any other Person other than any such consent that has been obtained and is in full force and effect.

(c) The Rate Cap Collateral has been duly and validly pledged hereunder. All consents and approvals required to be obtained by Borrower for the consummation of the transactions contemplated by this Agreement have been obtained.

(d) Giving effect to the aforesaid grant and assignment to Lender, Lender has, as of the date of this Agreement, and as to Rate Cap Collateral acquired from time to time after such date, shall have, a valid, and upon proper filing, perfected and continuing first priority lien upon and security interest in the Rate Cap Collateral; provided that no representation or warranty is made with respect to the perfected status of the security interest of Lender in the proceeds of Rate Cap Collateral consisting of "cash proceeds" or "non-cash proceeds" as defined in the UCC except if, and to the extent, the provisions of Section 9-306 of the UCC shall be complied with.

(e) Except for financing statements filed or to be filed in favor of Lender as secured party, there are no financing statements under the UCC covering any or all of the Rate Cap Collateral and Borrower shall not, without the prior written consent of Lender, until

payment in full of all of the Obligations, execute and file in any public office, any enforceable financing statement or statements covering any or all of the Rate Cap Collateral, except financing statements filed or to be filed in favor of Lender as secured party.

2.6.6 Payments. If Borrower at any time shall be entitled to receive any payments with respect to the Interest Rate Cap Agreement, such amounts shall, immediately upon becoming payable to Borrower, be deposited by Counterparty into the Collection Account.

2.6.7 Remedies. Subject to the provisions of the Interest Rate Cap Agreement, if an Event of Default shall occur and then be continuing:

(a) Lender, without obligation to resort to any other security, right or remedy granted under any other agreement or instrument, shall have the right to, in addition to all rights, powers and remedies of a secured party pursuant to the UCC, at any time and from time to time, sell, resell, assign and deliver, in its sole discretion, any or all of the Rate Cap Collateral (in one or more parcels and at the same or different times) and all right, title and interest, claim and demand therein and right of redemption thereof, at public or private sale, for cash, upon credit or for future delivery, and in connection therewith Lender may grant options and may impose reasonable conditions such as requiring any purchaser to represent that any "securities" constituting any part of the Rate Cap Collateral are being purchased for investment only, Borrower hereby waiving and releasing any and all equity or right of redemption to the fullest extent permitted by the UCC or applicable law. If all or any of the Rate Cap Collateral is sold by Lender upon credit or for future delivery, Lender shall not be liable for the failure of the purchaser to purchase or pay for the same and, in the event of any such failure, Lender may resell such Rate Cap Collateral. It is expressly agreed that Lender may exercise its rights with respect to less than all of the Rate Cap Collateral, leaving unexercised its rights with respect to the remainder of the Rate Cap Collateral, *provided*, *however*, that such partial exercise shall in no way restrict or jeopardize Lender's right to exercise its rights with respect to all or any other portion of the Rate Cap Collateral at a later time or times.

(b) Lender may exercise, either by itself or by its nominee or designee, in the name of Borrower, all of Lender's rights, powers and remedies in respect of the Rate Cap Collateral, hereunder and under law.

(c) Borrower hereby irrevocably, in the name of Borrower or otherwise, authorizes and empowers Lender and assigns and transfers unto Lender, and constitutes and appoints Lender its true and lawful attorney-in-fact, and as its agent, irrevocably, with full power of substitution for Borrower and in the name of Borrower, (i) to exercise and enforce every right, power, remedy, authority, option and privilege of Borrower under the Interest Rate Cap Agreement, including any power to subordinate or modify the Interest Rate Cap Agreement (but not, unless an Event of Default exists and is continuing, the right to terminate or cancel the Interest Rate Cap Agreement), or to give any notices, or to take any action resulting in such subordination, termination, cancellation or modification and (ii) in order to more fully vest in Lender the rights and remedies provided for herein, to exercise all of the rights, remedies and powers granted to Lender in this Agreement, and Borrower further authorizes and empowers Lender, as Borrower's attorney-in-fact, and as its agent, irrevocably, with full power of substitution for Borrower and in the name of Borrower, to give any authorization, to furnish any information, to make any demands, to execute any instruments and to take any and all other action on behalf of and in the name of Borrower which in the opinion of Lender may be

necessary or appropriate to be given, furnished, made, exercised or taken under the Interest Rate Cap Agreement, in order to comply therewith, to perform the conditions thereof or to prevent or remedy any default by Borrower thereunder or to enforce any of the rights of Borrower thereunder. These powers-of-attorney are irrevocable and coupled with an interest, and any similar or dissimilar powers heretofore given by Borrower in respect of the Rate Cap Collateral to any other Person are hereby revoked.

(d) Lender may, without notice to, or assent by, Borrower or any other Person (to the extent permitted by law), but without affecting any of the Obligations, in the name of Borrower or in the name of Lender, notify the Counterparty, or if applicable, any other counterparty to the Interest Rate Cap Agreement, to make payment and performance directly to Lender; extend the time of payment and performance of, compromise or settle for cash, credit or otherwise, and upon any terms and conditions, any obligations owing to Borrower, or claims of Borrower, under the Interest Rate Cap Agreement; file any claims, commence, maintain or discontinue any actions, suits or other proceedings deemed by Lender necessary or advisable for the purpose of collecting upon or enforcing the Interest Rate Cap Agreement; and execute any instrument and do all other things deemed necessary and proper by Lender to protect and preserve and realize upon the Rate Cap Collateral and the other rights contemplated hereby.

(e) Pursuant to the powers-of-attorney provided for above, Lender may take any action and exercise and execute any instrument which it may deem necessary or advisable to accomplish the purposes hereof, *provided, however*, that Lender shall not be permitted to take any action pursuant to said power-of-attorney that would conflict with any limitation on Lender's rights with respect to the Rate Cap Collateral. Without limiting the generality of the foregoing, Lender, after the occurrence of an Event of Default, shall have the right and power to receive, endorse and collect all checks and other orders for the payment of money made payable to Borrower representing: (i) any payment of obligations owed pursuant to the Interest Rate Cap Agreement, (ii) interest accruing on any of the Rate Cap Collateral or (iii) any other payment or distribution payable in respect of the Rate Cap Collateral or any part thereof, and for and in the name, place and stead of Borrower, to execute endorsements, assignments or other instruments of conveyance or transfer in respect of any property which is or may become a part of the Rate Cap Collateral hereunder.

(f) Lender may exercise all of the rights and remedies of a secured party under the UCC.

(g) Without limiting any other provision of this Agreement or any of Borrower's rights hereunder, and without waiving or releasing Borrower from any obligation or default hereunder, Lender shall have the right, but not the obligation, to perform any act or take any appropriate action, as it, in its reasonable judgment, may deem necessary to protect the security of this Agreement, to cure such Event of Default or to cause any term, covenant, condition or obligation required under this Agreement or the Interest Rate Cap Agreement to be performed or observed by Borrower to be promptly performed or observed on behalf of Borrower. All amounts advanced by, or on behalf of, Lender in exercising its rights under this **Section 2.6.7(g)** (including, but not limited to, reasonable legal expenses and disbursements incurred in connection therewith), together with interest thereon at the Default Rate from the date of each such advance, shall be payable by Borrower to Lender upon demand and shall be secured by this Agreement.

2.6.8 Sales of Rate Cap Collateral. No demand, advertisement or notice, all of which are, to the fullest extent permitted by law, hereby expressly waived by Borrower, shall be required in connection with any sale or other disposition of all or any part of the Rate Cap Collateral, except that Lender shall give Borrower at least thirty (30) Business Days' prior written notice of the time and place of any public sale or of the time when and the place where any private sale or other disposition is to be made, which notice Borrower hereby agrees is reasonable, all other demands, advertisements and notices being hereby waived. To the extent permitted by law, Lender shall not be obligated to make any sale of the Rate Cap Collateral if it shall determine not to do so, regardless of the fact that notice of sale may have been given, and Lender may without notice or publication adjourn any public or private sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. Upon each private sale of the Rate Cap Collateral of a type customarily sold in a recognized market and upon each public sale, unless prohibited by any applicable statute which cannot be waived, Lender (or its nominee or designee) may purchase any or all of the Rate Cap Collateral being sold, free and discharged from any trusts, claims, equity or right of redemption of Borrower, all of which are hereby waived and released to the extent permitted by law, and may make payment therefor by credit against any of the Obligations in lieu of cash or any other obligations. In the case of all sales of the Rate Cap Collateral, public or private, Borrower shall pay all reasonable costs and expenses of every kind for sale or delivery, including brokers' and attorneys' fees and disbursements and any tax imposed thereon. However, the proceeds of sale of Rate Cap Collateral shall be available to cover such costs and expenses, and, after deducting such costs and expenses from the proceeds of sale, Lender shall apply any residue to the payment of the Obligations in the order of priority as set forth in this Agreement.

2.6.9 Public Sales Not Possible. Borrower acknowledges that the terms of the Interest Rate Cap Agreement may prohibit public sales, that the Rate Cap Collateral may not be of the type appropriately sold at public sales, and that such sales may be prohibited by law. In light of these considerations, Borrower agrees that private sales of the Rate Cap Collateral shall not be deemed to have been made in a commercially unreasonably manner by mere virtue of having been made privately.

2.6.10 Receipt of Sale Proceeds. Upon any sale of the Rate Cap Collateral by Lender hereunder (whether by virtue of the power of sale herein granted, pursuant to judicial process or otherwise), the receipt by Lender or the officer making the sale or the proceeds of such sale shall be a sufficient discharge to the purchaser or purchasers of the Rate Cap Collateral so sold, and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to Lender or such officer or be answerable in any way for the misapplication or non-application thereof.

2.6.11 Replacement Interest Rate Cap Agreement. If, in connection with Borrower's exercise of any Extension Option pursuant to **Section 2.7**, Borrower delivers a Replacement Interest Rate Cap Agreement, all the provisions of this **Section 2.6** applicable to the Interest Rate Cap Agreement delivered on the Closing Date shall be applicable to the Replacement Interest Rate Cap Agreement.

Section 2.7 Extension Options.

2.7.1 Extension Options. Borrower shall have the option (the "**First Extension Option**"), by written notice (the "**First Extension Notice**") delivered to Lender (which notice

may be revoked) no later than thirty (30) days prior to the Stated Maturity Date, to extend the Maturity Date to September 9, 2017 (the “ **First Extended Maturity Date** ”). In the event Borrower shall have exercised the First Extension Option, Borrower shall have the option (the “ **Second Extension Option** ”), by written notice (the “ **Second Extension Notice** ”) delivered to Lender (which notice may be revoked) no later than thirty (30) days prior to the First Extended Maturity Date, to extend the First Extended Maturity Date to September 9, 2018 (the “ **Second Extended Maturity Date** ”). In the event Borrower shall have exercised the Second Extension Option, Borrower shall have the option (the “ **Third Extension Option** ”), by written notice (the “ **Third Extension Notice** ”) delivered to Lender (which notice may be revoked) no later than thirty (30) days prior to the Second Extended Maturity Date, to extend the Second Extended Maturity Date to September 9, 2019 (the “ **Third Extended Maturity Date** ”). Borrower’s right to so extend the applicable Maturity Date shall be subject to the satisfaction of the following conditions precedent prior to each extension hereunder:

(a) (i) no Event of Default shall have occurred and be continuing on the applicable Extension Date;

(b) Borrower shall (i) obtain and deliver to Lender not later than the first day of the term of the Loan as extended, one or more Replacement Interest Rate Cap Agreements from an Approved Counterparty, in a notional amount equal to the aggregate Component Outstanding Principal Balances of the Floating Rate Components, which Replacement Interest Rate Cap Agreement(s) shall be (A) effective for the period commencing on the Business Day immediately following the then applicable Maturity Date (prior to giving effect to the applicable Extension Option) and ending on the last day of the Interest Period in which the applicable extended Maturity Date occurs and (B) otherwise on same terms set forth in **Section 2.6** and at the applicable Strike Price and (ii) execute and deliver an Acknowledgement with respect to each such Replacement Interest Rate Cap Agreement;

(c) Borrower shall deliver a Counterparty Opinion with respect to the Replacement Interest Rate Cap Agreement and the related Acknowledgment and shall deliver to Lender an executed Collateral Assignment of Interest Rate Protection Agreement;

(d) All amounts due and payable by Borrower and any other Person pursuant to this Agreement or the other Loan Documents as of the Stated Maturity Date, the First Extended Maturity Date, and the Second Extended Maturity Date, as applicable, and all reasonable, out-of-pocket costs and expenses of Lender, including fees and expenses of Lender’s counsel, in connection with the Loan and/or the applicable extension of the Term shall have been paid in full.

If Borrower is unable to satisfy all of the foregoing conditions within the applicable time frames for each, Lender shall have no obligation to extend the Maturity Date hereunder.

2.7.2 Extension Documentation. As soon as practicable following an extension of the Maturity Date pursuant to this **Section 2.7**, Borrower shall, if requested by Lender, execute and deliver an amendment of and/or restatement of the Note and shall, if requested by Lender, enter into such amendments to the related Loan Documents as may be necessary or appropriate to evidence the extension of the Maturity Date as provided in this **Section 2.7**; *provided, however*, that no failure by Borrower to enter into any such amendments and/or restatements shall affect the rights or obligations of Borrower or Lender with respect to the extension of the Maturity Date.

Section 2.8 Spread Maintenance Premium. Upon any repayment or prepayment of the Loan (including in connection with an acceleration of the Loan but excluding in connection with any mandatory prepayment pursuant to **Section 2.4.3(a)** (except where such prepayment arises as a result of a Voluntary Action) or **Section 2.4.3(c)**) made prior to the Spread Maintenance Date, Borrower shall pay to Lender on the date of such repayment or prepayment (or acceleration of the Loan) the Spread Maintenance Premium applicable thereto. All Spread Maintenance Premium payments hereunder shall be deemed to be earned by Lender upon the funding of the Loan.

Section 2.9 Increased Costs. If as a result of any Regulatory Change or compliance of Lender therewith, the basis of taxation of payments to Lender or any company in Control of Lender of the principal of or interest on the Loan is changed or Lender or the company in Control of Lender shall be subject to (i) any Tax (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or (ii) any reserve, special deposit or similar requirements relating to any extensions of credit or other assets of, or any deposits with or other liabilities, of Lender or any company in Control of Lender is imposed, modified or deemed applicable; or (iii) any other condition (other than Taxes) affecting loans to borrowers subject to LIBOR-based interest rates is imposed on Lender or any company in Control of Lender and Lender determines that, by reason thereof, the cost to Lender or any company in Control of Lender of making, maintaining or extending the Loan to Borrower is increased, or any amount receivable by Lender or any company in Control of Lender hereunder in respect of any portion of the Loan to Borrower is reduced, in each case by an amount deemed by Lender in good faith to be material (such increases in cost and reductions in amounts receivable being herein called “**Increased Costs**”), then Lender shall provide notice thereof to Borrower and Borrower agrees that it will pay to Lender upon Lender’s written request such additional amount or amounts as will compensate Lender or any company in Control of Lender for such Increased Costs to the extent Lender determines that such Increased Costs are allocable to the Loan. If Lender requests compensation under this **Section 2.9.1** , Lender shall, if requested by notice by Borrower to Lender, furnish to Borrower a statement setting forth the basis for requesting such compensation and the method for determining the amount thereof.

Section 2.10 Taxes.

2.10.1 Defined Terms. For purposes of this **Section 2.10** , the term “applicable law” includes FATCA.

2.10.2 Payments Free of Taxes. Any and all payments by or on account of any obligation of Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of Borrower) requires the deduction or withholding of any Tax from any such payment by Borrower, then Borrower shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by Borrower shall be increased as necessary so that after

such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this **Section 2.10**) Lender receives an amount equal to the sum it would have received had no such deduction or withholding been made.

2.10.3 Payment of Other Taxes by Borrower . Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law any Other Taxes.

2.10.4 Indemnification by the Loan Parties . Borrower shall indemnify Lender, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this **Section 2.10**) payable or paid by Lender or required to be withheld or deducted from a payment to Lender and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by Lender shall be conclusive absent manifest error.

2.10.5 Evidence of Payments . As soon as practicable after any payment of Taxes by Borrower to a Governmental Authority pursuant to this **Section 2.10** , Borrower shall deliver to Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Lender.

2.10.6 Status of Lender .

(a) If Lender is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document then Lender shall deliver to Borrower, at the time or times reasonably requested by Borrower, such properly completed and executed documentation reasonably requested by Borrower as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, Lender, if reasonably requested by Borrower, shall deliver such other documentation prescribed by applicable law or reasonably requested by Borrower as will enable Borrower to determine whether or not Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in **Section 2.10.6(b)(i), (b)(ii) and (b)(iv)** below) shall not be required if in Lender's reasonable judgment such completion, execution or submission would subject Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of Lender.

(b) Without limiting the generality of the foregoing,

(i) If Lender is a U.S. Person it shall deliver to Borrower (in such number of copies as shall be reasonably requested by Borrower) on or prior to the date on which such Lender becomes the Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), executed originals of IRS Form W-9 certifying that Lender is exempt from U.S. federal backup withholding tax;

(ii) If Lender is a Foreign Lender it shall, to the extent it is legally entitled to do so, deliver to Borrower (in such number of copies as shall be reasonably

requested by Borrower) on or prior to the date on which it becomes the Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), whichever of the following is applicable:

(A) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN (in the case of an individual) or W-8BEN-E (in the case of an entity) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN (in the case of an individual) or W-8BEN-E (in the case of an entity) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(B) executed originals of IRS Form W-8ECI;

(C) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) or 871(h) of the Code, (x) a certificate substantially in the form of Exhibit F-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “*U.S. Tax Compliance Certificate*”) and (y) executed originals of IRS Form W-8BEN (in the case of an individual) or W-8BEN-E (in the case of an entity); or

(D) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN (in the case of an individual) or W-8BEN-E (in the case of an entity), a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-2 or Exhibit F-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-4 on behalf of each such direct and indirect partner;

(iii) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower (in such number of copies as shall be reasonably requested by Borrower) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit Borrower to determine the withholding or deduction required to be made; and

(iv) if a payment made to Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), Lender shall deliver to Borrower at the time or times prescribed by law and at such time or times reasonably requested by Borrower such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Borrower as may be necessary for Borrower to comply with its obligations under FATCA and to determine that Lender has complied with Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (iv), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrower in writing of its legal inability to do so.

2.10.7 Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this **Section 2.10** (including by the payment of additional amounts pursuant to this **Section 2.10**), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this **Section 2.10.7** (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this **Section 2.10.7**, in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this **Section 2.10.7** the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This **Section 2.10.7** shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

2.10.8 Survival. Each party's obligations under this **Section 2.10** shall survive any assignment of rights by, or the replacement of, a Lender and the repayment, satisfaction or discharge of all obligations under any Loan Document.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

Section 3.1 General Representations. Borrower represents and warrants to Lender as of the Closing Date that, except to the extent (if any) disclosed on *Schedule III* with reference to a specific subsection of this *Section 3.1* :

3.1.1 Organization; Special Purpose. Each Loan Party and each SPC Party has been duly organized and is validly existing with requisite power and authority to own its properties and to transact the businesses in which it is now engaged. Each Loan Party and each SPC Party is duly qualified to do business and in good standing in each jurisdiction where it is required to be so qualified in connection with its properties, businesses and operations, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect. Each Loan Party and each SPC Party possesses all rights, licenses, permits and authorizations, governmental or otherwise, necessary to entitle it to own its properties and to transact the businesses in which it is now engaged, except to the extent that failure to do so could not in the aggregate reasonably be expected to have a Material Adverse Effect. The sole business of Borrower is the acquisition, ownership, maintenance, sale, transfer, refinancing, management, leasing and operation of the Properties; the sole business of Borrower GP is acting as the sole general partner of Borrower, including, providing the Borrower GP Guaranty and the Borrower GP Security Agreement; and the sole business of Equity Owner is acting as the sole limited partner of Borrower and the sole member of Borrower GP, including, providing the Equity Owner Guaranty and the Equity Owner Security Agreement. Each Loan Party and each SPC Party is a Special Purpose Bankruptcy Remote Entity.

3.1.2 Proceedings; Enforceability. Each Loan Party has taken all necessary action to authorize the execution, delivery and performance of this Agreement and each of the other Loan Documents to which it is a party. This Agreement and the other Loan Documents have been duly authorized, executed and delivered by or on behalf of each Loan Party party thereto and constitute legal, valid and binding obligations of each Loan Party party thereto, enforceable against each such Loan Party party thereto in accordance with their respective terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law). The Loan Documents are not subject to any right of rescission, set-off, counterclaim or defense by any Loan Party including the defense of usury, nor would the operation of any of the terms of the Loan Documents, or the exercise of any right thereunder, render the Loan Documents unenforceable, and no Loan Party has asserted any right of rescission, set-off, counterclaim or defense with respect thereto.

3.1.3 No Conflicts. The execution, delivery and performance of this Agreement and the other Loan Documents by each Loan Party party thereto (i) will not contravene such Loan Party's Constituent Documents, (ii) will not result in any violation of the provisions of any Legal Requirement of any Governmental Authority having jurisdiction over any Loan Party or any of each Loan Party's properties or assets, (iii) with respect to each Loan Party, will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under the terms of any indenture, mortgage, deed of trust, deed to secure debt, loan agreement, management agreement or other agreement or instrument to which any Loan Party is a party or to, which any of each Loan Party's property or assets is subject, that would be reasonably expected to have a Material Adverse Effect and (iv) with respect to each Loan Party, except for Liens created under the Loan Documents, result in or require the creation or imposition of any Lien upon or with

respect to any of the assets of any Loan Party. Any consent, approval, authorization, order, registration or qualification of or with any such Governmental Authority required for the execution, delivery and performance by each Loan Party of this Agreement or any other Loan Documents to which it is a party has been obtained and is in full force and effect.

3.1.4 Litigation. There are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other entity now pending or, to the actual knowledge of a Responsible Officer of Manager or any Loan Party, threatened, against or affecting any Loan Party or any SPC Party or Manager, as applicable, which actions, suits or proceedings (i) involve this Agreement, the Mortgage Documents, the Loan Documents or the transactions contemplated thereby or (ii) if adversely determined, would reasonably be expected to have a Material Adverse Effect. There are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other entity that resulted in a judgment against any Loan Party or any SPC Party that has not been paid in full that would otherwise constitute an Event of Default under **Section 8.1**.

3.1.5 Agreements. No Loan Party is a party to any agreement or instrument or subject to any restriction which would reasonably be expected to have a Material Adverse Effect. No Loan Party is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party which default would be expected to have a Material Adverse Effect. Other than the Loan Documents, no Loan Party has a material financial obligation under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which any Loan Party is a party other than, with respect to Borrower, the Management Agreement.

3.1.6 Consents. No consent, approval, authorization or order of any court or Governmental Authority is required for the execution, delivery and performance by any Loan Party of, or compliance by any Loan Party with, this Agreement or the other Loan Documents or the consummation of the transactions contemplated hereby and thereby, other than those which have been obtained by the applicable Loan Party.

3.1.7 Solvency. Each Loan Party and each SPC Party has (a) not entered into the transaction contemplated by this Agreement nor executed any Loan Document with the actual intent to hinder, delay or defraud any creditor and (b) received reasonably equivalent value in exchange for its obligations under the Loan Documents. After giving effect to the Loans, each Loan Party and each SPC Party is Solvent. No petition in bankruptcy has been filed against any Loan Party or any SPC Party in the last seven (7) years, and no Loan Party in the last seven (7) years has made an assignment for the benefit of creditors or taken advantage of any insolvency act for the benefit of debtors. No Loan Party or SPC Party is contemplating either the filing of a petition by it under any state or federal bankruptcy or insolvency laws or the liquidation of all or a major portion of such Person's assets or property, and to the actual knowledge of any Loan Party, no Person is contemplating the filing of any such petition against any Loan Party or SPC Party.

3.1.8 Employee Benefit Matters.

(a) Assuming no portion of the assets used by Lender to fund the Loan constitutes the assets of an ERISA Plan, the assets of each Loan Party do not constitute "plan assets" of (a) any "employee benefit plan" (as defined in Section 3(3) of ERISA) that is subject

to Title I of ERISA, (b) any “plan” (as defined in Section 4975 of the Code) that is subject to Section 4975 of the Code or (c) any employee benefit plan or plan that is not subject to Title I of ERISA or Section 4975 of the Code but is subject to any law, rule or regulation applicable to such Loan Party which is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code (each of (a), (b) and (c), an “**ERISA Plan**”) with the result that the transactions contemplated by this Agreement, including, but not limited to, the exercise by Lender of any rights under the Loan Documents will constitute a non-exempt prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code. No Loan Party or any of its ERISA Affiliates sponsors, maintains or contributes to any Plans or Foreign Plans. None of Equity Owner GP, any Loan Party or any of their respective Subsidiaries has any employees.

(b) Each Plan (and each related trust, insurance contract or fund) is in compliance in all material respects with its terms and will all applicable laws, including without limitation ERISA and the Code. Each Plan that is intended to be qualified under Section 401(a) of the Code as currently in effect has been determined by the IRS to be so qualified, and each trust related to any such Plan has been determined to be exempt from federal income tax under Section 501(a) of the Code as currently in effect, and no event has taken place which could reasonably be expected to cause the loss of such qualified status and exempt status. With respect to each Plan of a Loan Party, each Loan Party and all of its ERISA Affiliates have satisfied the minimum funding standard under Section 412(a) of the Code and Section 302(a) of ERISA and paid all required minimum contributions and all required installments on or before the due dates under Section 430(j) of the Code and Section 303(j) of ERISA. Neither any Loan Party nor any of its ERISA Affiliates has filed, pursuant to Section 412(c) of the Code or Section 302(c) of ERISA, an application for a waiver of the minimum funding standard. Neither any Loan Party nor any of its ERISA Affiliates has incurred any liability to the PBGC which remains outstanding other than the payment of premiums, and there are no premium payments which have become due which are unpaid. No Plan is in “at risk” status within the meaning of Section 430(i) of the Code or Section 303(j) of ERISA. There are no existing, pending or threatened claims (other than routine claims for benefits in the normal course), sanctions, actions, lawsuits or other proceedings or investigation involving any Plan to which any Loan Party or any of its ERISA Affiliates has incurred or otherwise has or could have an obligation or any liability. With respect to each Multiemployer Plan to which any Loan Party or any of its ERISA Affiliates is required to make a contribution, each Loan Party and all of its ERISA Affiliates have satisfied all required contributions and installments on or before the applicable due dates and have not incurred a complete or partial withdrawal under Section 4203 or 4205 of ERISA. No Plan Termination Event has or is reasonably expected to occur.

(c) Each Foreign Plan is in compliance in all material respects with all laws, regulations and rules applicable thereto and the respective requirements of the governing documents for such plan. The aggregate of the liabilities to provide all of the accrued benefits under each Foreign Plan does not exceed the current fair market value of the assets held in the trust or other funding vehicle for such plan. There are no actions, suits or claims (other than routine claims for benefits) pending or threatened against any Loan Party or any of its ERISA Affiliates with respect to any Foreign Plan.

3.1.9 Compliance with Legal Requirements. Each Loan Party is in compliance with all applicable Legal Requirements, except to the extent that any noncompliance would not

reasonably be expected to have a Material Adverse Effect. No Loan Party is in default or violation of any order, writ, injunction, decree or demand of any Governmental Authority, except for any default or violation that would not reasonably be expected to have a Material Adverse Effect.

3.1.10 Perfection Representations .

(a) The Borrower Security Agreement, the Equity Owner Security Agreement and the Borrower GP Security Agreement create valid and continuing security interests (as defined in the applicable UCC) in the personal property Collateral in favor of Lender, which security interests are prior to all other Liens arising under the UCC, subject to Permitted Liens, and are enforceable as such against creditors of each Loan Party, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity);

(b) All appropriate financing statements have been filed in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest granted to Lender hereunder in the Collateral that may be perfected by filing a financing statement;

(c) Other than the security interest granted to Lender pursuant to Borrower Security Agreement, the Equity Owner Security Agreement and the Borrower GP Security Agreement, no Loan Party has pledged, assigned, collaterally assigned, sold, granted a security interest in, or otherwise conveyed any of the Collateral except to the extent expressly permitted by the terms hereof. No Loan Party has authorized the filing of and is not aware of any financing statements against any Loan Party that include a description of the Collateral other than any financing statement relating to the security interest granted to Lender hereunder or that has been terminated.

(d) No instrument or document that constitutes or evidences any Collateral has any marks or notations indicating that they have been pledged, assigned or otherwise conveyed to any Person other than Lender.

(e) The grant of the security interest in the Collateral by each Loan Party to Lender, pursuant to Borrower Security Agreement, the Equity Owner Security Agreement and the Borrower GP Security Agreement is in the ordinary course of business for each Loan Party and is not subject to the bulk transfer or any similar statutory provisions in effect in any applicable jurisdiction.

(f) The chief executive office and the location of each Loan Party's records regarding the Collateral are listed on *Schedule VII* . Except as otherwise disclosed to Lender in writing, each Loan Party's legal name is as set forth in this Agreement, each Loan Party has not changed its name since its formation. Except as otherwise listed on *Schedule VII* , each Loan Party does not have tradenames, fictitious names, assumed names or "doing business as" names and each Loan Party's federal employer identification number and organizational identification number is set forth on *Schedule VII* .

(g) Borrower is a limited partnership, and the jurisdiction in which Borrower is organized is Delaware. Borrower's Tax I.D. number is 47-1301556 and Borrower's Delaware Organizational I.D. number is 5557660.

3.1.11 Business. Since its formation, no Loan Party has conducted any business other than entering into and performing its obligations under the Loan Documents to which it is a party and as described on *Schedule IV*. Since the date of formation of each Loan Party, no event has occurred which would reasonably be expected to have a Material Adverse Effect. As of the date hereof, no Loan Party owns or holds, directly or indirectly (i) any capital stock or equity security of, or any equity interest in, any Person other than a Loan Party, except as set forth on *Schedule VIII* or (ii) any debt security or other evidence of indebtedness of any Person, except for Permitted Investments and as otherwise contemplated by the Loan Documents. Borrower does not have any subsidiaries.

3.1.12 Management. The ownership, leasing, management and collection practices used by each Loan Party and Manager with respect to the Properties have been, to the actual knowledge of the Responsible Officers of the Manager and each Loan Party, in compliance with all applicable Legal Requirements, and all necessary licenses, permits and regulatory requirements pertaining thereto have been obtained and remain in full force and effect, except to the extent that failure to obtain would not reasonably be expected to have a Material Adverse Effect.

3.1.13 Financial Information. All financial data that have been delivered to Lender in connection with the Loan (i) are true, complete and correct in all material respects (or, to the extent that any such financial data was incorrect in any material respect when delivered, the same has been corrected by financial data subsequently delivered to Lender prior to the date hereof), (ii) accurately represent the financial condition of the Properties as of the date of such reports, and (iii) have been prepared in accordance with GAAP throughout the periods covered, except as disclosed therein. The foregoing representation shall not apply to any such financial data that constitutes projections, *provided* that Borrower represents and warrants that such projections were made in good faith and that Borrower has no reason to believe that such projections were materially inaccurate. Borrower does not have any contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments that are known to Borrower and reasonably likely to have a materially adverse effect on the Properties or the operation thereof, except as referred to or reflected in said financial statements. Borrower has no liabilities or other obligations that arose or accrued prior to the date hereof that would reasonably be expected to have a Material Adverse Effect. Borrower has no known contingent liabilities.

3.1.14 Insurance. Borrower has obtained and delivered to Lender certificates evidencing the Policies required to be maintained under *Section 5.1.1*. All such Policies are in full force and effect, with all premiums prepaid thereunder. No claims have been made that are currently pending, outstanding or otherwise remain unsatisfied under any such Policies that would reasonably be expected to have a Material Adverse Effect. With respect to any insurance policy, neither Borrower nor, to Borrower's or Manager's knowledge, any other Person, has done, by act or omission, anything which would impair the coverage of any of the Policies in any material respect.

3.1.15 Tax Filings. Each Loan Party has filed, or caused to be filed, on a timely basis all Tax returns (including, without limitation, all foreign, federal, state, local and other Tax returns) required to be filed by it, is not liable for Non-Property Taxes payable by any other Person and has paid or made adequate provisions for the payment of all Non-Property Taxes (to the extent such Taxes, assessment and other governmental charges exceed \$100,000 in the aggregate) payable by such Loan Party except as permitted by **Section 4.1.3 or 4.4.7**. All material recording or other similar taxes required to be paid by any Loan Party under applicable Legal Requirements currently in effect in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Loan Documents have been paid.

3.1.16 Federal Reserve Regulations. No part of the proceeds of the Loan will be used for the purpose of purchasing or acquiring any “margin stock” within the meaning of Regulation U of the Board of Governors of the Federal Reserve System (“**Margin Stock**”) or for any other purpose which would be inconsistent with such Regulation U or any other Regulations of such Board of Governors, or for any purposes prohibited by Legal Requirements in any material respects or by the terms and conditions of this Agreement or the other Loan Documents. None of the Collateral is comprised of Margin Stock and less than 25% of the assets of each Loan Party are comprised of Margin Stock.

3.1.17 Organizational Chart. The organizational chart attached as **Schedule II**, relating to the Loan Parties and certain Affiliates and other parties, is true, complete and correct on and as of the date hereof. No Person other than those Persons shown on **Schedule II** has any ownership interest in, or right of control, directly or indirectly, in Borrower or any other Loan Party.

3.1.18 Bank Holding Company. Borrower is not a “bank holding company” or a direct or indirect subsidiary of a “bank holding company” as defined in the Bank Holding Company Act of 1956, as amended, and Regulation Y thereunder of the Board of Governors of the Federal Reserve System.

3.1.19 FIRPTA. No Loan Party is a “foreign person” within the meaning of Section 1445(f)(3) of the Code.

3.1.20 Investment Company Act. No Loan Party or any Person controlling such Loan Party, including Sponsor, is required to register as an “investment company” under the Investment Company Act of 1940, as amended.

3.1.21 Fiscal Year. Each fiscal year of Borrower commences on January 1.

3.1.22 Other Debt; Liens. No Loan Party has any Indebtedness other than, with respect to Borrower, Permitted Indebtedness, and with respect to each Guarantor, Guarantor Permitted Indebtedness.

3.1.23 Contracts.

(a) Borrower has not entered into, and is not bound by, any Major Contract which continues in existence, except those previously disclosed in writing to Lender.

(b) Each of the Major Contracts is in full force and effect, there are no material defaults by Borrower thereunder and, to the knowledge of Borrower and Manager, there are no monetary or other material defaults thereunder by any other party thereto. None of Borrower, Manager, any Affiliate of Borrower or any other Person acting on Borrower's behalf has given or received any notice of default under any of the Major Contracts that remains uncured or in dispute.

(c) Borrower has delivered copies of the Major Contracts (including all amendments and supplements thereto) to Lender that are true, correct and complete in all material respects.

(d) Except for the Manager under the Management Agreement, no Major Contract has as a party an Affiliate of Borrower. All fees and other compensation for services previously performed under the Management Agreement have been paid in full.

3.1.24 Full and Accurate Disclosure. All information, reports, financial statements, exhibits and schedules furnished in writing by or on behalf of each Loan Party to Lender in connection with the negotiation, preparation or delivery of this Agreement and the other Loan Documents or included herein or therein or delivered pursuant hereto or thereto (but excluding any projections, forward looking statements, budgets, estimates and general market data as to which each Loan Party only represents and warrants that such information was prepared in good faith based upon assumptions believed by it to be reasonable at the time), when taken as a whole, as of the date furnished, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not materially misleading.

3.1.25 Illegal Activity. None of the Properties has been or will be purchased with proceeds of any illegal activity.

3.1.26 Patriot Act. No Loan Party nor any owner of a direct or indirect interest in any Loan Party (i) is listed on any Government Lists, (ii) is a person who has been determined by competent authority to be subject to the prohibitions contained in Presidential Executive Order No. 13224 (Sept. 23, 2001) or any other similar prohibitions contained in the rules and regulations of OFAC or in any enabling legislation or other Presidential Executive Orders in respect thereof, (iii) has been previously indicted for or convicted of any felony involving a crime or crimes of moral turpitude or for any Patriot Act Offense, or (iv) is currently under investigation by any Governmental Authority for alleged criminal activity. For purposes hereof, the term "**Patriot Act Offense**" means any violation of the criminal laws of the United States of America or of any of the several states, or that would be a criminal violation if committed within the jurisdiction of the United States of America or any of the several states, relating to terrorism or the laundering of monetary instruments, including any offense under (A) the criminal laws against terrorism; (B) the criminal laws against money laundering, (C) the Bank Secrecy Act, as amended, (D) the Money Laundering Control Act of 1986, as amended, or (E) the Patriot Act. "Patriot Act Offense" also includes the crimes of conspiracy to commit, or aiding and abetting another to commit, a Patriot Act Offense.

(b) At the time Borrower first entered into a Lease with each Tenant (excluding any Tenant who occupied a Property pursuant to an in-place Lease when such

Property was acquired by Borrower's Affiliate), no such Tenant was listed on either of the Government Lists described in **Section 4.1.17**.

Section 3.2 Property Representations. Borrower represents and warrants to Lender with respect to each Property as follows:

3.2.1 Property/Title.

(a) Borrower has good and marketable fee simple legal and equitable title to the real property comprising the Property, subject to Permitted Liens. The Mortgage Documents, when properly recorded and/or filed in the appropriate records, will create (i) a valid, first priority, perfected Lien on Borrower's interest in the Property, subject only to the Permitted Liens, and (ii) perfected security interests in and to, and perfected collateral assignments of, all personalty (including the Leases), all in accordance with the terms thereof, in each case subject only to the Permitted Liens.

(b) All transfer taxes, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid under applicable Legal Requirements in connection with the transfer of the Property to Borrower have been paid or are being paid simultaneously herewith. All mortgage, mortgage recording, stamp, intangible or other similar tax required to be paid under applicable Legal Requirements in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Mortgage Documents with respect to such Property, including the Mortgages, have been paid or are being paid simultaneously herewith. All taxes and governmental assessments due and owing in respect of the Property have been paid, or an escrow of funds in an amount sufficient to cover such payments has been established hereunder or are insured against by the Title Insurance Policy and the Title Insurance Owner's Policy for such Property.

(c) Each Property is comprised of one (1) or more parcels which constitute separate tax lots and do not constitute a portion of any other tax lot not a part of such Property. Each Property is comprised of one (1) or more separate legal parcels and no portion of any Property constitutes a portion of any legal parcel not a part of such Property.

3.2.2 Adverse Claims. Borrower's ownership of the Property is free and clear of any Liens other than Permitted Liens.

3.2.3 Title Insurance Owner's Policy. The Property File for the Property includes either (i) a Title Insurance Owner's Policy insuring fee simple ownership of such Property by Borrower in an amount equal to or greater than the initial Allocated Loan Amount of the Property, issued by a Qualified Title Insurance Company with no title exceptions other than Permitted Liens or (ii) a marked or initialed binding commitment that is effective as a Title Insurance Owner's Policy in respect of such Property in an amount equal to or greater than the initial Allocated Loan Amount of the Property, issued by a Qualified Title Insurance Company with no title exceptions other than Permitted Liens, which commitment shall be accompanied by such other affidavits, transfer declarations and other documents as are necessary for the recordation of the deed for such Property and issuance of such Title Insurance Owner's Policy.

3.2.4 Deed. The Property File for such Property includes a deed for such Property conveying the Property to Borrower, with vesting in the actual name of Borrower with a

certification from Borrower that such Property's deed has been recorded or presented to and accepted for recording by the applicable Qualified Title Insurance Company issuing the related Title Insurance Owner's Policy or binding commitment referred to in **Section 3.2.3**, with all fees, premiums and deed stamps and other transfer taxes paid.

3.2.5 Mortgage File Required Documents. The Property File for the Property includes (a) either (i) certified or file stamped (in each case by the applicable land registry) original executed Mortgage Documents or (ii) a copy of the Mortgage Documents in recordable form that have been submitted by the title insurance company for recording in the jurisdiction in which such Property is located (with Lender and Borrower acknowledging that the Mortgage Documents delivered on the Closing Date consist solely of Mortgages (which include Assignments of Leases and Rents and Fixture Filings as a part thereof), and that no separate Assignments of Leases and Rents or Fixture Filings are included as part of the Mortgage Documents delivered at the Closing Date), (b) an opinion of counsel admitted to practice in the state in which such Property is located in form and substance reasonably satisfactory to Lender in respect of the enforceability of such Mortgage Documents and an opinion of counsel in form and substance reasonably satisfactory to Lender stating that the Mortgage Documents were duly authorized, executed and delivered by Borrower and that the execution and delivery of such Mortgage Loan Documents and the performance by Borrower of its obligations thereunder will not cause a breach of, or a default under, any agreement, document or instrument to which Borrower is a party or to which it or such Property is bound, (c) either (x) a Title Insurance Policy insuring the Lien of the Mortgage encumbering such Property, or (y) a marked or initialed binding commitment that is effective as a Title Insurance Policy in respect of such Property, in each case, issued by a Qualified Title Insurance Company with no title exceptions other than Permitted Liens, which commitment shall be accompanied by such other affidavits, transfer declarations and other documents specified in such commitment as necessary for the issuance of such Title Insurance Policy, and (d) evidence that all taxes, fees and other charges payable in connection therewith have been paid in full.

3.2.6 Property File. The Property File for such Property has been delivered to Lender and there is no Deficiency with respect to such Property File.

3.2.7 Property Taxes and Other Charges. There are no delinquent Property Taxes or Other Charges outstanding with respect to the Property, other than Property Taxes or Other Charges that may exist in accordance with **Section 4.4.8**. As of the Closing Date, there are no pending or, to Borrower's or Manager's knowledge, proposed, special or other assessments for homeowner's or condominium owner's association improvements affecting the Property that would reasonably be expected to have an Individual Material Adverse Effect with respect to the Property.

3.2.8 Compliance with Renovation Standards. Each Vacant Property was previously subject to an Eligible Lease. With respect to each Property then subject to an Eligible Lease and each Vacant Property previously subject to an Eligible Lease, at the commencement of such Eligible Lease, such Property satisfied the Renovation Standards and all renovations thereto were conducted in accordance with applicable Legal Requirements, in all material respects.

3.2.9 Physical Condition. With respect to each Property then subject to an Eligible Lease and each Vacant Property previously subject to an Eligible Lease, at the

commencement of such Eligible Lease, such Property was (and to Borrower's knowledge continues to be) in a good, safe and habitable condition and repair, and free of and clear of any damage or waste that has an Individual Material Adverse Effect on the Property.

3.2.10 Brokers. There is no commission or other compensation payable to any broker or finder in connection with the purchase of the Property by Borrower or its Affiliate that has not been paid or is being contested in good faith by Borrower.

3.2.11 Leasing. As of the Cut Off Date, unless such Property is a Vacant Property, or, in case of any Substitute Property, as of the date such Property becomes a Substitute Property, the Property was leased by Borrower pursuant to an Eligible Lease and each such lease was in full force and effect and was not in default in any material respect. No Person (other than the Borrower) has any possessory interest in the Property or right to occupy the same except any Tenant under and pursuant to the provisions of the applicable Lease and any Person claiming rights through any such Tenant. The copy of such Eligible Lease in the Property File is true and complete in all material respects and there are no material oral agreements with respect thereto. No Rent (or security deposits) has been paid more than one (1) month in advance of its due date. As of the date hereof, any payments, free rent, partial rent, rebate of rent or other payments, credits, allowances or abatements required to be given by Borrower to the relevant Tenant has already been provided to such Tenant. The leasing of the Properties has complied in all material respects with Borrower's internal leasing guidelines.

3.2.12 Insurance. The Property is covered by property, casualty, liability, business interruption, windstorm, flood, earthquake and other applicable insurance policies as and to the extent, and in compliance with the applicable requirements of *Section 5.1.1* and Neither Borrower or Manager has taken (or omitted to take) any action that would impair or invalidate the coverage provided by any such policies. As of the date hereof, no claims have been made that are currently pending, outstanding or otherwise remain unsatisfied under any such policies and would reasonably be expected to have an Individual Material Adverse Effect with respect to the Property.

3.2.13 Lawsuits, Etc. As of the date hereof, there are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other entity pending or to the actual knowledge of Borrower or Manager, threatened against or affecting the Property, which actions, suits or proceedings would reasonably be expected to have an Individual Material Adverse Effect on such Property.

3.2.14 Orders, Injunctions, Etc. There are no orders, injunctions, decrees or judgments outstanding with respect to the Property that would reasonably be expected to have an Individual Material Adverse Effect on such Property.

3.2.15 Agreements Relating to the Properties. Borrower is not a party to any agreement or instrument or subject to any restriction of record which would reasonably be expected to have an Individual Material Adverse Effect on such Property. Borrower has not received notice of a default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which the Property is bound. Borrower does not have a material financial obligation under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument by which the Property is bound, other than obligations under the Loan Documents. Borrower is not in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any

Permitted Lien with respect to any Property. Neither the Property nor any part thereof are subject to any purchase options, rights of first refusal, rights of first offer or other similar rights in favor of any Tenant or other third parties.

3.2.16 Accuracy of Information Regarding Property. All material information with respect to the Property included in the Property File and the Properties Schedule is true, complete and accurate in all material respects.

3.2.17 Compliance with Legal Requirements. The Property (including the leasing and intended use thereof) complies with all applicable Legal Requirements, including, without limitation, building and zoning ordinances and codes and all certifications, permits, licenses and approvals, including without limitation, certificates of completion and occupancy permits, required for the legal leasing, use, occupancy, habitability and operation of such Property, except as would not reasonably be expected to have an Individual Material Adverse Effect with respect to the Property. There is no consent, approval, permit, license, order or authorization of, and no filing with or notice to, any court or Governmental Authority related to the operation, use or leasing of the Property that has not been obtained, except as would not reasonably be expected to have an Individual Material Adverse Effect with respect to the Property. There has not been committed by Borrower or by any other Person in occupancy of or involved with the operation, use or leasing of the Property any act or omission affording any Governmental Authority the right of forfeiture as against the Property or any part thereof.

3.2.18 Environmental Laws. The Property is in material compliance with all Environmental Laws. No Loan Party nor any Affiliate of any Loan Party has caused or has knowledge of any discharge, spill, uncontrolled loss or seepage of any Hazardous Substance onto any property comprising or adjoining any location of the Property, and no Loan Party nor any Affiliate of any Loan Party nor, to the actual knowledge of Borrower or Manager, any tenant or occupant of all or part of the Property, is now or has been involved in operations at any Property which would reasonably be expected to lead to environmental liability for any Loan Party or any Affiliate of a Loan Party or the imposition of a Lien (other than a Permitted Lien) on the Property under any Environmental Law. There is no condition presently existing and no event has occurred or failed to occur prior to the date hereof, concerning the Property relating to any Hazardous Substance or other hazardous or toxic materials or condition, asbestos, mold or other environmental or similar matters which would reasonably be expected to have an Individual Material Adverse Effect on the Property.

3.2.19 Utilities and Public Access. The Property has rights of access to public ways and is served by water, sewer or septic system, and storm drain facilities adequate to service the Property for its intended uses and all public utilities necessary or convenient to the full use and enjoyment of the Property are located either in the public right-of-way abutting the Property (which are connected so as to serve the Property without passing over other property) or in recorded easements serving the Property and such easements are set forth in and insured by the applicable Title Insurance Owner's Policy and Title Insurance Policy and all roads necessary for the use of the Property for its intended purposes have been completed, except as would not reasonably be expected to have an Individual Material Adverse Effect with respect to the Property.

3.2.20 Eminent Domain. As of the date hereof, there is no proceeding pending or, to Borrower's or Manager's knowledge, threatened, for the total or partial condemnation or taking of the Property by eminent domain or for the relocation of roadways resulting in a failure of access to the Property on public roads.

3.2.21 Flood Zone. The Property is not located in an area identified by the Federal Emergency Management Agency as a special flood hazard area, or, if so located the flood insurance required pursuant to **Section 5.1.1(a)** is in full force and effect with respect to the Property.

3.2.22 Specified Liens. The Property is not subject to any Specified Lien at any time on or after the first anniversary of the Closing Date.

Section 3.3 Survival of Representations. The representations and warranties set forth in this **Article III** and elsewhere in this Agreement and the other Loan Documents shall (i) survive until the Debt has been paid in full and (ii) be deemed to have been relied upon by Lender notwithstanding any investigation heretofore or hereafter made by Lender or on its behalf.

ARTICLE 4

COVENANTS

Section 4.1 Affirmative Covenants. Borrower shall comply with the following covenants:

4.1.1 Compliance with Laws, Etc. Borrower shall and shall cause each other Loan Party to do or cause to be done all things necessary to preserve, renew and keep in full force and effect its rights, licenses and permits and to comply with all Legal Requirements applicable to it and the Properties (and the use thereof), including, without limitation, building and zoning ordinances and codes and certificates of occupancy, except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect. Any Loan Party, at such Loan Party's expense, may contest by appropriate legal proceeding promptly initiated and conducted in good faith and with due diligence, the validity of any Legal Requirement, the applicability of any Legal Requirement to a Loan Party or any Property or any alleged violation of any Legal Requirement; *provided* that (i) such proceeding shall be permitted under and be conducted in accordance with the provisions of any instrument to which a Loan Party is subject and shall not constitute a default thereunder and such proceeding shall be conducted in accordance with all applicable Legal Requirements; (ii) no Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost; and (iii) the Loan Party shall promptly upon final determination thereof comply with any such Legal Requirement determined to be valid or applicable or cure any violation of any Legal Requirement, except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect.

4.1.2 Preservation of Existence. Borrower shall and shall cause each other Loan Party and each SPC Party to (i) observe all procedures required by its Constituent Documents and preserve and maintain its corporate existence, rights, franchises and privileges in the jurisdiction of its organization, and (ii) qualify and remain qualified in good standing (where relevant) as a foreign limited liability company or limited partnership, as applicable, in each other jurisdiction where the nature of its business requires such qualification and to the extent such concept exists

in such jurisdiction and where, in the case of clause (ii), except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect.

4.1.3 Non-Property Taxes. Borrower shall and shall cause each other Loan Party and each SPC Party to file, cause to be filed or obtain an extension of the time to file, all Tax returns for Non-Property Taxes and reports required by law to be filed by it and to promptly pay or cause to be paid all Non-Property Taxes now or hereafter levied, assessed or imposed on it as the same become due and payable; provided that, after prior notice to Lender, such Loan Party or such SPC Party may contest by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity of any such Non-Property Taxes and, in such event, may permit the Non-Property Taxes so contested to remain unpaid during any period, including appeals, when a Loan Party or SPC Party is in good faith contesting the same so long as (i) no Event of Default has occurred and remains uncured, (ii) such proceeding shall be permitted under and be conducted in accordance with all applicable Legal Requirements, (iii) no Property or other Collateral nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, canceled or lost, (iv) the applicable Loan Party or SPC Party has set aside on its books adequate reserves in accordance with GAAP, and the non-payment or non-discharge of such Non-Property Taxes would not reasonably be expected to have a Material Adverse Effect, (v) enforcement of the contested Non-Property Taxes is effectively stayed for the entire duration of such contest and no Lien is imposed on any Property or other Collateral, (vi) any Non-Property Taxes determined to be due, together with any interest or penalties thereon, is promptly paid as required after final resolution of such contest, (vii) to the extent such Non-Property Taxes (when aggregated with all other Taxes that any Loan Party or SPC Party is then contesting under this **Section 4.1.3** or **Section 4.4.8** and for which Borrower has not delivered to Lender any Contest Security) exceed \$1,000,000, Borrower shall deliver to Lender either (A) cash, or other security as may be approved by Lender, in an amount sufficient to insure the payment of any such Non-Property Taxes, together with all interest and penalties thereon or (B) a payment and performance bond in an amount equal to one hundred percent (100%) of the contested amount from a surety acceptable to Lender in its reasonable discretion, (viii) failure to pay such Non-Property Taxes will not subject Lender to any civil or criminal liability, (ix) such contest shall not affect the ownership, use or occupancy of any Property or other Collateral, and (x) Borrower shall, upon request by Lender, give Lender prompt notice of the status of such proceedings and/or confirmation of the continuing satisfaction of the conditions set forth in clauses (i) through (ix) of this **Section 4.1.3**. Notwithstanding the foregoing, Borrower shall and shall cause each other Loan Party and each SPC Party to pay any contested Non-Property Taxes (or, if cash or other security has been provided, Lender may pay over any such cash or other security held by Lender to the claimant entitled thereto) if, in the Lender's reasonable judgment, any Property or other Collateral (or any part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, cancelled or lost or there shall be any danger of the Lien of any Collateral Document being primed by any related Lien.

4.1.4 Access to Properties. Subject to the rights of Tenants, Borrower shall permit agents, representatives and employees of Lender to inspect the Properties or any part thereof at reasonable hours upon reasonable advance notice.

4.1.5 Perform Loan Documents. Borrower shall and shall cause each other Loan Party to, in a timely manner, observe, perform and satisfy all the terms, provisions, covenants and conditions of the Loan Documents executed and delivered by, or applicable to, the Loan

Party, and shall pay when due all costs, fees and expenses of Lender, to the extent required under the Loan Documents executed and delivered by, or applicable to, the Loan Party.

4.1.6 Awards and Insurance Benefits. Borrower shall cooperate with Lender, in accordance with the relevant provisions of this Agreement, to enable Lender to receive the benefits of any Awards or Insurance Proceeds lawfully or equitably payable in connection with any Property, and Lender shall be reimbursed for any expenses incurred in connection therewith (including reasonable attorneys' fees and disbursements, and the payment by the Loan Parties of the reasonable expense of an appraisal on behalf of Lender in case of Casualty or Condemnation affecting any Property or any part thereof) out of such Insurance Proceeds.

4.1.7 Security Interest; Further Assurances. Borrower shall and shall cause each other Loan Party to take all necessary action to establish and maintain, in favor of Lender a valid and perfected first priority security interest in all Collateral to the full extent contemplated herein, free and clear of any Liens (including the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Lender's security interest in the Collateral). Borrower shall and shall cause each other Loan Party to, at the Loan Party's sole cost and expense execute any and all further documents, financing statements, agreements, affirmations, waivers and instruments, and take all such further actions (including the filing and recording of financing statements) that may be required under any applicable Legal Requirement, or that Lender deems necessary or advisable, in order to grant, preserve, protect and perfect the validity and priority of the security interests created or intended to be created hereby or by the Collateral Documents or the enforceability of any guaranty or other Loan Document. Such financing statements may describe as the collateral covered thereby "all assets of the debtor, whether now owned or hereafter acquired" or words to that effect.

4.1.8 Keeping of Records and Books of Account. Borrower shall and shall cause each other Loan Party to maintain and implement administrative and operating procedures (including an ability to recreate records regarding the Properties in the event of the destruction of the originals thereof) and keep and maintain on a calendar year basis, in accordance with the requirements for a Special Purpose Bankruptcy Remote Entity set forth herein, as applicable, GAAP, and, to the extent required under *Section 9.1*, the requirements of Regulation AB, proper and accurate documents, books, records and other information reasonably necessary for the collection of all Rents and other Collections and payments of its obligations. Such books and records shall include, without limitation, records adequate to permit the identification of each Property and all items of income and expense in connection with the operation of each Property. Lender shall have the right from time to time (but, in any event, not more than twice in any calendar year (unless an Event of Default shall have occurred and be continuing, in which case no such restriction shall apply)) during normal business hours upon reasonable notice (which may be given verbally) to Borrower to examine such books, records, accounts, agreements, leases, instruments and other documents and the collection systems of the Loan Parties and Manager at the offices of the Loan Parties or any other Person maintaining such books, records and accounts and to make such copies or extracts thereof as Lender shall desire. Borrower shall pay any reasonable out-of-pocket costs and expenses incurred by Lender in any such examination.

4.1.9 Special Purpose Bankruptcy Remote Entity/Separateness.

(a) Borrower shall and shall cause each other Loan Party and each SPC Party to be and continue to be a Special Purpose Bankruptcy Remote Entity.

(b) Borrower shall and shall cause each other Loan Party to comply in all material respects with all of the stated facts and assumptions made with respect to the Loan Parties in each Insolvency Opinion. Each entity other than a Loan Party with respect to which an assumption is made or a fact stated in an Insolvency Opinion will comply in all material respects with all of the assumptions made and facts stated with respect to it in such Insolvency Opinion.

4.1.10 Location of Records. Borrower shall and shall cause each other Loan Party to keep its chief place of business and chief executive office and the offices where it keeps the Records at the address(es) referred to on *Schedule VII* or upon thirty (30) days' prior written notice to Lender, at any other location in the United States where all actions reasonably requested by Lender to protect and perfect the interests of Lender in the Collateral have been taken and completed.

4.1.11 Business and Operations. Borrower shall and shall cause each other Loan Party to, directly or through the Manager or subcontractors of the Manager (subject to *Section 4.2.1*), continue to engage in the businesses presently conducted by it as and to the extent the same are necessary for the ownership, maintenance, sale, management, leasing and operation of the Properties. Borrower shall and shall cause each other Loan Party to qualify to do business and will remain in good standing under the laws of each jurisdiction as and to the extent the same are required for the ownership, maintenance, management and operation of the Properties, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect. Each Borrower shall, at all times during the term of the Loan, continue to own or lease all equipment, fixtures and personal property which are necessary to operate the Properties.

4.1.12 Leasing Matters. Borrower shall (i) observe and perform the obligations imposed upon the lessor under the Leases for its Properties in a commercially reasonable manner; and (ii) enforce the terms, covenants and conditions contained in such Leases upon the part of the Tenant thereunder to be observed or performed in a commercially reasonable manner except in each case to the extent that the failure to do so would not reasonably be expected to have an Individual Material Adverse Effect with respect to a Property. No Rent may be collected under any Lease for the Properties more than one (1) month in advance of its due date.

4.1.13 Property Management.

(a) Borrower shall (i) cause Manager to manage the Properties in accordance with the Management Agreement, (ii) diligently perform and observe all of the terms, covenants and conditions of the Management Agreement on the part of Borrower to be performed and observed, (iii) promptly notify Lender of any default under the Management Agreement of which it is aware, (iv) promptly deliver to Lender a copy of each financial statement, business plan, capital expenditures plan, report and estimate received by it under the Management Agreement, and (v) promptly enforce the performance and observance of all of the covenants required to be performed and observed by Manager under the Management Agreement in a commercially reasonable manner. If Borrower shall default in the performance or observance of any material term, covenant or condition of the Management Agreement on the part of Borrower to be

performed or observed, then, without limiting Lender's other rights or remedies under this Agreement or the other Loan Documents, and without waiving or releasing Borrower from any of its Obligations hereunder or under the Management Agreement, Lender shall have the right, but shall be under no obligation, to pay any sums and to perform any act as may be appropriate to cause all the material terms, covenants and conditions of the Management Agreement on the part of Borrower to be performed or observed. In no event shall the fee payable to Manager for any Interest Period exceed the Management Fee Cap for such Interest Period and in no event shall Borrower pay or become obligated to pay to Manager, any transition or termination costs or expenses, termination fees, or their equivalent in connection with the Transfer of a Property or the termination of the Management Agreement.

(b) If any one or more of the following events occurs: (i) the occurrence of an Event of Default, (ii) Manager shall be in material default under the Management Agreement beyond any applicable notice and cure period (including as a result of any gross negligence, fraud, willful misconduct or misappropriation of funds), or (iii) Manager shall become insolvent or a debtor in any bankruptcy or insolvency proceeding, then Lender shall have the right to require Borrower to replace the Manager and enter into a Replacement Management Agreement with (x) a Qualified Manager selected by Borrower that is not an Affiliate of Borrower or (y) another property manager chosen by Borrower and approved by Lender; *provided*, that such approval shall be conditioned upon Borrower delivering a Rating Agency Confirmation as to such property manager. If Borrower fails to select a new Qualified Manager or a replacement Manager that satisfies the conditions described in the foregoing *clause (y)* and enter into a Replacement Management Agreement with such Person within sixty (60) days of Lender's demand to replace the Manager, then Lender may choose the replacement property manager provided that such replacement property manager is a Qualified Manager or satisfies the conditions set forth in the foregoing *clause (y)*.

4.1.14 Property Files. Borrower will deliver to Lender all Property Files in an electronic format reasonably agreed by Lender and Borrower.

4.1.15 Security Deposits.

(a) All security deposits of Tenants, whether held in cash or any other form, shall be deposited into one or more Eligible Accounts (each, a "*Security Deposit Account*") established and maintained by Borrower at a local bank which shall be an Eligible Institution, held in compliance with all Legal Requirements and identified by written notice to Lender, and shall not be commingled with any other funds of Borrower. Borrower shall cause all security deposits received by Borrower or Manager after the Closing Date to be deposited into a Security Deposit Account, the Collection Account or a Rent Deposit Account within three (3) Business Days of receipt. Borrower shall, no less frequently than once each month, transfer into a Security Deposit Account any security deposits previously received and deposited into the Collection Account or a Rent Deposit Account. The security deposits shall be disbursed by Borrower in accordance with the terms of the applicable Leases and all Legal Requirements. In the event the Tenant under any Lease defaults such that the applicable security deposit may be drawn upon on account of such default, the proceeds of such draw shall constitute Collections and Borrower shall immediately deposit the proceeds thereof into a Rent Deposit Account or the Collection Account. Borrower shall pay for all expenses of opening and maintaining the Security Deposit Accounts. So long as the Debt is outstanding, except as otherwise provided in this *Section 4.1.15(a)*, Borrower shall not (and shall not permit Manager or any other Person to) open any other accounts for the deposit of security deposits other than the Security Deposit Accounts.

(b) Any bond or other instrument which Borrower is permitted to hold in lieu of cash security deposits under any applicable Legal Requirements (i) shall be maintained in full force and effect in the full amount of such deposits unless replaced by cash deposits as herein above described, (ii) shall be issued by an institution reasonably satisfactory to Lender, (iii) shall, if permitted pursuant to any Legal Requirements, name Lender as payee or mortgagee thereunder (or at Lender's option, be fully assignable to Lender), and (iv) shall in all respects comply with any applicable Legal Requirements and otherwise be satisfactory to Lender. Borrower shall, upon request, provide Lender with evidence reasonably satisfactory to Lender of Borrower's compliance with the foregoing.

(c) (i) Upon Lender's written request following the occurrence and during the continuance of an Event of Default, Borrower shall deliver (or cause to be delivered) to Lender (or Servicer) or to one or more accounts designated by Lender (or Servicer) the security deposits, and (ii) upon a foreclosure of any Property or action in lieu thereof, Borrower shall deliver to Lender (or Servicer) or to an account designated by Lender (or Servicer) the security deposit applicable to the Lease with respect to such Property, except, in each case, to the extent any such security deposits were previously deposited into a Rent Deposit Account or the Collection Account in accordance with **Section 4.1.15(a)** following a default by the Tenant under the applicable Lease. Any security deposits delivered to Lender (or Servicer) pursuant to this **Section 4.1.15(c)** will be held by Lender (or Servicer) for the benefit of the applicable Tenants in accordance with the terms of the Leases and applicable law.

4.1.16 Anti-Money Laundering. Borrower shall and shall cause each other Loan Party to comply in all material respects with all applicable anti-money laundering laws and regulations to the extent applicable, including without limitation, the Patriot Act (collectively, the "**Anti-Money Laundering Laws**") and shall provide notice to Lender, within two (2) Business Days, of any Anti-Money Laundering Law regulatory notice or action involving any Loan Party.

4.1.17 OFAC.

(a) Borrower shall (i) prior to entering into a Lease with a Tenant, confirm that such Tenant (excluding any Tenant who occupied a Property pursuant to an in-place Lease when such Property was acquired by Borrower's Affiliate) is not a Person (A) that is listed in the Annex to, or is otherwise subject to the provisions of EO13224 or (B) whose name appears on OFAC's most current list of "Specifically Designated National and Blocked Persons" (which list may be published from time to time in various mediums including, but not limited to, the OFAC website, <http://www.treas.gov/ofac/downloads/t11sdn.pdf>) and (ii) not enter into a Lease with a Tenant that is listed on either of the lists described in clause (i) hereof.

(b) Notwithstanding the foregoing, if a Responsible Officer of a Loan Party or Manager obtains knowledge that a Tenant is on one of the lists described in **Section 4.1.17(a)**, it shall promptly provide notice of such determination to Lender, within two (2) Business Days.

4.1.18 Cooperate in Legal Proceedings. Borrower shall cooperate fully with Lender with respect to any proceedings before any court, board or other Governmental Authority which may in any way affect the rights of Lender hereunder or any rights obtained by Lender under any of the other Loan Documents and, in connection therewith, permit Lender, at its election, to participate in any such proceedings.

4.1.19 Further Assurances. Borrower shall and shall cause each other Loan Party to, at Borrower's sole cost and expense:

(a) furnish to Lender all instruments, documents, certificates, title and other insurance reports and agreements, and each and every other document, certificate, agreement and instrument required to be furnished by Borrower pursuant to the terms of the Loan Documents or which are reasonably requested by Lender in connection therewith.

(b) cure any defects in the execution and delivery of the Loan Documents and execute and deliver, or cause to be executed and delivered, to Lender such documents, instruments, certificates, assignments and other writings, and do such other acts necessary or desirable, to correct any omissions in the Loan Documents, to evidence, preserve and/or protect the Collateral at any time securing or intended to secure the Obligations, as Lender may reasonably require; and

(c) do and execute all and such further lawful and reasonable acts, conveyances and assurances for the better and more effective carrying out of the intents and purposes of this Agreement and the other Loan Documents, as Lender may reasonably require from time to time.

4.1.20 Costs and Expenses.

(a) Except as otherwise expressly set forth herein or in any of the other Loan Documents, Borrower shall pay or, if Borrower fails to pay, reimburse Lender upon receipt of notice from Lender, for all costs and expenses (including reasonable attorneys' fees and disbursements) incurred by Lender in connection with (i) the Relevant Parties' ongoing performance of and compliance with Borrower's agreements and covenants contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date, including confirming compliance with environmental and insurance requirements (except to the extent expressly set forth in **Section 10.20**); (ii) Lender's ongoing performance of and compliance with all agreements and covenants contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date (except to the extent expressly set forth in **Section 10.20**); (iii) the negotiation, preparation, execution and delivery of any consents, amendments, waivers or other modifications to this Agreement and the other Loan Documents and any other documents or matters requested by any Relevant Party; (iv) filing and recording of any Loan Documents; (v) title insurance, surveys, inspections, Broker Price Opinions and broker opinions of market rent; (vi) the creation, perfection or protection of Lender's Liens in the Collateral (including fees and expenses for title and lien searches, intangibles taxes, personal property taxes, mortgage recording taxes, due diligence expenses, travel expenses, accounting firm fees, environmental reports and Lender's diligence consultant); (vii) enforcing or preserving any rights in response to third party claims or the prosecuting or defending of any action or proceeding or other litigation, in each case against, under or affecting any Relevant Party, the Loan Documents, any Property, or any other security given for the Loan; (viii) fees charged by Servicer (except to the extent expressly set forth in **Section 10.20**) and, if a Securitization has occurred, the Rating Agencies in connection with the Loan or any modification thereof; and (ix) enforcing any Obligations of or collecting any payments due from

any Relevant Party under this Agreement, the other Loan Documents or with respect to any Property or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a “work-out” or of any insolvency or bankruptcy proceedings; *provided, however*, that Borrower shall not be liable for the payment of any such costs and expenses to the extent the same arise by reason of the active gross negligence, illegal acts, fraud or willful misconduct of Lender; provided, further, that this **Section 4.1.20** shall not apply with respect to Taxes other than any Taxes that represent losses or damages arising from any non-Tax claim.

(b) In addition, in connection with any Rating Agency Confirmation, Review Waiver or other Rating Agency consent, approval or review requested or required hereunder (other than the initial review of the Loan by the Rating Agencies in connection with a Securitization), Borrower shall pay all of the costs and expenses of Lender, Servicer and each Rating Agency in connection therewith, and, if applicable, shall pay any fees imposed by any Rating Agency in connection therewith.

(c) Any costs and expenses due and payable by Borrower hereunder which are not paid by Borrower within ten (10) days after demand may be paid from any amounts in the Collection Account, with notice thereof to Borrower. The obligations and liabilities of Borrower under this **Section 4.1.20** shall (i) become part of the Obligations, (ii) be secured by the Loan Documents and (iii) survive the Term and the exercise by Lender of any of its rights or remedies under the Loan Documents.

4.1.21 Indemnity. Borrower shall indemnify, defend and hold harmless Lender from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the reasonable fees and disbursements of counsel for Lender in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not Lender shall be designated a party thereto), that may be imposed on, incurred by, or asserted against Lender in any manner relating to or arising out of (i) any breach by any Relevant Party of its Obligations under, or any material misrepresentation by Borrower contained in, this Agreement or the other Loan Documents; and (ii) the use or intended use of the proceeds of the Loan (collectively, the “**Indemnified Liabilities**”); *provided, however*, that Borrower shall not have any obligation to Lender hereunder to the extent that such Indemnified Liabilities arise from the gross negligence, illegal acts, fraud or willful misconduct of Lender. To the extent that the undertaking to indemnify, defend and hold harmless set forth in the preceding sentence may be unenforceable because it violates any law or public policy, Borrower shall pay the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by Lender.

4.1.22 ERISA Matters. Each Loan Party shall and shall cause each of its ERISA Affiliates to establish, maintain and operate all Plans to comply in all material respects with the provisions of ERISA, the Code and all applicable laws, the regulations and interpretation thereunder and the respective requirements of the governing documents for such Plans. Each Loan Party shall and shall cause each of its ERISA Affiliates to establish, maintain and operate all Foreign Plans to comply in all material respects with all laws, regulations and rules applicable thereto and the respective requirements of the governing documents for such plans.

Section 4.2 Negative Covenants. Borrower shall comply with the following covenants:

4.2.1 Prohibition Against Termination or Modification. Borrower shall not (i) surrender, terminate, cancel, modify, renew or extend the Management Agreement, *provided*, that Borrower may, without Lender's consent, replace Manager so long as the replacement manager is a Qualified Manager pursuant to a Replacement Management Agreement, (ii) enter into any other agreement relating to the management or operation of a Property with Manager or any other Person, *provided*, that Borrower may permit Manager to enter into sub-management agreements with third-party service providers to perform all or any portion of the services by Manager so long as (x) the fees and charges payable under any such sub-management agreements shall be the sole responsibility of Manager, (y) Borrower shall have no liabilities of obligations under any such sub-management agreements, and (z) any such sub-management agreements will be terminable without penalty upon the termination of the Management Agreement, (iii) consent to the assignment by the Manager of its interest under the Management Agreement, or (iv) waive or release any of its rights and remedies under the Management Agreement, in each case without the express consent of Lender, which consent shall not be unreasonably withheld. If at any time Lender consents to the appointment of a new property manager or a Qualified Manager is appointed, such new property manager (including a Qualified Manager) shall execute a Replacement Management Agreement.

4.2.2 Liens Against Collateral. Borrower shall not and shall cause each other Loan Party not to create or suffer to exist any Liens upon or with respect to, any Collateral except for Liens permitted under the Loan Documents (including, without limitation, Permitted Liens).

4.2.3 Transfers. Borrower acknowledges that Lender has examined and relied on the experience of Borrower and its Affiliates, and their principals in owning and operating properties such as the Properties in agreeing to make the Loan, and will continue to rely on Borrower's ownership of the Properties as a means of maintaining the value of the Properties in connection with the repayment of the Debt and the performance of the Other Obligations. Borrower acknowledges that Lender has a valid interest in maintaining the value of the Properties so as to ensure that, should Borrower default in the repayment of the Debt or the performance of the Other Obligations, Lender can recover the Debt by a sale of the Properties or Borrower's Equity Interests. Therefore, without the prior written consent of Lender, but, in each instance, subject to the provisions of *Article 7*, neither Borrower nor any Loan Party nor any other Person having a direct or indirect ownership or beneficial interest in Borrower or any Loan Party shall sell, convey, mortgage, grant, bargain, encumber, pledge, assign or transfer the Properties or Collateral or any part thereof, or any interest, direct or indirect, in Borrower or any Loan Party, whether voluntarily or involuntarily and whether directly or indirectly, by operation of law or otherwise (a "*Transfer*"). A Transfer within the meaning of this *Section 4.2.3* shall be deemed to include (i) an installment sales agreement wherein Borrower agrees to sell a Property or any part thereof for a price to be paid in installments; (ii) an agreement by Borrower for the leasing of all or a substantial part of the Property for any purpose other than the actual occupancy by a space Tenant thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Borrower's right, title and interest in and to any Leases or any Rents; (iii) if Borrower, Guarantor or any general partner, managing member or controlling shareholder of Borrower or Guarantor is a corporation, the voluntary or involuntary sale, conveyance or transfer of such corporation's stock (or the stock of any corporation directly or indirectly controlling such

corporation by operation of law or otherwise) or the creation or issuance of new stock; (iv) if Borrower, any Loan Party, any Guarantor or any general partner, managing member or controlling shareholder of Borrower, any Loan Party, or any Guarantor is a limited or general partnership, joint venture or limited liability company, the change, removal, resignation or addition of a general partner, managing partner, limited partner, joint venturer or member or the transfer of the partnership interest of any general partner, managing partner or limited partner or the transfer of the interest of any joint venturer or member; and (v) any pledge, hypothecation, assignment, transfer or other encumbrance of any direct or indirect ownership interest in Borrower or any Loan Party.

4.2.4 Change in Business. Borrower shall not enter into any line of business other than the acquisition, renovation, rehabilitation, ownership, management and operation of the Properties (and any businesses ancillary or related thereto), or make any material change in the scope or nature of its business objectives, purposes or operations, or undertake or participate in activities other than the continuance of its present business. Except as provided in the Loan Documents, Borrower shall cause (i) Equity Owner to not engage in any activity other than acting as the limited partner of Borrower and the sole member of Borrower GP, (ii) Borrower GP to not engage in any activity other than acting as the sole general partner of Borrower and (iii) Equity Owner GP to not engage in any activity other than acting as the sole general partner of Equity Owner.

4.2.5 Changes to Accounts. Borrower shall not and shall cause each other Loan Party not to (i) open or permit to remain open any cash, securities or other account with any bank, custodian or institution other than the Collection Account, the Accounts, the Security Deposit Accounts and Property Accounts that are subject to a Property Account Control Agreement, (ii) change or permit to change any account number of the Collection Account, the Accounts or any Property Account, (iii) open or permit to remain open any sub-account of the Collection Account (except any Account), the Accounts or any Property Account, (iv) permit any funds of Persons other than Borrower to be deposited or held in any of the Collection Account, the Accounts or the Property Accounts or (v) permit any Collections or other proceeds of any Properties to be deposited or held in Borrower's Operating Account other than cash that is distributed to Borrower pursuant to **Section 6.8.1(i)**.

4.2.6 Dissolution, Merger, Consolidation, Etc. Borrower shall not and shall cause each other Loan Party not to (i) engage in any dissolution, liquidation or consolidation or merger with or into any other business entity, (ii) engage in any business activity other than the business activity of such Loan Party described on **Schedule IV** or otherwise herein, (iii) transfer, lease or sell, in one transaction or any combination of transactions, the assets or all or substantially all of the properties or assets of any Loan Party except to the extent permitted by the Loan Documents, (iv) modify, amend, waive or terminate its Constituent Documents or its qualification and good standing in any jurisdiction or (v) cause or permit any SPC Party to (x) dissolve, wind up or liquidate or take any action, or omit to take an action, as a result of which such SPC Party would be dissolved, wound up or liquidated in whole or in part, or (y) amend, modify, waive or terminate the Constituent Documents of such SPC Party, in each case, without obtaining the prior written consent of Lender.

4.2.7 ERISA Matters. None of the Loan Parties or their ERISA Affiliates shall establish or be a party to any employee benefit plan within the meaning of Section 3(2) of ERISA that is a defined benefit pension plan that is subject to Part III of Subchapter D, Chapter 1, Subtitle A of the Code.

4.2.8 Indebtedness. Borrower shall not create, incur, assume or suffer to exist any indebtedness other than (i) the Debt and (ii) unsecured trade payables incurred in the ordinary course of business relating to the ownership and operation of the Properties, which in the case of such unsecured trade payables (A) are not evidenced by a note, (B) do not exceed, at any time, a maximum aggregate amount of three percent (3%) of the original principal amount of the Loan and (C) are paid within sixty (60) days of the date incurred (collectively, “*Permitted Indebtedness*”). Borrower shall cause each Guarantor and each other SPC Party not to create, incur, assume or suffer to exist any indebtedness other than indebtedness incurred under the Equity Owner Guaranty, the Borrower GP Guaranty, this Agreement and the other Loan Documents to which Guarantors are a party and unsecured trade payables incurred in the ordinary course of business related to the ownership of (x) with respect to Equity Owner, its limited partnership interest in Borrower and limited liability company interest in Borrower GP, (y) with respect to Borrower GP, its general partnership interest in Borrower and (z) with respect to Equity Owner GP, its general partnership interest in Equity Owner, in each case (A) do not exceed at any one time \$10,000.00, and (B) are paid within sixty (60) days after the date incurred (collectively, the “*Guarantor’s Permitted Indebtedness*”). Nothing contained herein shall be deemed to require Borrower or Guarantor to pay any unsecured trade payables so long as such Borrower or Guarantor, as applicable, is in good faith at its own expense, and by proper legal proceedings, diligently contesting the validity, amount or application thereof, provided that in each case, at the time of commencement of any such action or proceeding, and during the pendency of such action or proceeding (1) no Event of Default is continuing, (2) no Property nor any material part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost and (3) such contest operates to suspend collection or enforcement, as the case may be, of the contested amount.

4.2.9 Limitation on Transactions with Affiliates. Borrower shall not and shall cause each other Loan Party and each SPC Party not to enter into, or be a party to any transaction with any Affiliate of the Loan Parties, except for: (i) the Loan Documents; (ii) capital contributions by (x) Sponsor to Equity Owner and Equity Owner GP or (y) Equity Owner and Borrower GP to Borrower; (iii) Restricted Junior Payments which are in compliance with **Section 4.2.12**; (iv) the Management Agreement; and (v) to the extent not otherwise prohibited under this Agreement, other transactions upon fair and reasonable terms materially no less favorable to the Loan Parties than would be obtained in a comparable arm’s-length transaction with a Person not an Affiliate.

4.2.10 Loan Documents. Borrower shall not and shall cause each other Loan Party not to terminate, amend or otherwise modify any Loan Document, or grant or consent to any such termination, amendment, waiver or consent, except in accordance with the terms thereof.

4.2.11 Limitation on Investments. Borrower shall not and shall cause each other Loan Party and each SPC Party not to make or suffer to exist any loans or advances to, or extend any credit to, purchase any property or asset or make any investment (by way of transfer of property, contributions to capital, purchase of stock or securities or evidences of indebtedness, acquisition of the business or assets, or otherwise) in, any Affiliate or any other Person except for acquisition of the Properties and related Collateral and Permitted Investments.

4.2.12 Restricted Junior Payments. Borrower shall not and shall cause each other Loan Party and each SPC Party not to make any Restricted Junior Payment; *provided*, that the Loan Parties may make Restricted Junior Payments so long as (i) no Default or Event of Default shall then exist or would result therefrom, (ii) such Restricted Junior Payments have been approved by all necessary action on the part of the Loan Parties or SPC Parties, as applicable, and in compliance with all applicable laws and (iii) such Restricted Junior Payments are paid from Unrestricted Cash.

4.2.13 Limitation on Issuance of Equity Interests. Borrower shall not and shall cause each other Loan Party and each SPC Party not to issue or sell or enter into any agreement or arrangement for the issuance and sale of any Equity Interests.

4.2.14 Principal Place of Business. Borrower shall not and shall cause each other Loan Party and each SPC Party not to change its principal place of business from the address set forth on the first page of this Agreement without first giving Lender thirty (30) days prior written notice.

4.2.15 Change of Name, Identity or Structure. Borrower shall not and shall cause each other Loan Party and each SPC Party not to change its name, identity (including its trade name or names) or change its organizational structure without notifying Lender of such change in writing at least thirty (30) days prior to the effective date of such change and without first obtaining the prior written consent of Lender, such consent not to be unreasonably withheld, conditioned or delayed. Borrower shall not and shall cause each other Loan Party and each SPC Party not to change its jurisdiction of organization. Prior to or contemporaneously with the effective date of any such change, Borrower shall deliver to Lender any financing statement or financing statement change required by Lender to establish or maintain the validity, perfection and priority of the security interest granted herein. At the request of Lender, Borrower shall and shall cause each other Loan Party and each SPC Party to execute a certificate in form satisfactory to Lender listing the trade names under which such Loan Party or SPC Party intends to operate its business, and representing and warranting that such Loan Party or SPC Party does business under no other trade name.

4.2.16 No Embargoed Persons. At all times throughout the term of the Loan, including after giving effect to any Transfers permitted pursuant to the Loan Documents, Borrower shall ensure that (a) none of the funds or other assets of any Loan Party or any SPC Party shall constitute property of, or shall be beneficially owned, directly or indirectly, by any Person subject to trade restrictions under United States law, including, but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder, with the result that the investment in Borrower or Guarantors, as applicable (whether directly or indirectly), would be prohibited by law (each, an “*Embargoed Person*”), or the Loan made by Lender would be in violation of law, (b) no Embargoed Person shall have any interest of any nature whatsoever in any Loan Party or SPC Party with the result that the investment in any Loan Party (whether directly or indirectly), would be prohibited by law or the Loan would be in violation of law, and (c) none of the funds of any Loan Party or SPC Party shall be derived from any unlawful activity with the result that the investment in such Loan Party or SPC Party (whether directly or indirectly), would be prohibited by law or the Loan would be in violation of law.

4.2.17 Special Purpose Bankruptcy Remote Entity. Borrower shall not and shall cause each other Loan Party and each SPC Party not to directly or indirectly make any change, amendment or modification to its Constituent Documents, or otherwise take any action, which could result in Borrower or any other Loan Party or SPC Party not being a Special Purpose Bankruptcy Remote Entity.

Section 4.3 Reporting Covenants. Borrower shall, unless Lender shall otherwise consent in writing, furnish or cause to be furnished to Lender the following reports, notices and other documents:

4.3.1 Financial Reporting. Borrower shall furnish the following financial reports to Lender:

(a) As soon as available and in any event within forty-five (45) days after the end of each calendar quarter commencing with the first calendar quarter ending after the Closing Date, consolidated balance sheets, statements of operations and retained earnings, and statements of cash flows of Borrower, in each case, as at the end of such quarter and for the period commencing at the end of the immediately preceding calendar year and ending with the end of such quarter, setting forth in each case in comparative form the figures for the corresponding date or period of the immediately preceding calendar year (if any), all in reasonable detail and prepared in accordance with GAAP. Such financial statements shall contain such other information as shall be reasonably requested by Lender for purposes of calculations to be made by Lender pursuant to the terms hereof.

(b) As soon as available, and in any event (i) within ninety (90) days after the end of each calendar year, unaudited copies, and (ii) within 120 days following the end of each calendar year, audited copies, of a balance sheet, statements of operations and retained earnings, and statement of cash flows of Borrower, in each case, as at the end of such calendar year, setting forth in each case in comparative form the figures for the immediately preceding calendar year (if any), all in reasonable detail and prepared in accordance with GAAP and the inclusion of footnotes to the extent required by GAAP, such audited financial statements to be accompanied by a report and an unqualified opinion, prepared in accordance with generally accepted auditing standards, of an Independent Accountant selected by Borrower that is reasonably acceptable to Lender (which opinion on such consolidated information shall be without (1) any qualification as to the scope of such audit or (2) a “going concern” or like qualification (other than a going concern qualification that relates solely to the near term maturity of the Loans hereunder)), together with a written statement of such accountants (A) to the effect that, in making the examination necessary for their certification of such financial statements, they have not obtained any knowledge of the existence of an Event of Default or a Default and (B) if such accountants shall have obtained any knowledge of the existence of an Event of Default or such Default, describing the nature thereof.

(c) As soon as available, and in any event within forty-five (45) days after the end of each calendar month (i) an operating statement in respect of such calendar month and a calendar year-to-date operating statement for Borrower, (ii) a statement for each Property showing (A) rent roll in respect of such calendar month and calendar year-to-date, (B) expiration date of the related Lease, (C) vacancy status, (D) security deposits maintained, (E) Tenant payment status, (G) Capital Expenditures and repairs and (H) known violations of any Legal Requirements; provided that any of the foregoing items may be excluded from such statements if

they are included in the Properties Schedule, (iii) an Officer's Certificate certifying that such operating statement and Property statements are true, correct and complete in all material respects as of their respective dates, and (iv) upon Lender's request, other information maintained by Borrower in the ordinary course of business that is reasonably necessary and sufficient to fairly represent the financial position, ongoing maintenance and results of operation of the Properties (on a combined basis) during such calendar month;

(d) Simultaneously with the delivery of the financial statements of Borrower required by clauses (a) and (b) above an Officer's Certificate certifying (i) that such statements fairly represent the financial condition and results of operations of Borrower as of the end of such quarter or calendar year (as applicable) and the results of operations and cash flows of Borrower for such quarter or calendar year (as applicable), in accordance with GAAP applied in a manner consistent with that of the most recent audited financial statements of Borrower furnished to Lender, subject to normal year-end adjustments and the absence of footnotes, (ii) stating that such Responsible Officer has reviewed the provisions of this Agreement and the other Loan Documents and has made or caused to be made under his or her supervision a review of the condition and operations of the Relevant Parties with a view to determining whether the Relevant Parties are in compliance with the provisions the Loan Documents to the extent applicable to them, and that such review has not disclosed, and such Responsible Officer has no knowledge of, the existence of an Event of Default or Default or, if an Event of Default or Default exists, describing the nature and period of existence thereof and the action which the Relevant Parties propose to take or have taken with respect thereto and (iii) that as of the date of each Officer's Certificate, no litigation exists involving Borrower or any Property or Properties in which the amount involved is \$500,000 (in the aggregate) or more or in which all or substantially all of the potential liability is not covered by insurance, or, if so, specifying such litigation and the actions being taking in relation thereto.

(e) Simultaneously with the delivery of the financial statements required by clauses (a) and (b) above, a reconciliation for the relevant period of net income to Underwritten Net Cash Flow;

(f) Simultaneously with the delivery of the financial statements required by clause (a) above, a duly completed Compliance Certificate, with appropriate insertions, containing the data and calculations set forth on **Exhibit C** ;

(g) Simultaneously with the delivery of the financial statements required by clause (a) above, a certificate executed by a Responsible Officer of Borrower certifying (i) the current Property Tax assessment amounts and Other Charges payable in respect of each Property, (ii) the payment of all Property Taxes and Other Charges prior to the date such Property Taxes or Other Charges become delinquent, subject to any contest conducted in accordance with **Section 4.4.8** and (iii) if an Acceptable Blanket Policy is not in place with respect to all Properties, the monthly cost of the insurance required under in **Section 5.1.1** ;

(h) Simultaneously with the delivery of the financial statements required by clause (a) above, a report setting forth a quarterly summary of any and all Capital Expenditures made at each Property during the prior calendar quarter.

4.3.2 Reporting on Adverse Effects . Promptly and in no event more than two (2) Business Days after any Responsible Officer of any Loan Party obtains knowledge of any matter or the occurrence of any event concerning any Loan Party which would reasonably be expected to have a Material Adverse Effect, written notice thereof.

4.3.3 Litigation. Prompt written notice to Lender of any litigation or governmental proceedings pending or to the actual knowledge of a Responsible Officer of any Loan Party or Manager, threatened in writing against any Loan Party, any SPC Party or against Manager with respect to any Property, which would reasonably be expected to have a Material Adverse Effect or an Individual Material Adverse Effect with respect to any Property.

4.3.4 Event of Default. Promptly after any Responsible Officer of any Loan Party or Manager obtains knowledge of the occurrence of each Event of Default or Default (if such Default is continuing on the date of such notice), a statement of a Responsible Officer of Manager setting forth the details of such Event of Default or Default and the action which such Loan Party is taking or proposes to take with respect thereto.

4.3.5 Other Defaults. Promptly and in no event more than two (2) Business Days after any Responsible Officer of any Loan Party or Manager obtains actual knowledge of any default by any Loan Party or SPC Party under any agreement other than the Loan Documents to which such Loan Party or SPC Party is a party which would reasonably be expected to have a Material Adverse Effect, the statement of a Responsible Officer of Manager setting forth the details of such default and the action which such Loan Party or SPC Party is taking or proposes to take with respect thereto.

4.3.6 Properties Schedule. Borrower shall deliver to Lender no later than the tenth (10th) Business Day of each calendar month (i) an updated Properties Schedule containing each of the data fields set forth on *Schedule I* (other than those under the caption “BPO Values” and including for the monthly reports delivered after September 12, 2014, an entry for the next home owner’s or condominium owner’s association fee due date); *provided* that the information under the caption “Underwritten Net Cash Flow” need only be updated in the Properties Schedule that is delivered in March, June, September and December of each year and (ii) a calculation of the monthly turnover rate for the Properties for the prior calendar month, which shall be equal to the number of Properties that became vacant during such calendar month divided by the daily average number of Properties during such calendar month. The foregoing information shall be delivered together with a certificate of a Responsible Officer of Borrower certifying that it is true, correct and complete (i) with respect to the information in the Properties Schedule other than Underwritten Net Cash Flow data, as of the last day of the preceding calendar month, (ii) with respect to the Underwritten Net Cash Flow data in the Properties Schedule, for calendar quarter ended on the last day of the preceding calendar month and (iii) with respect to the turnover rate of the Properties, for the prior calendar month.

4.3.7 Disqualified Properties. Promptly and in no event more than ten (10) Business Days after any Responsible Officer of Borrower or Manager obtains actual knowledge that any Property fails to comply with the Property Representations or the Property Covenants, written notice thereof and the action that Borrower is taking or proposes to take with respect thereto.

4.3.8 Security Deposits

(a) Within five (5) days of the last day of each calendar month, written notice of the aggregate amount of security deposits deposited into the Security Deposit Account during such month, which notice shall include (i) the identity of each applicable Security Deposit Account (including, the name and identification number of the applicable Security Deposit Account, the name, address and wiring instructions of the financial institution which maintains the Security Deposit Account, and the name of the Person to contact at such financial institution) and (ii) amount of each security deposit allocable to such Security Deposit Account.

(b) Within ten (10) Business Days of Lender's request therefore, a written accounting of all security deposits held in connection with the Leases, including the name and identification number of the accounts in which such security deposits are held, the name and address of the financial institutions in which such security deposits are held and the name of the Person to contact at such financial institution, along with any authority or release necessary for Lender to obtain information regarding such accounts directly from such financial institutions.

4.3.9 ERISA Matters

(a) As soon as reasonably possible, and in any event within thirty (30) days after the occurrence of any ERISA Event, written notice of, and any requested information relating to such ERISA Event.

(b) As soon as reasonably possible after the occurrence of a Plan Termination Event, written notice of any action that any Loan Party or any of its ERISA Affiliates proposes to take with respect thereto, along with a copy of any notices received from or filed with the PBGC, the IRS or any Multiemployer Plan with respect to such Plan Termination Event, as applicable.

(c) As soon as reasonably possible, and in any event within thirty (30) days after a Responsible Officer of any Loan Party has actual knowledge of, or with respect to any Plan or Multiemployer Plan to which such Loan Party or any of its ERISA Affiliates makes direct contributions has reason to believe, that any of the events or conditions specified below with respect to any Plan or Multiemployer Plan has occurred or exists, a statement signed by a Responsible Officer of Borrower setting forth details respecting such event or condition and the action, if any, that the applicable Loan Party or any of its ERISA Affiliates proposes to take with respect thereto (and a copy of any report or notice required to be filed with or given to PBGC by any such Loan Party or any of its ERISA Affiliates with respect to such event or condition):

(i) any Reportable Event with respect to a Plan, as to which the PBGC has not by regulation or otherwise waived the requirement of Section 4043(a) of ERISA that it be notified within thirty (30) days of the occurrence of such event (provided that a failure to meet the minimum funding standard of Section 412 of the Code or Section 302 of ERISA, including the failure to make on or before its due date a required installment under Section 412(m) of the Code or Section 302(e) of ERISA, shall be a Reportable Event regardless of the issuance of any waivers in accordance with Section 412(d) of the Code); and any request for a waiver under Section 412(d) of the Code for any Plan;

(ii) the distribution under Section 404(c) of ERISA of a notice of intent to terminate any Plan or any action taken by any Loan Party or any of its ERISA Affiliates to terminate any Plan;

(iii) the institution by the PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by Equity Owner GP, any Loan Party or any of their ERISA Affiliates of a notice from a Multiemployer Plan that such action has been taken by PBGC with respect to such Multiemployer Plan;

(iv) the complete or partial withdrawal from a Multiemployer Plan by any Loan Party or any of its ERISA Affiliates, as applicable, that results in liability under Section 4201 or 4204 of ERISA (including the obligation to satisfy secondary liability as a result of a purchaser default) or the receipt by any Loan Party or any of its ERISA Affiliates, as applicable, of notice from a Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA;

(v) the institution of a proceeding by a fiduciary of any Multiemployer Plan against any Loan Party or any of its ERISA Affiliates, as applicable, to enforce Section 515 of ERISA; and

(vi) failure to satisfy Section 436 of the Code.

4.3.10 Periodic Rating Agency Information. Borrower shall, or shall cause the Manager to, deliver to the Rating Agencies the information and reports set forth on *Schedule X* (the “*Periodic Rating Agency Information*”) at the times set forth therein.

4.3.11 Other Reports. Borrower shall deliver to Lender, within ten (10) Business Days of the receipt thereof by Borrower, a copy of all material reports prepared by Manager pursuant to the Management Agreement, including, without limitation, the Annual Budget.

(b) Borrower shall deliver to Lender, within ten (10) Business Days of Lender’s request therefore, copies of any requested Property Tax, Other Charge or insurance bills, statements or invoices received by Borrower or any Loan Party with respect to the Properties.

(c) Borrower shall, as soon as reasonably practicable after request by Lender furnish or cause to be furnished to Lender in such manner and in such detail as may be reasonably requested by Lender, such additional information, documents, records or reports as may be reasonably requested with respect to the Property or the conditions or operations, financial or otherwise, of the Relevant Parties.

Section 4.4 Property Covenants. Borrower shall comply with the following covenants with respect to each Property:

4.4.1 Ownership of the Property. Borrower shall take all necessary action to retain title to the Property and the related Collateral irrevocably in Borrower, free and clear of any Liens other than Permitted Liens. Borrower shall warrant and defend the title to the Property and every part thereof, subject only to Permitted Liens, in each case against the claims of all Persons whomsoever.

4.4.2 Liens Against the Property. Borrower shall not create, incur, assume or permit to exist any Lien on any direct or indirect interest in any Property, except for the Permitted Liens.

4.4.3 Title Insurance for the Property. If a Title Insurance Policy or a Title Insurance Owner's Policy provided in the Property File with respect to the Property initially consists of a marked or initialed binding commitment, then Borrower shall post a copy to the Property File of a fully issued Title Insurance Policy or Title Insurance Owner's Policy, as applicable, for such Property in the form and with the coverages and endorsements as provided in such marked or initialed binding commitment within one hundred eighty (180) days following the date hereof.

4.4.4 Deeds. If a deed provided in the Property File with respect to the Property does not initially consist of a certified copy of the original conforming recorded deed from the applicable recording office, then Borrower shall post a copy such a deed to the Property File within three hundred sixty (360) days following the date hereof.

4.4.5 Mortgage Documents. If any Mortgage Documents provided in the Property File with respect to the Property initially consists of a copy of such Mortgage Documents in recordable form that have been submitted by the title insurance company for recording in the jurisdiction in which the Property is located, then Borrower shall post a copy to the Property File of a certified or file stamped (in each by the applicable land registry) executed original of such Mortgage Documents within one hundred eighty (180) days following the date hereof.

4.4.6 Condition of the Property. Except if the Property has suffered a Casualty and is in the process being restored in accordance with **Section 5.4**, Borrower shall keep and maintain in all material respects the Property in a good, safe and habitable condition and repair and free of and clear of any damage or waste, and from time to time make, or cause to be made, in all material respects, all reasonably necessary repairs, renewals, replacements, betterments and improvements thereto, all in compliance with the Renovation Standards and applicable Legal Requirements in all material respects.

4.4.7 Compliance with Legal Requirements. The Property (including the leasing and intended use thereof) shall comply in all material respects with all applicable Legal Requirements, including, without limitation, building and zoning ordinances and codes and all certifications, permits, licenses and approvals, including without limitation, certificates of completion and occupancy permits, required for the legal leasing, use, occupancy, habitability and operation of the Property, all such certifications, permits, licenses and approvals shall be maintained in full force and effect, except as would not reasonably be expected to have an Individual Material Adverse Effect on the Property. Borrower shall obtain and maintain in full force and effect all consents, approvals, orders, certifications, permits, licenses and authorizations of, and make all filings with or notices to, any court or Governmental Authority related to the operation, use or leasing of the Property except where the failure to obtain would not reasonably be expected to have an Individual Material Adverse Effect with respect to the Property. Borrower shall not and shall not permit any other Loan Party, any Manager or any other Person in occupancy of or involved with the operation, use or leasing of the Property to commit any act or omission affording any Governmental Authority the right of forfeiture as against the Property or any part thereof.

4.4.8 Property Taxes and Other Charges. Borrower shall promptly pay or cause to be paid all Property Taxes and Other Charges now or hereafter levied, assessed or imposed on it as the same become due and payable and shall furnish to Lender receipts for the payment of the Property Taxes and Other Charges prior to the date the same shall become delinquent, and shall promptly pay for all utility services provided to the Property as the same become due and payable (other than any such utilities which are, pursuant to the terms of any Lease, required to be paid by the Tenant thereunder directly to the applicable service provider); provided that, after prior notice to Lender, such Loan Party may contest by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity of any such Property Taxes and Other Charges and, in such event, may permit the Property Taxes and Other Charges so contested to remain unpaid during any period, including appeals, when a Loan Party is in good faith contesting the same so long as (i) no Event of Default has occurred and remains uncured, (ii) such proceeding shall be permitted under and be conducted in accordance with all applicable Legal Requirements, (iii) no Property or other Collateral nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, canceled or lost, (iv) the applicable Loan Party has set aside on its books adequate reserves in accordance with GAAP, and the non-payment or non-discharge of such Property Taxes and Other Charges would not reasonably be expected to have an Individual Material Adverse Effect on the applicable Property, (v) enforcement of the contested Property Taxes and Other Charges is effectively stayed for the entire duration of such contest and no Lien is imposed on any Property or other Collateral which is reasonably expected to have an Individual Material Adverse Effect, (vi) any Property Taxes and Other Charges determined to be due, together with any interest or penalties thereon, is promptly paid as required after final resolution of such contest, (vii) to the extent such Property Taxes and Other Charges (when aggregated with all other Taxes that any Loan Party is then contesting under this **Section 4.4.8** or **Section 4.1.3** and for which Borrower has not delivered to Lender any Contest Security) exceed \$2,500,000, Borrower shall deliver to Lender either (A) cash, or other security as may be approved by Lender, in an amount sufficient to insure the payment of any such Property Taxes and Other Charges, together with all interest and penalties thereon or (B) a payment and performance bond in an amount equal to one hundred percent (100%) of the contested amount from a surety acceptable to Lender in its reasonable discretion, (viii) failure to pay such Property Taxes and Other Charges will not subject Lender to any civil or criminal liability, (ix) such contest shall not affect the ownership, use or occupancy of any Property, and (x) Borrower shall, upon request by Lender, give Lender prompt notice of the status of such proceedings and/or confirmation of the continuing satisfaction of the conditions set forth in clauses (i) through (ix) of this **Section 4.4.8**. Notwithstanding the foregoing, Borrower shall pay any contested Property Taxes and Other Charges (or, if cash or other security has been provided, Lender may pay over any such cash or other security held by Lender to the claimant entitled thereto) if, in the Lender's reasonable judgment, any Property or other Collateral (or any part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, cancelled or lost or there shall be any danger of the Lien of any Collateral Document being primed by any related Lien.

4.4.9 Compliance with Agreements Relating to the Properties. Borrower shall not enter into any agreement or instrument or become subject to any restriction which would reasonably be expected to have an Individual Material Adverse Effect on any Property.

Borrower shall not default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which any Property is bound. Borrower shall not have a material financial obligation under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument by which any Property is bound, other than obligations under the Loan Documents. Borrower shall not default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Permitted Lien with respect to any Property. No Property nor any part thereof shall be subject to any purchase options, rights of first refusal, rights of first offer or other similar rights in favor of any Tenant or other third parties.

4.4.10 Leasing. Borrower shall not enter into any Lease (including any renewals or extensions of any existing Lease) for any Property unless such Lease is an Eligible Lease.

ARTICLE 5

INSURANCE, CASUALTY AND CONDEMNATION

Section 5.1 Insurance.

5.1.1 Insurance Policies.

(a) Borrower, at its sole cost and expense, shall obtain and maintain during the entire Term, or cause to be maintained, insurance policies for Borrower and the Properties providing at least the following coverages:

(i) comprehensive “all risk” or special causes of loss form insurance, as is available in the insurance market as of the Closing Date, including, but not limited to, loss caused by any type of windstorm (including hail) on the Properties (A) in an amount equal to one hundred percent (100%) of the “full replacement cost”, which for purposes of this Agreement shall mean actual replacement value of the Properties, subject to a loss limit equal to \$50,000,000 per occurrence; (B) containing an agreed amount endorsement with respect to the Improvements and personal property at any Property waiving all co-insurance provisions or to be written on a no co-insurance form and (C) providing for no deductible in excess of \$25,000 (it being understood that, so long as no Default or Event of Default has occurred and is continuing (1) Borrower may utilize a \$5,000,000 aggregate deductible stop loss subject to a \$25,000 per occurrence deductible and a \$25,000 maintenance deductible following the exhaustion of the aggregate, (2) the aggregate stop loss does not contain any losses arising from named windstorm, earthquake or flood, (3) the perils of named windstorm or flood shall be permitted to have a deductible of fifteen percent (15%) of the total insurable value of the Properties subject to a loss (with a minimum deductible of \$250,000 per occurrence for any and all locations), (4) the peril of earth movement including but not limited to earthquake shall be permitted to have a deductible of fifteen percent (15%) of the total insurable value of the Properties subject to a loss (with a minimum deductible of \$250,000 per occurrence for any and all locations) and (5) the peril of “other wind and hail” shall be permitted to have a deductible of fifteen percent (15%) of the total insurable value of the Properties subject to a loss (with a minimum deductible of \$250,000 per occurrence for any and all locations)). In addition, Borrower shall obtain (x) if any portion of a Property is currently

or at any time in the future located in a federally designated "special flood hazard area", flood hazard insurance in an amount equal to the maximum amount of such insurance available under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each may be amended, plus excess amounts as Lender shall require, (y) named storm insurance in an amount equal to \$25,000,000 in all states other than Florida and \$100,000,000 in Florida, subject to changes based upon a storm risk analysis on a 475 year event Probable Maximum Loss (PML) or Scenario Expected Limit (SEL) (such analysis to be secured by the applicable Borrower utilizing a third-party engineering firm qualified to perform such storm risk analysis using the most current RMS software, or its equivalent, to include consideration of storm surge, if applicable and loss amplification, at the expense of the applicable Borrower at least two times per year or more frequently as may reasonably be requested by Lender and shared with Lender presented by the Properties located in areas prone to named storm activity); and (z) earthquake insurance in an amount equal to \$35,000,000 in all states other than California and Washington and \$70,000,000 in California and Washington, subject to changes based upon a seismic risk analysis on a 475 year event Probable Maximum Loss (PML) or Scenario Expected Limit (SEL) (such analysis to be secured by the applicable Borrower utilizing a third-party engineering firm qualified to perform such seismic risk analysis using the most current RMS software, or its equivalent, to include consideration of loss amplification, at the expense of the applicable Borrower at least two times per year or more frequently as may reasonably be requested by Lender and shared with Lender presented by the Properties located in areas prone to seismic activity); *provided* that the insurance pursuant to **subclauses (x)**, **(y)** and **(z)** hereof shall be on terms consistent with the comprehensive all risk insurance policy required under this **Section 5.1.1(a)(i)** ;

(ii) business income or rental loss insurance, written on an "Actual Loss Sustained Basis" (A) with loss payable to Lender for the benefit of Lenders; (B) covering all risks required to be covered by the insurance provided for in **Section 5.1.1(a)(i)**, **(ii)**, **(iv)** and **(viii)** ; (C) in an amount equal to one hundred percent (100%) of the aggregate projected net income from the operation of the Properties for a period of at least twelve (12) months after the date of the Casualty; and (D) containing an extended period of indemnity endorsement which provides that after the physical loss to the Improvements and personal property at a Property has been repaired, the continued loss of income will be insured until such income either returns to the same level it was at prior to the loss, or the expiration of thirty (30) days from the date that the applicable Property is repaired or replaced and operations are resumed, whichever first occurs, and notwithstanding that the policy may expire prior to the end of such period. The amount of such business income or rental loss insurance shall be determined prior to the Closing Date and at least once each year thereafter based on Borrower's reasonable estimate of the net income from each Property for the succeeding twelve (12) month period. All proceeds payable to Lender pursuant to this subsection shall be held by Lender and shall be applied in Lender's sole discretion to (x) the Obligations or (y) Operating Expenses approved by Lender in its sole discretion; *provided*, *however*, that nothing herein contained shall be deemed to relieve Borrower of their obligation to pay the Obligations on the respective dates of payment provided for in this Agreement and the other Loan Documents except to the extent such amounts are actually paid out of the proceeds of such business income insurance;

(iii) at all times during which structural construction, repairs or renovations are being made with respect to any Property, and only if each of the property coverage form and the liability insurance coverage form does not otherwise apply, (A) owner's contingent or protective liability insurance, otherwise known as Owner Contractor's Protective Liability (or its equivalent), covering claims not covered by or under the terms or provisions of the above mentioned commercial general liability insurance policy, (B) the insurance provided for in **Section 5.1.1(a)** written in a so-called builder's risk completed value form including coverage for all insurable hard and soft costs of construction (x) on a non-reporting basis, (y) against all risks insured against pursuant to **Section 5.1.1(a)(i)**, **(iii)**, **(iv)** and **(viii)**, (z) including permission to occupy such Property and (C) with an agreed amount endorsement waiving co-insurance provisions;

(iv) commercial general liability insurance against claims for personal injury, bodily injury, death or property damage occurring upon, in or about any Property, such insurance (A) to be on the so-called "occurrence" form with a combined limit of not less than One Million and No/100 Dollars (\$1,000,000.00) per occurrence; Two Million and No/100 Dollars (\$2,000,000.00) in the aggregate "per location" and overall \$20,000,000.00 in the aggregate; (B) to continue at not less than the aforesaid limit until required to be changed by Lender in writing by reason of changed economic conditions making such protection inadequate and (C) to cover at least the following hazards: (1) premises and operations; (2) products and completed operations on an "if any" basis; (3) independent contractors; (4) blanket contractual liability for all insured contracts and (5) contractual liability covering the indemnities contained in any Loan Document to the extent the same is available;

(v) automobile liability coverage for all owned and non-owned vehicles, including rented and leased vehicles containing minimum limits per occurrence of One Million and No/100 Dollars (\$1,000,000.00);

(vi) if applicable, worker's compensation subject to the worker's compensation laws of the applicable state, and employer's liability in amounts reasonably acceptable to Lender;

(vii) umbrella and excess liability insurance in an amount not less than Fifty Million and No/100 Dollars (\$50,000,000.00) per occurrence and in the aggregate on terms consistent with the commercial general liability insurance policy required under **Section 5.1.1(a)(iv)**, and including employer liability and automobile liability, if required; and

(viii) upon sixty (60) days' written notice, such other reasonable insurance, and in such reasonable amounts as Lender from time to time may reasonably request against such other insurable hazards which at the time are commonly insured against for properties similar to the Properties located in or around the region in which Properties are located.

(b) All insurance provided for in **Section 5.1.1(a)** shall be obtained under valid and enforceable policies (collectively, the "**Policies**" or in the singular, the "**Policy**") and shall be subject to the approval of Lender as to form and substance, including insurance

companies, amounts, deductibles, loss payees and insureds. Not less than ten (10) days prior to the expiration dates of the Policies theretofore furnished to Lender, certificates of insurance evidencing the Policies (and, upon the written request of Lender, copies of such Policies) accompanied by evidence satisfactory to Lender of payment of the premiums then due thereunder (the “**Insurance Premiums**”), shall be delivered by Borrower to Lender.

(c) Any blanket insurance Policy shall otherwise provide the same protection as would a separate Policy insuring only the Properties in compliance with the provisions of **Section 5.1.1(a)** (any such blanket policy, an “**Acceptable Blanket Policy**”).

(d) All Policies of insurance provided for or contemplated by **Section 5.1.1(a)**, except for the Policy referenced in **Section 5.1.1(v)**, shall name Borrower as the insured and Lender and its successors and/or assigns as mortgagee and loss payee, as its interests may appear, and in the case of property damage, boiler and machinery, windstorm, flood and earthquake insurance, shall contain a so-called New York standard non-contributing mortgagee clause in favor of Lender providing that the loss thereunder shall be payable to Lender unless below the threshold for Borrower to handle such claim without Lender intervention as provided in **Section 5.2**. Additionally, if Borrower obtains property insurance coverage in addition to or in excess of that required by **Section 5.1.1(i)**, then such insurance policies shall also contain a so-called New York standard non-contributing mortgagee clause in favor of Lender providing that the loss thereunder shall be payable to Lender.

(e) All Policies of insurance provided for in **Section 5.1.1(a)**, except for the Policies referenced in **Section 5.1.1(vi)**, shall contain clauses or endorsements to the effect that:

(i) no act or negligence of Borrower, or anyone acting for Borrower, or of any Tenant or other occupant, or failure to comply with the provisions of any Policy, which might otherwise result in a forfeiture of the insurance or any part thereof, shall in any way affect the validity or enforceability of the insurance insofar as Lender is concerned;

(ii) the Policy shall not be canceled without at least thirty (30) days’ written notice to Lender and any other party named therein as an additional insured (other than in the case of non-payment in which case only ten days prior notice, or the shortest time allowed by applicable Legal Requirement (whichever is longer), will be required) and shall not be materially changed (other than to increase the coverage provided thereby) without such a thirty (30) day notice;

(iii) Lender shall not be liable for any Insurance Premiums thereon or subject to any assessments thereunder; and

(iv) the issuers thereof shall give notice to Lender if a Policy has not been renewed ten (10) days prior to its expiration; and

(f) If at any time Lender is not in receipt of written evidence that all insurance required hereunder is in full force and effect, Lender shall have the right, without notice to Borrower, to take such action as Lender deems necessary to protect its interest in the Properties, including the obtaining of such insurance coverage as Lender in its sole discretion deems

appropriate and all premiums incurred by Lender in connection with such action or in obtaining such insurance and keeping it in effect shall be paid by Borrower to Lender upon demand and until paid shall be secured by the Collateral Documents and shall bear interest at the Default Rate.

(g) In the event of foreclosure of the pledge of the Equity Interests of Borrower pursuant to Borrower Security Agreement the Policies shall remain in full force and effect.

5.1.2 Insurance Company. All Policies required pursuant to **Section 5.1.1** shall (i) be issued by financially sound and responsible insurance companies authorized to do business in the states where the applicable Properties are located and having a rating of "A3" or better by Moody's or, if Moody's does not provide a rating of an applicable insurance company, a rating of "A-" or better by S&P or Fitch, *provided, however*, that if Borrower elects to have its insurance coverage provided by a syndicate of insurers, then, if such syndicate consists of five (5) or more members, (A) at least sixty percent (60%) of the insurance coverage (or seventy-five percent (75%) if such syndicate consists of four (4) or fewer members) and one hundred (100%) of the first layer of such insurance coverage shall be provided by insurance companies having a rating of "A3" or better by Moody's or, if Moody's does not provide a rating of an applicable insurance company, a rating of "A-" or better by S&P or Fitch and (B) the remaining forty percent (40%) of the insurance coverage (or the remaining twenty-five percent (25%) if such syndicate consists of four (4) or fewer members) shall be provided by insurance companies having a rating of "Baa2" by Moody's or, if Moody's does not provide a rating of an applicable insurance company, a rating of "BBB" or better by S&P or Fitch; (ii) shall, with respect to all property insurance policies, name Lender and its successors and/or assigns as their interest may appear; (iii) shall, with respect to all property insurance policies and rental loss and/or business interruption insurance policies, contain a Lender's Loss Payable Endorsement, or their equivalents, naming Lender as the person to whom all payments made by such insurance company shall be paid; (iv) shall, with respect to all liability policies, name Lender and its successors and/or assigns as an additional insured; (v) shall contain a waiver of subrogation against Lender; (vi) shall contain such provisions as Lender deems reasonably necessary or desirable to protect its interest including endorsements providing (A) that neither Borrower, Lender nor any other party shall be a co-insurer under said Policies, (B) that Lender shall receive at least thirty (30) days prior written notice of any modification, reduction or cancellation, and (C) for a deductible per loss of an amount not more than that which is customarily maintained by prudent owners of properties with a standard of operation and maintenance comparable to and in the general vicinity of the Properties, but in no event in excess of an amount reasonably acceptable to Lender; and (vii) shall be satisfactory in form and substance to Lender and shall be approved by Lender as to amounts, form, risk coverage, deductibles, loss payees and insureds. In addition to the insurance coverages described in **Section 5.1.1**, Borrower shall obtain such other insurance as may from time to time be reasonably required by Lender in order to protect its interests. Certified copies of the Policies shall be delivered to Lender at the address below (or to such other address or Person as Lender shall designate from time to time by notice to Borrower) on the date hereof with respect to the current Policies and within thirty (30) days after the effective date thereof with respect to all renewal Policies:

GERMAN AMERICAN CAPITAL CORPORATION
60 Wall Street, 10th Floor
New York, NY 10005
Attn: Mary Brundage

Borrower shall pay the Insurance Premiums annually in advance as the same become due and payable and shall furnish to Lender evidence of the renewal of each of the Policies with receipts for the payment of the Insurance Premiums or other evidence of such payment reasonably satisfactory to Lender (*provided, however*, that Borrower shall not be required to pay such Insurance Premiums nor furnish such evidence of payment to Lender in the event that the amounts required to pay such Insurance Premiums have been deposited into the Insurance Account pursuant to **Section 6.3**). Within thirty (30) days after request by Lender, Borrower shall obtain such increases in the amounts of coverage required hereunder as may be reasonably requested by Lender, taking into consideration changes in the value of money over time, changes in liability laws, changes in prudent customs and practices.

5.1.3 Special Insurance Reserve. Notwithstanding anything in this **Section 5.1** to the contrary, Borrower shall be permitted to obtain and maintain insurance policies with deductibles in excess of the amounts specified in this **Section 5.1**, so long as Borrower shall have deposited into and maintains in the Special Insurance Reserve Account an amount equal to the difference between such higher deductible and the applicable deductible specified in this **Section 5.1** (such amount, the “**Excess Deductible**”).

Section 5.2 Casualty. If a Property is damaged or destroyed, in whole or in part, by fire or other casualty (a “**Casualty**”), Borrower shall give prompt notice thereof to Lender. Lender may, but shall not be obligated to make proof of loss if not made promptly by Borrower. In addition, Lender may participate in any settlement discussions with any insurance companies (and shall approve any final settlement) (i) if an Event of Default is continuing or (ii) with respect to any Casualty in which the Net Proceeds or the costs of completing the Restoration are reasonably expected to be equal to or greater than the Casualty Threshold Amount and Borrower shall deliver to Lender all instruments required by Lender to permit such participation. Any Insurance Proceeds in connection with any Casualty (whether or not Lender elects to settle and adjust the claim or Borrower settles such claim) shall be due and payable solely to Lender and held by Lender in accordance with the terms of this Agreement. If Borrower or any party other than Lender receives any Insurance Proceeds or Condemnation Proceeds, Borrower shall immediately deliver such proceeds to Lender and shall endorse, and cause all such third parties to endorse, check payable therefor to the order of Lender. Borrower hereby irrevocably appoints Lender as its attorney-in-fact, coupled with an interest, to endorse any such check payable to the order of Lender. Borrower hereby releases Lender from any and all liability with respect to the settlement and adjustment by Lender of any claims in respect of any Casualty.

Section 5.3 Condemnation. Borrower shall promptly give Lender notice of the actual or threatened commencement of any proceeding for the Condemnation of all or any portion of a Property and shall deliver to Lender copies of any and all papers served in connection with such proceedings. Lender may participate in any such proceedings, and Borrower shall from time to time deliver to Lender all instruments requested by it to permit such participation. Borrower shall, at its expense, diligently prosecute any such proceedings, and shall consult with Lender, its attorneys and experts, and cooperate with them in the carrying on or defense of any such proceedings which is reasonably expected to involve an Award of an amount greater than the

Casualty Threshold Amount. Notwithstanding any taking by any public or quasi-public authority through Condemnation or otherwise (including, but not limited to, any transfer made in lieu of or in anticipation of the exercise of such taking), Borrower shall continue to pay the Debt at the time and in the manner provided for its payment in the Note and in this Agreement and the Debt shall not be reduced until any Condemnation Proceeds shall have been actually received and applied by Lender, after the deduction of expenses of collection, to the reduction or discharge of the Debt. If Borrower or any party other than Lender receives any Condemnation Proceeds, Borrower shall immediately deliver such proceeds to Lender and shall endorse, and cause all such third parties to endorse, a check payable therefore to the order of Lender. Lender shall not be limited to the interest paid on the Award by the condemning authority but shall be entitled to receive out of the Award interest at the rate or rates provided herein or in the Note. Net Proceeds from a Condemnation shall be applied as follows:

(a) If a partial Condemnation of a Property does not interfere with the use of such Property as a residential rental property, then the Net Proceeds paid by the condemning authority shall be applied to the prepayment of the Debt in accordance with **Section 2.4.3(c)**.

(b) If a partial Condemnation of a Property does interfere with the use of such Property as a residential rental property or if there occurs a complete Condemnation of a Property (each, a “**Fully Condemned Property**”), then (i) if no Event of Default shall have occurred and be continuing and, within thirty (30) days of the date of the occurrence of such Condemnation, Borrower delivers to Lender a written undertaking to substitute the Fully Condemned Property with a Substitute Property in accordance with the requirements of **Section 2.4.3(a)**, then (A) if Net Proceeds are paid by the condemning authority directly to Borrower subsequent to such substitution, such Net Proceeds may be retained by Borrower (for the avoidance of doubt, Net Proceeds received by Borrower prior to such substitution shall be immediately paid to Lender as required by **Section 5.2**), (B) if Net Proceeds are paid by the condemning authority to Lender, such Net Proceeds will be disbursed by Lender to Borrower upon the consummation of such substitution and (C) Borrower shall provide a Substitute Property within ten (10) Business Days of the date of such undertaking in accordance with the requirements of **Section 2.4.3(a)** and (ii) if an Event of Default shall have occurred and be continuing or Borrower fails to deliver such an undertaking to Lender, then (A) Lender may retain any Net Proceeds received by it, (B) Borrower shall immediately deliver to Lender any Net Proceeds paid to Borrower, (C) Net Proceeds shall be applied to the prepayment of the Debt in accordance with **Section 2.4.3(c)** and (D) Borrower shall prepay the Loan in an amount equal to the positive difference between such Net Proceeds and the Allocated Loan Amount for the Fully Condemned Property, together with all interest and other amounts required to be paid in connection therewith under **Section 2.4.5** (collectively, the “**Fully Condemned Property Prepayment Amounts**”). Following Borrower’s written request after either (1) the substitution of a Substitute Property for such Fully Condemned Property in accordance with the conditions set forth above or (2) receipt by Lender of the Net Proceeds and payment by Borrower of the Fully Condemned Property Prepayment Amounts, Lender shall release the Fully Condemned Property from the applicable Mortgage Documents and related Lien, provided, that (x) Borrower has delivered to Lender a draft release (and, in the event the Mortgage and the Assignment of Leases and Rents applicable to the Fully Condemned Property encumbers other Property(ies) in addition to the Fully Condemned Property, such release shall be a partial release that relates only to the Fully Condemned Property and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction

in which such Fully Condemned Property is located and shall contain standard provisions protecting the rights of Lender and (y) Borrower shall pay all costs, taxes and expenses associated with such release (including, without limitation, cost to file and record the release and Lender's reasonable attorneys' fees).

Section 5.4 Restoration. The following provisions shall apply in connection with the Restoration of Properties affected by a Casualty:

(a) If the Net Proceeds reasonably expected to be received in connection with any single Casualty event is less than the Casualty Threshold Amount, then, (i) if no Event of Default shall have occurred and be continuing and, within sixty (60) days of the date of the occurrence of such Casualty, Borrower delivers to Lender a written undertaking to expeditiously commence and to satisfactorily complete with due diligence the Restoration of the affected Properties in accordance with the terms of this Agreement, then (A) if Net Proceeds are paid by the insurance company directly to Borrower subsequent to delivering such undertaking, such Net Proceeds may be retained by Borrower (for the avoidance of doubt, Net Proceeds received by Borrower prior to delivering such undertaking shall be immediately paid to Lender as required by **Section 5.2**), (B) if Net Proceeds are paid by the insurance company to Lender, such Net Proceeds will be disbursed by Lender to Borrower and (C) Borrower shall conduct the Restoration of the affected Properties in accordance with the terms of **Section 5.4(c)** and (ii) if an Event of Default shall have occurred and be continuing or Borrower fails to deliver such an undertaking to Lender, then (A) Lender may retain any Net Proceeds received by it, (B) Borrower shall immediately deliver to Lender any Net Proceeds paid to Borrower as required by **Section 5.2**, (C) such Net Proceeds shall be applied to the prepayment of the Debt in accordance with **Section 2.4.3(c)**, (D) Borrower shall prepay the Loan in an amount equal to the positive difference between such Net Proceeds and the Allocated Loan Amount for the affected Properties, together with all interest and other amounts required to be paid in connection therewith under **Section 2.4.5**, and (E) following Borrower's written request and receipt by Lender of the Net Proceeds and payment by Borrower of the amounts set forth in clause (D) above, Lender shall release the affected Properties from the applicable Mortgage Documents and related Liens, provided, that (x) Borrower has delivered to Lender draft releases (and, in the event any of the Mortgages and the Assignments of Leases and Rents applicable to any of the affected Properties encumber other Property(ies) in addition to the affected Properties, such release shall be a partial release that relates only to the affected Property(ies) and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such affected Properties are located and shall contain standard provisions protecting the rights of Lender and (y) Borrower shall pay all costs, taxes and expenses associated with such release (including, without limitation, cost to file and record the release and Lender's reasonable attorneys' fees).

(b) If the Net Proceeds reasonably expected to be received in connection with any single Casualty event is greater than the Casualty Threshold Amount, then, (i) if no Event of Default shall have occurred and be continuing and, within sixty (60) days of the date of the occurrence of such Casualty, Borrower delivers to Lender a written undertaking to expeditiously commence and to satisfactorily complete with due diligence the Restoration of the affected Properties in accordance with the terms of this Agreement, then (A) Borrower shall immediately deliver to Lender any Net Proceeds paid to Borrower as required by **Section 5.2** and (B) Borrower shall conduct the Restoration of the affected Properties in accordance with the terms of

and subject to the conditions of **Section 5.4(d)** and (ii) if an Event of Default shall have occurred and be continuing or Borrower fails to deliver such an undertaking to Lender, then (A) Lender may retain any Net Proceeds received by it, (B) Borrower shall immediately deliver to Lender any Net Proceeds paid to Borrower as required by **Section 5.2**, (C) such Net Proceeds shall be applied to the prepayment of the Debt in accordance with **Section 2.4.3(c)**, (D) Borrower shall prepay the Loan in an amount equal to the positive difference between such Net Proceeds and the Allocated Loan Amount for the affected Properties, together with all interest and other amounts required to be paid in connection therewith under **Section 2.4.5**, and (E) following Borrower's written request and receipt by Lender of the Net Proceeds and payment by Borrower of the amounts set forth in clause (D) above, Lender shall release the affected Properties from the applicable Mortgage Documents and related Liens, provided, that (x) Borrower has delivered to Lender draft releases (and, in the event any of the Mortgages and the Assignments of Leases and Rents applicable to any of the affected Properties encumber other Property(ies) in addition to the affected Properties, such release shall be a partial release that relates only to the affected Property(ies) and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such affected Properties are located and shall contain standard provisions protecting the rights of Lender and (y) Borrower shall pay all costs, taxes and expenses associated with such release (including, without limitation, cost to file and record the release and Lender's reasonable attorneys' fees).

(c) If Borrower elects to undertake the Restoration a Property or Properties pursuant to **Section 5.4(a)**, (i) Borrower shall commence the Restoration as soon as reasonably practicable (but in no event later than ninety (90) days after such Casualty occurs) and shall diligently pursue the same to satisfactory completion; (ii) Borrower shall cause the affected Property and the use thereof after the Restoration to be in compliance with and permitted under all applicable Legal Requirements and such Property, after Restoration, shall be of the same character as prior to such damage or destruction; (iii) the Restoration shall be done and completed by Borrower in an expeditious and diligent fashion and in compliance with all applicable Legal Requirements and the Renovation Standards and (iv) Borrower shall deliver, or cause to be delivered, to Lender a signed detailed budget approved in writing by Borrower's architect or engineer stating the entire cost of completing the Restoration, which budget shall be reasonably acceptable to Lender.

(d) If Borrower elects to undertake the Restoration of a Property or Properties pursuant to **Section 5.4(b)**, the following provisions shall apply:

(i) the Net Proceeds shall be made available to Borrower for Restoration upon the determination of Lender that the following conditions are met: (i) Borrower shall commence the Restoration as soon as reasonably practicable (but in no event later than ninety (90) days after such Casualty occurs) and shall diligently pursue the same to satisfactory completion; (ii) Lender shall be satisfied that any operating deficits, including all scheduled payments of principal and interest under the Note, which will be incurred with respect to the Properties as a result of the occurrence of the Casualty, whichever the case may be, will be covered out of (1) the Net Proceeds, (2) the insurance coverage referred to in **Section 5.1.1(a)(ii)**, if applicable, or (3) by other funds of Borrower; (iii) Lender shall be satisfied that the Restoration will be completed on or before the earliest to occur of (1) the date six (6) months prior to the Stated Maturity Date, as extended pursuant to **Section 2.7**, (2) the earliest date required for such

completion under the terms of any Lease, (3) such time as may be required under applicable Legal Requirements or (4) six (6) months prior to the expiration of the insurance coverage referred to in **Section 5.1.1(a)(ii)**; (iv) Borrower shall cause the affected Property and the use thereof after the Restoration to be in compliance with and permitted under all applicable Legal Requirements and such Property, after Restoration, shall be of the same character as prior to such damage or destruction; (v) the Restoration shall be done and completed by Borrower in an expeditious and diligent fashion and in compliance with all applicable Legal Requirements and the Renovation Standards; (vi) Borrower shall deliver, or cause to be delivered, to Lender a signed detailed budget approved in writing by Borrower's architect or engineer stating the entire cost of completing the Restoration, which budget shall be reasonably acceptable to Lender and (vii) the Net Proceeds together with any cash or cash equivalent deposited by Borrower with Lender are sufficient in Lender's discretion to cover the cost of the Restoration.

(ii) The Net Proceeds shall be held by Lender in the Casualty and Condemnation Account and, until disbursed in accordance with the provisions of this **Section 5.4(d)**, shall constitute additional security for the Debt and other obligations under the Loan Documents. The Net Proceeds shall be disbursed by Lender to, or as directed by, Borrower from time to time during the course of the Restoration, upon receipt of evidence satisfactory to Lender that (A) all materials installed and work and labor performed (except to the extent that they are to be paid for out of the requested disbursement) in connection with the Restoration have been paid for in full, and (B) there exist no notices of pendency, stop orders, mechanic's or materialman's liens or notices of intention to file same, or any other liens or encumbrances of any nature whatsoever on the Properties which have been fully bonded to the satisfaction of Lender and discharged of record or in the alternative fully insured to the satisfaction of Lender by the title company issuing the Title Insurance Policy.

(iii) All plans and specifications required in connection with the Restoration shall be subject to the prior approval of Lender and an independent consulting engineer selected by Lender (the "**Casualty Consultant**"). Lender shall have the use of the plans and specifications and all permits, licenses and approvals required or obtained in connection with the Restoration. The identity of the contractors, subcontractors and materialmen engaged in the Restoration, as well as the contracts under which they have been engaged, shall be subject to the approval of Lender and the Casualty Consultant. All costs and expenses incurred by Lender in connection with recovering, holding and advancing the Net Proceeds for the Restoration including, without limitation, reasonable attorneys' fees and disbursements and the Casualty Consultant's fees and disbursements, shall be paid by Borrower.

(iv) In no event shall Lender be obligated to make disbursements of the Net Proceeds in excess of an amount equal to the costs actually incurred from time to time for work in place as part of the Restoration, as certified by the Casualty Consultant, less the Casualty Retainage. The term "**Casualty Retainage**" shall mean, as to each contractor, subcontractor or materialman engaged in the Restoration, an amount equal to ten percent (10%) of the costs actually incurred for work in place as part of the Restoration, as certified by the Casualty Consultant, until the Restoration has been completed. The Casualty Retainage shall in no event, and notwithstanding anything to

the contrary set forth above in this **Section 5.4(d)** , be less than the amount actually held back by Borrower from contractors, subcontractors and materialmen engaged in the Restoration. The Casualty Retainage shall not be released until the Casualty Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this **Section 5.4(b)** and that all approvals necessary for the re-occupancy and use of the Property have been obtained from all appropriate Governmental Authorities, and Lender receives evidence satisfactory to Lender that the costs of the Restoration have been paid in full or will be paid in full out of the Casualty Retainage; provided, however, that Lender will release the portion of the Casualty Retainage being held with respect to any contractor, subcontractor or materialman engaged in the Restoration as of the date upon which (x) the Casualty Consultant certifies to Lender that such contractor, subcontractor or materialman has satisfactorily completed all work and has supplied all materials in accordance with the provisions of such contractor's, subcontractor's or materialman's contract, (y) the contractor, subcontractor or materialman delivers the lien waivers and evidence of payment in full of all sums due to the contractor, subcontractor or materialman as may be reasonably requested by Lender or by the title company issuing the Title Insurance Policy, and (z) Lender receives an endorsement to the Title Insurance Policy insuring the continued priority of the Lien of the Mortgage and evidence of payment of any premium payable for such endorsement. If required by Lender, the release of any such portion of the Casualty Retainage shall be approved by the surety company, if any, which has issued a payment or performance bond with respect to the contractor, subcontractor or materialman.

(v) Lender shall not be obligated to make disbursements of the Net Proceeds more frequently than once every calendar month.

(vi) If at any time the Net Proceeds or the undisbursed balance thereof shall not, in the opinion of Lender in consultation with the Casualty Consultant, be sufficient to pay in full the balance of the costs which are estimated by the Casualty Consultant to be incurred in connection with the completion of the Restoration, Borrower shall deposit the deficiency (the "**Net Proceeds Deficiency**") with Lender (for deposit into the Casualty and Condemnation Account) before any further disbursement of the Net Proceeds shall be made. The Net Proceeds Deficiency deposited with Lender shall be deposited by Lender into the Casualty and Condemnation Account and shall be disbursed for costs actually incurred in connection with the Restoration on the same conditions applicable to the disbursement of the Net Proceeds, and until so disbursed pursuant to this **Section 5.4(d)** shall constitute additional security for the Obligations.

(vii) The excess, if any, of the Net Proceeds and the remaining balance, if any, of the Net Proceeds Deficiency deposited with Lender after the Casualty Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this **Section 5.4(d)** , and the receipt by Lender of evidence satisfactory to Lender that all costs incurred in connection with the Restoration have been paid in full, shall be remitted by Lender to Borrower, provided no Event of Default shall have occurred and shall be continuing.

(e) All reasonable out-of-pocket costs and expenses incurred by Lender in connection with any Restoration including, without limitation, reasonable attorneys' fees and disbursements, shall be paid by Borrower.

(f) Notwithstanding anything to the contrary set forth in this Agreement, including the provisions of **Section 5.3** or **Section 5.4**, if the Loan is included in a REMIC Trust and, immediately following a release of any portion of the Lien of a Mortgage following a Casualty or Condemnation of a Property (but taking into account any proposed Restoration of the remaining portion of such Property), the ratio of the unpaid principal balance of the Loan to the value of the remaining Properties is greater than 125% (such value to be determined, in Lender's sole discretion, by any commercially reasonable method permitted to a REMIC Trust; and which shall exclude the value of personal property (other than fixtures) or going concern value, if any), the Outstanding Principal Balance must be paid down (by application of the Net Proceeds or Award, as applicable, or if such amounts are not sufficient, by Borrower) by a "qualified amount" as that term is defined in the IRS Revenue Procedure 2010-30, as the same may be amended, replaced, supplemented or modified from time to time, unless Lender receives an opinion of counsel that if such amount is not paid, the applicable Securitization will not fail to maintain its status as a REMIC Trust as a result of the related release of such portion of the Lien of such Mortgage. If and to the extent the preceding sentence applies, only such amount of the net Award or net Insurance Proceeds (as applicable), if any, in excess of the amount required to pay down the principal balance of the Loan may be released for purposes of Restoration or released to Borrower as otherwise expressly provided in **Section 5.3** or **Section 5.4**.

(g) In the event of foreclosure of a Mortgage, or other transfer of title to a Property or Properties in extinguishment in whole or in part of the Debt all right, title and interest of Borrower in and to the Policies that are not blanket Policies then in force concerning such Property or Properties and all proceeds payable thereunder shall thereupon vest in the purchaser at such foreclosure or Lender or other transferee in the event of such other transfer of title.

ARTICLE 6

CASH MANAGEMENT AND RESERVE FUNDS

Section 6.1 Cash Management Arrangements .

6.1.1 Rent Deposit Account and Collection Account. Borrower shall establish and maintain one or more trust accounts for the purpose of collecting Rents (each, a "**Rent Deposit Account**") at a local bank selected by Borrower and reasonably approved by Lender which shall be an Eligible Institution (the "**Rent Deposit Bank**"). The Rent Deposit Accounts shall be subject to a Property Account Control Agreement and Borrower and Manager shall have access to and may make withdrawals from any Rent Deposit Account for the sole purpose of making refunds of partial payments of Rents to preserve rights of eviction (as provided below) until the occurrence of an Event of Default, after which Lender may exercise sole control and dominion over each Rent Deposit Account and neither Borrower nor Manager shall have the right of withdrawal from or access to the Rent Deposit Accounts; *provided* that, for the avoidance of doubt, no Property Account Control Agreement shall be required with respect to Security Deposit Accounts. Borrower shall cause all Rents which are paid to or received by Borrower or Manager to be deposited into a Rent Deposit Account or the Collection Account, provided that all Rents are deposited into the Collection Account within three (3) Business Days after receipt thereof by Borrower or Manager. Borrower shall (or instruct Manager to) cause all funds on deposit in a Rent Deposit Account to be deposited into the Collection Account every third (3rd) Business Day (or more frequently in Borrower's discretion), *provided*, that so long as no Event of Default exists, Borrower may cause Rent Deposit Bank to

retain a reasonable amount of funds in the Rent Deposit Accounts (the “**Rent Deposit Account Retained Amount**”) with respect to anticipated overdrafts, charge-backs and refunds of partial payments of Rents to preserve rights of eviction, provided in no event shall the Rent Deposit Account Retained Amount exceed 2.5% of the total Rents deposited into the Rent Deposit Accounts during the immediately prior calendar month. Borrower shall cause any Rents which are paid to Borrower or Manager via wire or other electronic means to be deposited directly into a Rent Deposit Account or the Collection Account and, without limitation of the foregoing, Borrower shall notify and advise each current and future Tenant to send all payments of Rent pursuant to an instruction letter in the form of **Exhibit D** attached hereto (a “**Tenant Direction Letter**”). Without the consent of Lender, neither Borrower nor Manager shall terminate, amend, revoke or modify any Tenant Direction Letter in any manner whatsoever, or direct or cause any Tenant to pay any amount in any manner other than as provided in the related Tenant Direction Letter. In the event of any Transfer of any Property, Borrower shall (or shall cause the Manager or the closing title company or escrow agent, as applicable, to) deposit directly into the Collection Account the Net Transfer Proceeds for allocation in accordance with the terms of this Agreement. In addition, Borrower shall, and shall cause Manager to, deposit any other Collections received by or on behalf of Borrower directly into the Collection Account within three (3) Business Days following receipt thereof. Without in any way limiting the foregoing, any Rents and other Collections received by Borrower or Manager shall be deemed to be collateral for the Obligations and shall be held in trust for the benefit, and as the property, of Lender, and such amounts shall not be commingled with any other funds or property of Borrower or Manager. Lender may also establish subaccounts of the Collection Account which shall at all times be Eligible Accounts (and may be ledger or book entry accounts and not actual accounts) (such subaccounts are referred to herein as “**Accounts**”). The Collection Account and all other Accounts shall be subject to the Blocked Account Control Agreement and shall be under the sole control and dominion of Lender, and Borrower shall have no right of withdrawal therefrom. Neither Borrower nor Manager shall have the right of withdrawal with respect to the Collection Account or any Accounts except with the prior written consent of Lender, and neither Borrower, Manager, nor any Person claiming on or behalf of or through Borrower or Manager shall have any right or authority to give instructions with respect to the Collection Account or the Accounts. Borrower acknowledges and agrees that Collection Account Bank shall comply with (i) the instructions originated by Lender with respect to the disposition of funds in the Collection Account and the Accounts without the further consent of Borrower or Manager or any other Person and (ii) all “entitlement orders” (as defined in Section 8-102(a)(8) of the UCC) and instructions originated by Lender directing the transfer or redemption of any financial asset relating to the Collection Account or any Account without further consent by Borrower or any other Person. The Collection Account and each Account is and shall be treated either as a “securities account”, as such term is defined in Section 8-501(a) of the UCC, or a “deposit account”, as defined in Section 9-102(a)(29) of the UCC.

6.1.2 Investment of Funds in Collection Account, Accounts, and Rent Deposit Account. Sums on deposit in the Collection Account and the Accounts may be invested in Permitted Investments. Lender shall have the right to direct Collection Account Bank to invest sums on deposit in the Collection Account and the Accounts in Permitted Investments. The Collection Account shall be assigned the federal tax identification number of Borrower. Sums on deposit in the Rent Deposit Accounts shall not be invested in Permitted Investments and shall be held solely in cash. The amount of actual losses sustained on a liquidation of a Permitted Investment in the Collection Account or an Account shall be deposited into the

Collection Account or the applicable Account, as applicable, by Borrower no later than one (1) Business Day following such liquidation. Borrower shall be responsible for payment of any federal, state or local income or other tax applicable to income earned from Permitted Investments.

6.1.3 Borrower's Operating Account. Borrower shall establish and maintain an account (the "**Borrower's Operating Account**") at a local bank selected by Borrower and reasonably approved by Lender which shall be an Eligible Institution. Borrower may also establish and maintain subaccounts of Borrower's Operating Account (which may be ledger or book entry accounts and not actual accounts). Borrower's Operating Account (and any subaccounts thereof) shall be subject to a Property Account Control Agreement in which Borrower and Manager shall have access to and may make withdrawals from Borrower's Operating Account until the occurrence of an Event of Default, after which Lender may exercise sole control and dominion over Borrower's Operating Account (and any subaccounts thereof) and neither Borrower nor Manager shall have the right of withdrawal from or access to Borrower's Operating Account (and any subaccounts thereof).

6.1.4 General. Borrower shall pay for all expenses of opening and maintaining the Collection Account (and the Accounts) and the Property Accounts. There are no other accounts maintained by Borrower or Manager or any other Person other than the Rent Deposit Accounts and the Collection Account into which Rents or any other Collections shall be deposited. So long as the Debt is outstanding, Borrower shall not (and shall not permit Manager or any other Person to) open any other account for the deposit of Rents or any other Collections.

Section 6.2 Tax Funds .

6.2.1 Deposits of Tax Funds. Borrower shall deposit with Lender (i) on the Closing Date, an amount equal to \$3,721,254.12 and (ii) on each Monthly Payment Date, an amount equal to one-twelfth of the Property Taxes that Lender estimates will be payable during the next ensuing twelve (12) months (initially, \$930,313.53), in order to accumulate sufficient funds to pay all such Property Taxes prior to their respective due dates, which amounts shall be transferred into an Account (the "**Tax Account**"). Amounts deposited from time to time into the Tax Account pursuant to this **Section 6.2.1** are referred to herein as the "**Tax Funds**". If at any time Lender reasonably determines that the Tax Funds will not be sufficient to pay the Property Taxes, Lender shall notify Borrower of such determination and, commencing with the first Monthly Payment Date following Borrower's receipt of such written notice, the monthly deposits for Property Taxes shall be increased by the amount that Lender estimates is sufficient to make up the deficiency at least ten (10) days prior to the respective due dates for the Property Taxes; *provided*, that if Borrower receives notice of any deficiency after the date that is ten (10) days prior to the date that Property Taxes are due, Borrower will deposit with or on behalf of Lender such amount within one (1) Business Day after its receipt of such notice.

6.2.2 Release of Tax Funds. Provided no Event of Default is continuing, Lender shall apply Tax Funds in the Tax Account to reimburse Borrower for payments of Property Taxes made by Borrower after delivery by Borrower to Lender of evidence of such payment reasonably acceptable to Lender. If the amount of the Tax Funds shall exceed the amounts due for Property Taxes, Lender shall, in its sole discretion, return any excess to Borrower or credit such excess against future payments to be made to the Tax Funds. Any Tax Funds remaining in the Tax Account after the Obligations have been paid in full shall be returned

to Borrower. Provided no Default or Event of Default exists, the Tax Funds reserved for any Property will be released upon a permitted sale and release of such Property in accordance with the terms hereof.

Section 6.3 Insurance Funds.

6.3.1 Deposits of Insurance Funds. Borrower shall deposit with or on behalf of Lender on each Monthly Payment Date, an amount equal to one-twelfth of the Insurance Premiums that Lender estimates will be payable for the renewal of the coverage afforded by the Policies upon the expiration thereof, in order to accumulate sufficient funds to pay all such Insurance Premiums prior to the expiration of the Policies, which amounts shall be transferred into an Account established at the Collection Account Bank to hold such funds (the “*Insurance Account*”). Amounts deposited from time to time into the Insurance Account pursuant to this **Section 6.3.1** are referred to herein as the “*Insurance Funds*”. If at any time Lender reasonably determines that the Insurance Funds will not be sufficient to pay the Insurance Premiums, Lender shall notify Borrower of such determination and the monthly deposits for Insurance Premiums shall be increased by the amount that Lender estimates is sufficient to make up the deficiency at least thirty (30) days prior to expiration of the Policies.

6.3.2 Release of Insurance Funds. Provided no Event of Default is continuing, Lender shall apply Insurance Funds in the Insurance Account to timely pay, or reimburse Borrower for payments of, Insurance Premiums. If the amount of the Insurance Funds shall exceed the amounts due for Insurance Premiums, Lender shall, in its sole discretion, return any excess to Borrower or credit such excess against future payments to be made to the Insurance Funds. Any Insurance Funds remaining in the Insurance Account after the Obligations have been paid in full shall be returned to Borrower. Provided no Default or Event of Default exists, the Insurance Funds reserved for any Property will be released upon a permitted sale and release of such Property in accordance with the terms hereof.

6.3.3 Acceptable Blanket Policy. Notwithstanding anything to the contrary contained in **Section 6.3.1**, in the event that an Acceptable Blanket Policy is in effect with respect to the Policies required pursuant to **Section 5.1.1**, deposits into the Insurance Account required for Insurance Premiums pursuant to **Section 6.3.1** shall be suspended to the extent that Insurance Premiums relate to such Acceptable Blanket Policy. As of the date hereof, an Acceptable Blanket Policy is in effect with respect to the Policies required as of the Closing Date pursuant to **Section 5.1.1**.

Section 6.4 Capital Expenditure Funds.

6.4.1 Deposits of Capital Expenditure Funds. Borrower shall deposit with or on behalf of Lender on each Monthly Payment Date, an amount equal to one-twelfth of the product of (i) \$450 multiplied by (ii) the number of Properties to which the Loan is applicable, in order to accumulate sufficient funds, for annual Capital Expenditures, which amounts shall be transferred into an Account (the “*Capital Expenditure Account*”). Amounts deposited from time to time into the Capital Expenditure Account pursuant to this **Section 6.4.1** are referred to herein as the “*Capital Expenditure Funds*”.

6.4.2 Release of Capital Expenditure Funds. Provided no Event of Default is continuing, Lender shall disburse Capital Expenditure Funds out of the Capital Expenditure

Account to pay for Capital Expenditures or to reimburse Borrower for Capital Expenditures actually paid for by Borrower, provided that: (i) such disbursement is for an Approved Capital Expenditure, (ii) the request for disbursement is accompanied by (A) an Officer's Certificate from Borrower (1) stating that the items to be funded by the requested disbursement are Approved Capital Expenditures, and a description thereof, (2) stating that all Approved Capital Expenditures to be funded by the requested disbursement have been completed (or completed to the extent of the requested disbursement) in a good and workmanlike manner and in accordance with all applicable Legal Requirements and the Renovation Standards and, (3) stating that the Approved Capital Expenditures to be funded from the disbursement in question have not been the subject of a previous disbursement have been paid for by Borrower and (iii) for any individual expenditure greater than \$25,000, Borrower has delivered to Lender copies of any invoices, bills or statements related to such Approved Capital Expenditures that are requested by Lender. For the avoidance of doubt, Borrower shall not be entitled to receive a distribution of Capital Expenditure Funds for expenses related to the refurbishment or repair of a Property to the extent that Borrower has been or will be entitled to reimbursement for such expenses from a Tenant's security deposit.

Section 6.5 Special Insurance Reserve Account .

(a) **Deposit of Special Insurance Reserve Funds .** If pursuant to ***Section 5.1.3*** Borrower elects maintain insurance policies with deductibles in excess of the amounts required by ***Section 5.1.1*** , Borrower shall deposit into and maintain in an Account (the "***Special Insurance Reserve Account***") an aggregate amount equal to the difference between deductibles in respect of insurance policies maintained by Borrower that are in excess of the levels required by ***Section 5.1.1*** . Amounts deposited from time to time into the Special Insurance Reserve Account pursuant to this ***Section 6.5*** are referred to herein as the "***Special Insurance Reserve Funds***".

(b) **Release of Special Insurance Reserve Funds .** Provided no Event of Default is continuing, in the event of a Casualty, Lender shall disburse to Borrower Special Insurance Reserve Funds in the amount of the applicable Excess Deductible within five (5) Business Days of receipt by Lender of written request therefor by Borrower; *provided* that if Borrower continues to maintain insurance policies with Excess Deductibles, then no disbursement shall be made to the extent such disbursement would result in the Special Insurance Reserve Funds on deposit in the Special Insurance Reserve Account to be less than the aggregate amount of the Excess Deductibles.

Section 6.6 Casualty and Condemnation Account . Borrower shall pay, or cause to be paid, to Lender all Insurance Proceeds or Awards due to any Casualty or Condemnation in accordance with the provisions of ***Section 5.2*** and ***Section 5.3*** , which amounts shall be transferred into an Account (the "***Casualty and Condemnation Account***"). Amounts deposited from time to time into the Casualty and Condemnation Account pursuant to this ***Section 6.6*** are referred to herein as the "***Casualty and Condemnation Funds***". All Casualty and Condemnation Funds shall be held, disbursed and/or applied in accordance with the provisions of ***Section 5.3*** or ***Section 5.4*** , as applicable.

Section 6.7 Cash Collateral Reserve .

6.7.1 Cash Collateral Account. If a Trigger Period shall be continuing, all Available Cash (after payment of the Monthly Budgeted Amount and any Approved Extraordinary Operating Expenses in accordance with *Section 6.8.1*) shall be paid to Lender, which amounts shall be transferred by Lender into an Account (the “*Cash Collateral Account*”) to be held by Lender as cash collateral for the Debt. Amounts on deposit from time to time in the Cash Collateral Account pursuant to this *Section 6.7* are referred to as the “*Cash Collateral Funds*”. Lender shall have the right, but not the obligation, at any time during the continuance of an Event of Default, in its sole and absolute discretion to apply any and all Cash Collateral Funds then on deposit in the Cash Collateral Account to the Debt, in such order and in such manner as Lender shall elect in its sole and absolute discretion, including to make a prepayment of principal to cause the Debt Yield to meet the Low Debt Yield Trigger (together with the applicable Spread Maintenance Premium, if any, applicable thereto) or any other amounts due hereunder.

6.7.2 Withdrawal of Cash Collateral Funds. Provided no Default or an Event of Default hereunder is continuing and there is an amount exceeding Five Million Dollars (\$5,000,000) on deposit in the Cash Collateral Account (the “*Cash Collateral Floor*”), Lender shall make disbursements from the Cash Collateral Account of Cash Collateral Funds in excess of the Cash Collateral Floor to pay costs and expenses in connection with the ownership, management and/or operation of the Properties to the extent such amounts are not otherwise paid pursuant to *Section 6.8.1* or by Manager pursuant to the Management Agreement for the following items: (i) Operating Expenses including Management Fees (subject to discretionary Operating Expenses being within a five percent (5%) variation of an Approved Annual Budget), (ii) emergency repairs and/or life-safety items (including applicable Capital Expenditures for such purpose), (iii) Capital Expenditures set forth in an Approved Annual Budget (subject to a five percent (5%) variation for Capital Expenditures in such Approved Annual Budget), (iv) legal, audit and accounting costs associated with the Properties or Borrower, excluding legal fees incurred in connection with the enforcement of Borrower’s rights pursuant to the Loan Documents, (v) payment of Debt Service on the Loan, (vi) voluntary or mandatory prepayment of the Loan (together with any applicable Spread Maintenance Premium), including, without limitation, any Debt Yield Cure Prepayment, and (vii) expenses and shortfalls relating to Restoration; *provided* that no disbursements shall be made from the Cash Collateral Account for any of the Operating Expenses or Capital Expenditures described in the foregoing clauses (i) through (iv) to the extent amounts for such Operating Expenses or Capital Expenditures have been distributed to Borrower from the Collection Account under *Section 6.8.1(i)(B)*, or may be distributed to Borrower from the Tax Account, the Insurance Account or the Capital Expenditure Account, as applicable.

6.7.3 Release of Cash Collateral Funds. Provided no Trigger Period is continuing as of two (2) consecutive Calculation Dates, Lender shall release Cash Collateral Funds in the Cash Collateral Account to Borrower; provided, that in the event of a Debt Yield Cure Prepayment, Lender shall release Cash Collateral Funds in the Cash Collateral Account to Borrower within one (1) Business Day of the date of such Debt Yield Cure Prepayment.

Section 6.8 Property Cash Flow Allocation.

6.8.1 Order of Priority of Funds in Collection Account. On each Monthly Payment Date during the Term, except during the continuance of an Event of Default, Collections on deposit in the Collection Account on such day shall be applied on such Monthly Payment Date in the following order of priority:

(a) *first*, to the applicable Security Deposit Account, the amount of any security deposits that have been deposited into the Collection Account by Borrower during the calendar month ending immediately prior to such Monthly Payment Date, as set forth in a written notice from Borrower to Lender delivered pursuant to **Section 4.3.8**;

(b) *second*, to the Tax Account, to make the required payments of Tax Funds as required under **Section 6.2**;

(c) *third*, to the Insurance Account, to make any required payments of Insurance Funds as required under **Section 6.3**;

(d) *fourth*, to Lender, funds sufficient to pay the Monthly Debt Service Payment Amount, applied (A) *first*, to the payment of interest then due and payable on Component A, (B) *second*, to the payment of interest then due and payable on Component B, (C) *third*, to the payment of interest then due and payable on Component C, (D) *fourth*, to the payment of interest then due and payable on Component D, (E) *fifth*, to the payment of interest then due and payable on Component E, (F) *sixth*, to the payment of interest then due and payable on Component F, and (G) *seventh*, to the payment of interest then due and payable on Component G;

(e) *fifth*, to the Manager, management fees payable for the calendar month ending immediately prior to such Monthly Payment Date, but not in excess of six percent (6%) of gross Rents collected during such calendar month;

(f) *sixth*, to the Capital Expenditure Account, to make the required payments of Capital Expenditure Funds as required under **Section 6.4**;

(g) *seventh*, to Lender, any other fees, costs, expenses (including Trust Fund Expenses) or indemnities then due or payable under this Agreement or any other Loan Document;

(h) *eighth*, to Lender the amount of any mandatory prepayment of the Outstanding Principal Balance pursuant to **Sections 2.4.3** then due and payable and all other amounts payable in connection therewith, such amounts to be applied in the manner set forth in **Section 2.4.5(d)**;

(i) *ninth*, all amounts remaining after payment of the amounts set forth in clauses (a) through (h) above (the “*Available Cash*”) either:

(A) if as of a Monthly Payment Date no Low Debt Yield Period is continuing, any remaining amounts to Borrower’s Operating Account; and

(B) if as of a Monthly Payment Date a Low Debt Yield Period is continuing:

(1) *first*, to Borrower’s Operating Account, funds in an amount equal to the Monthly Budgeted Amount;

(2) *second* , to Borrower's Operating Account, payments for Approved Extraordinary Operating Expenses, if any; and

(3) *third* , to the Cash Collateral Account to be held or disbursed in accordance with **Section 6.7** .

6.8.2 Application During Event of Default . Notwithstanding anything to the contrary contained herein (including this **Article 6**), upon the occurrence and during the continuance of an Event of Default, Lender, at its option, may apply any Collections then in the possession of Lender, Servicer or the Collection Account Bank (including any Reserve Funds on deposit in the Accounts) or any Property Account Bank to the payment of the Debt in such order, proportion and priority as Lender may determine in its sole and absolute discretion. Lender's right to withdraw and apply any of the foregoing funds shall be in addition to all other rights and remedies provided to Lender under the Loan Documents.

6.8.3 Annual Budget . Prior to the date hereof, Borrower has submitted and Lender has approved an Annual Budget for the 2014 calendar year (the "**Approved Initial Budget** "). Borrower shall submit to Lender by November 1 of each year the Annual Budget relating to the Properties for the succeeding Fiscal Year. During the continuance of a Trigger Period, Lender shall have the right to approve each Annual Budget (which approval shall not be unreasonably conditioned, delayed or withheld so long as no Event of Default is continuing). An Annual Budget approved by Lender during a Trigger Period or any Annual Budget submitted prior to the commencement of a Trigger Period, shall each hereinafter be referred to as an "**Approved Annual Budget** ". In the event of a Transfer of any Property the Approved Annual Budget shall be reduced as reasonably determined by Lender in consultation with Borrower in order to reflect the removal of such Property and the Operating Expenses associated therewith; *provided, further* , that no such reduction shall be made in the event such Transfer is made in connection with a substitution under **Section 2.4.3(a)** . If Lender has the right to approve an Annual Budget pursuant to this **Section 6.8.3** , neither Borrower nor Manager shall change or modify the Annual Budget that has been approved by Lender without the prior written consent of Lender (which consent shall not be unreasonably withheld, conditioned or delayed so long as no Event of Default is continuing). The "**Monthly Budgeted Amount** " for each Monthly Payment Date shall mean the monthly amount set forth in the Approved Annual Budget for Operating Expenses and Capital Expenditures for the Interest Period related to such Monthly Payment Date. If during any Trigger Period, Borrower has submitted an Annual Budget and such Annual Budget has not been approved prior to the commencement of the calendar year to which such budget relates then the previous Approved Annual Budget shall continue to be deemed to be the Approved Annual Budget for that calendar year, except that the line item for Capital Expenditures shall not exceed the Capital Expenditures set forth in the Approved Initial Budget.

6.8.4 Extraordinary Operating Expenses During any Low Debt Yield Period, in the event that Borrower incurs or is required to incur an extraordinary operating expense not set forth in the Approved Annual Budget relating to the Properties (each an "**Extraordinary Operating Expense** "), then Borrower shall promptly deliver to Lender a reasonably detailed explanation of such proposed Extraordinary Operating Expense for Lender's approval. Any Extraordinary Operating Expense approved by Lender is referred to herein as an "**Approved Extraordinary Operating Expense** ". Any Funds distributed to Borrower for the payment of Approved Extraordinary Operating Expenses pursuant to **Section 6.8.1** shall be used by Borrower only to pay for such Approved Extraordinary Operating Expenses or reimburse Borrower for such Approved Extraordinary Operating Expenses, as applicable.

Section 6.9 Security Interest in Reserve Funds. As security for payment of the Debt and the performance by Borrower of all other terms, conditions and provisions of the Loan Documents, Borrower hereby pledges and assigns to Lender, and grants to Lender a security interest in, all Borrower's right, title and interest in and to all (collectively, the "**Account Collateral**") (i) Collections, (ii) any and all Permitted Investments, (iii) in and to all payments to, cash, checks, drafts, letters of credit, certificates and instruments from time to time held in the Property Accounts, the Collection Account and/or Accounts (collectively, the "**Cash Management Accounts**"), (iv) all interest, dividends, cash, instruments, investment property and other property from time to time received, receivable or otherwise payable in respect of, or in exchange for, any or all of the foregoing, and (iv) to the extent not covered by clauses (i), (ii), (iii) or (iv) above, all "proceeds" (as defined under the UCC) of any or all of the foregoing. Borrower hereby grants to Lender a continuing security interest in, and agrees to hold in trust for the benefit of Lender, all Rents and other Collections in its possession prior to the (x) payment of such Collections to Lender or (y) deposit of such Collections into a Rent Deposit Account or Collection Account, as applicable. Borrower shall not, without obtaining the prior written consent of Lender, further pledge, assign or grant any security interest in any Cash Management Account, or permit any Lien to attach thereto, or any levy to be made thereon, or any UCC Financing Statements, except those naming Lender as the secured party, to be filed with respect thereto. This Agreement is, among other things, intended by the parties to be a security agreement for purposes of the UCC. Upon the occurrence and during the continuance of an Event of Default, Lender may apply any sums in any Cash Management Account in any order and in any manner as Lender shall elect in Lender's discretion without seeking the appointment of a receiver and without adversely affecting the rights of Lender to foreclose the Lien of any Mortgage Documents, Borrower Security Agreement or exercise its other rights under any other Loan Documents. Provided no Event of Default exists, all interest which accrues on the funds in the Collection Account or any Account (other than the Tax Account and the Insurance Account) shall accrue for the benefit of Borrower and shall be taxable to Borrower and shall be added to and disbursed in the same manner and under the same conditions as the principal sum on which said interest accrued. Upon repayment in full of the Debt, all remaining funds in the Collection Account and the Accounts, if any, shall be promptly disbursed to Borrower.

Section 6.10 Eligibility Reserve Account.

(a) **Deposit of Eligibility Funds.** If Borrower shall be required to make a prepayment in respect of any Property pursuant to **Section 2.4.3(a)** (other than in the case of any Property that constitutes a Disqualified Property due to the occurrence of a Voluntary Action in respect thereof), Borrower shall have an option to deposit into an Account (the "**Eligibility Reserve Account**") an amount equal to 100% of the Allocated Loan Amount for any such Property ("**Eligibility Funds**"), provided that Borrower provides Lender with written notice of any such Eligibility Funds and, no later than the due date for the prepayment required under **Section 2.4.3(a)**, delivers such Eligibility Funds with Lender for deposit to the Eligibility Reserve Account.

(b) **Release of Eligibility Funds.** Provided no Default or Event of Default exists, Lender shall disburse the Eligibility Funds with respect to a Property to Borrower upon (i) the sale of such Property and payment in full of the applicable Release Amount, (ii) upon such

Property becoming an Eligible Property or (iii) upon the substitution of the applicable Disqualified Property with a Substitute Property in accordance with the conditions of **Section 2.4.3(a)** .

Section 6.11 Release of Reserve Funds Generally. Notwithstanding anything to the contrary contained in this **Article 6** , disbursements of Reserve Funds to Borrower shall only occur on the Reserve Release Date after receipt by Lender of a Reserve Release Request from Borrower not less than five (5) Business Days prior to such date; *provided* , that if the amount of Reserves to be released to Borrower on any Reserve Release Date is less than the Minimum Disbursement Amount, then such Reserves shall continue to be maintained in the Reserve Accounts until the next Reserve Release Date on which an amount equal to or greater than the Minimum Disbursement Amount is available for disbursement or until the payment in full of the Obligations.

ARTICLE 7

PERMITTED TRANSFERS

Section 7.1 Permitted Transfers. Notwithstanding anything to the contrary contained in **Section 4.2.3** , the following Transfers (herein, the “**Permitted Transfers**”) shall be permitted hereunder without Lender’s consent:

- (a) an Eligible Lease entered into in accordance with the Loan Documents;
- (b) a Permitted Lien or any other Lien expressly permitted under the terms of the Loan Documents;
- (c) a Transfer of a Property in accordance with **Section 2.5** ;
- (d) a substitution of a Property for a Substitute Property in accordance with **Section 2.4.3** or **Section 5.3(b)** , as applicable;

(e) the Transfer of any direct or indirect legal or beneficial interests in any Public Vehicle, including a Public Vehicle that exists on the date hereof or a Public Vehicle which acquires a direct or indirect legal or beneficial interest in Borrower and each other Loan Party after the Closing Date in accordance with the terms of this **Section 7.1** ;

(f) a Transfer of any direct or indirect interest in Borrower or any other Loan Party provided that:

(i) after giving effect to such Transfer, a Qualified Transferee (A) shall own not less than fifty-one percent (51%) of the direct or indirect legal and beneficial interests in Borrower and the other Loan Parties and (B) shall continue to Control (directly or indirectly) Borrower, each other Loan Party and each SPC Party;

(ii) Lender shall receive notice of any Transfer described in this **Section 7.1(f)** not less than (x) if the Qualified Transferee referenced in clause (i) above is not the Sponsor, ten (10) Business Days prior to the consummation thereof or (y) if the Qualified Transferee referenced in clause (i) above is the Sponsor, thirty (30) days

following the consummation thereof, but the failure to deliver the notice referred to in this clause (y) shall not constitute an Event of Default unless such failure continues for ten (10) Business Days following notice of such failure from Lender;

(iii) each of Borrower, Equity Owner GP, Equity Owner, Borrower GP and each SPC Party shall each continue to be a Special Purpose Bankruptcy Remote Entity;

(iv) after giving effect to such Transfer (A) Borrower GP shall remain the sole general partner of Borrower owning not less than 1.0% of the partnership interest in Borrower, (B) Equity Owner shall remain the sole limited partner of Borrower and the sole member of Borrower GP and (C) Equity Owner GP shall remain the sole general partner of Equity Owner owning not less than 1.0% of the partnership interest in Equity Owner;

(v) the Properties shall continue to be managed by Existing Manager or by a Qualified Manager pursuant to a Replacement Management Agreement;

(vi) if such Transfer shall cause more than forty-nine percent (49%) of the direct or indirect interests in Borrower, any other Loan Party or any SPC Party to be owned by any Person and its Affiliates that owned less than forty-nine percent (49%) of the direct or indirect interest in Borrower, any other Loan Party or any SPC Party prior to such Transfer, Borrower shall deliver (or cause to be delivered) to Lender a substantive non-consolidation opinion in form and substance reasonably satisfactory to Lender and satisfactory to the applicable Rating Agencies;

(vii) notwithstanding the foregoing, no Transfer of any direct interest in Borrower or any other Loan Party which constitutes a portion of the Collateral shall be permitted; and

(viii) so long as the Loan is outstanding, (A) no pledge or other encumbrance of any direct interests in any Restricted Pledge Party (other than pledges securing the Obligations pursuant to the Collateral Documents) shall be permitted, except that a pledge of the direct ownership interests in the most upper-tier Restricted Pledge Party shall be permitted if such pledge directly or indirectly secures indebtedness that is also directly or indirectly secured by substantial assets other than the Collateral, and (B) no Restricted Pledge Party shall issue preferred equity that has the characteristics of mezzanine debt (such as a fixed maturity date, regular payments of interest, a fixed rate of return and rights of the equity holder to demand repayment of its investment); and

(g) a Sponsor Public Listing or a Sponsor Public Sale provided that:

(i) if after giving effect to any such Sponsor Public Listing or Sponsor Public Sale, more than forty-nine percent (49%) of the direct or indirect interest in Borrower, any Loan Party or any SPC Party is owned by any Person and its Affiliates that owned less than forty-nine percent (49%) of the direct or indirect interest in Borrower, any other Loan Party or any SPC Party prior to such Transfer, Borrower shall deliver (or cause to be delivered) to Lender a substantive non-consolidation opinion in form and substance reasonably satisfactory to Lender and satisfactory to the applicable Rating Agencies;

(ii) each of Borrower, Equity Owner GP, Equity Owner, Borrower GP and each SPC Party shall each continue to be a Special Purpose Bankruptcy Remote Entity;

(iii) after giving effect to such Transfer (A) Borrower GP shall remain the sole general partner of Borrower owning not less than 1.0% of the partnership interest in Borrower, (B) Equity Owner shall remain the sole limited partner of Borrower and the sole member of Borrower GP and (C) Equity Owner GP shall remain the sole general partner of Equity Owner owning not less than 1.0% of the partnership interest in Equity Owner;

(iv) the Properties shall continue to be managed by Existing Manager or by a Qualified Manager pursuant to a Replacement Management Agreement;

(v) notwithstanding the foregoing, no Transfer of any direct interest in Borrower, any other Loan Party or any SPC Party shall be permitted in connection with such Sponsor Public Listing or Sponsor Public Sale;

(vi) so long as the Loan is outstanding, (A) no pledge or other encumbrance of any direct interests in any Restricted Pledge Party (other than pledges securing the Obligations pursuant to the Collateral Documents) shall be permitted, and (B) no Restricted Pledge Party shall issue preferred equity that has the characteristics of mezzanine debt (such as a fixed maturity date, regular payments of interest, a fixed rate of return and rights of the equity holder to demand repayment of its investment);

(vii) in the case of a Transfer that is a Sponsor Public Listing, shareholder equity in an amount of at least \$200,000,000 has been sold to third parties in such Sponsor Public Listing and the Public Vehicle that has been listed satisfies the Eligibility Requirements; and

(viii) in the case of a Transfer that is a Sponsor Public Sale, after giving effect to such Transfer, (x) the Loan Parties shall be Controlled (directly or indirectly) by a Qualified Transferee and (y) such Qualified Transferee shall own at least fifty-one percent (51%) of the direct or indirect legal and beneficial interests in Borrower and the other Loan Parties.

Following a Permitted Transfer, if Sponsor (or a Person comprising Sponsor) no longer owns a majority of the direct or indirect interest in Borrower or the Properties, Sponsor shall be released from the Sponsor Guaranty for all liability accruing after the date of such Transfer, provided, that the Qualified Transferee shall execute and deliver to Lender a replacement guaranty in substantially the same form and substance as the Sponsor Guaranty covering all liability accruing from and after the date of such Transfer (but not any which may have accrued prior thereto).

Section 7.2 Cost and Expenses; Searches; Copies.

(a) Borrower shall pay all costs and expenses of Lender in connection with any Transfer, whether or not such Transfer is deemed to be a Permitted Transfer, including, without limitation, all fees and expenses of Lender's counsel, whether internal or outside, and the cost of any required counsel opinions related to REMIC or other securitization or tax issues and any Rating Agency fees.

(b) Borrower shall provide Lender with copies of all organizational documents and all transaction documents relating to any Permitted Transfer.

(c) In connection with any Permitted Transfer, to the extent a transferee shall own ten percent (10%) or more of the direct or indirect ownership interests in Borrower immediately following such transfer (provided such transferee owned less than ten percent (10%) of the direct or indirect ownership interests in Borrower as of the Closing Date), Borrower shall deliver (and Borrower shall be responsible for any reasonable out of pocket costs and expenses in connection therewith), customary searches reasonably requested by Lender in writing (including credit, judgment, lien, litigation, bankruptcy, criminal and watch list) reasonably acceptable to Lender with respect to such transferee.

ARTICLE 8

DEFAULTS

Section 8.1 Events of Default. Each of the following events shall constitute an event of default hereunder (an "*Event of Default*"):

(i) if (A) the Obligations are not paid in full on the Maturity Date, (B) any regularly scheduled monthly payment of interest or principal due under the Note is not paid in full on the applicable Monthly Payment Date, (C) any prepayment of principal due under this Agreement or the Note is not paid when due or (D) the Spread Maintenance Premium is not paid when due,

(ii) if any deposit to the Reserve Funds is not made on the required deposit date therefor, with such failure continuing for two (2) Business Days after Lender delivers written notice thereof to Borrower;

(iii) if any other amount payable pursuant to this Agreement, the Note or any other Loan Document (other than as set forth in the foregoing **clauses (i) and (ii)**) is not paid in full when due and payable in accordance with the provisions of the applicable Loan Document, with such failure continuing for ten (10) days after Lender delivers written notice thereof to Borrower;

(iv) if the Policies are not (A) delivered to Lender within five (5) days of Lender's written request and (B) kept in full force and effect, each in accordance with the terms and conditions hereof;

(v) a Transfer other than a Permitted Transfer occurs;

(vi) if any certification, representation or warranty made by a Relevant Party herein or any other Loan Document, other than a Property Representation, or in any report, certificate, financial statement or other instrument, agreement or document furnished to Lender shall have been false or misleading in any material and adverse respect as of the date such representation or warranty was made; *provided, however*, if any untrue certification, representation or warranty made after the Closing Date is susceptible of being cured, Borrower shall have the right to cure such certification, representation or warranty within thirty (30) days after receipt of notice from Lender;

(vii) if any Relevant Party shall make an assignment for the benefit of creditors;

(viii) if a receiver, liquidator or trustee shall be appointed for any Relevant Party or any SPC Party or if Borrower, any Relevant Party or any SPC Party shall be adjudicated a bankrupt or insolvent, or if any petition for bankruptcy, reorganization or arrangement pursuant to federal bankruptcy law, or any similar federal or state law, shall be filed by or against, consented to, or acquiesced in by, Borrower, any Relevant Party or any SPC Party, or if any proceeding for the dissolution or liquidation of Borrower, any Relevant Party or any SPC Party shall be instituted, or if Borrower is substantively consolidated with any other Person; *provided, however*, if such appointment, adjudication, petition, proceeding or consolidation was involuntary and not consented to by such Relevant Party, upon the same not being discharged, stayed or dismissed within sixty (60) days following its filing;

(ix) if any Loan Party attempts to assign its rights under this Agreement or any of the other Loan Documents or any interest herein or therein in contravention of the Loan Documents;

(x) if any of the assumptions contained in the Insolvency Opinion, or in any other non-consolidation opinion delivered to Lender in connection with the Loan, or in any other non-consolidation opinion delivered subsequent to the closing of the Loan, is or shall become untrue in any material respect;

(xi) a breach of the covenants set forth in **Sections 2.1.5, 4.1.1, 4.1.2, 4.1.3, 4.1.9, 4.1.17, 4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.7, 4.2.8, 4.2.9, 4.2.13** or **4.2.17**;

(xii) if with respect to any Disqualified Property, Borrower fails to within the time periods specified in **Section 2.4.3(a)** either: (A) pay the Release Amount in respect thereof, (B) substitute such Disqualified Property with a Substitute Property in accordance with **Section 2.4.3(a)** or (C) or deposit an amount equal to 100% of the Allocated Loan Amount for the Disqualified Property in the Eligibility Reserve Account in accordance with **Section 2.4.3(a)** and such failure continues for more than five (5) Business Days after written notice thereof from Lender to Borrower;

(xiii) if, without Lender's prior written consent, (i) any Management Agreement is terminated (unless simultaneously therewith, Borrower and a new Qualified Manager enter into a Replacement Management Agreement in accordance with **Section 4.2.1**), or (ii) there is a default by Borrower under any Management Agreement beyond any applicable notice or grace period that permits such Manager to terminate or cancel

the applicable Management Agreement (unless, within thirty (30) days after the expiration of such notice or grace period, Borrower and a new Qualified Manager enter into a Replacement Management Agreement in accordance with **Section 4.2.1**);

(xiv) if any Loan Party or any Person owning a direct or indirect ownership interest in any Loan Party shall be convicted of a Patriot Act Offense by a court of competent jurisdiction;

(xv) any failure on the part of any Borrower to duly observe or perform any of its covenants set forth in **Section 4.1.17** or the representation and warranty in **Section 3.1.26** shall fail to be correct in respect of a Tenant of any Property and, in each case, Borrower fails to notify OFAC within five (5) Business Days of Borrower or Manager obtaining knowledge that such Tenant is on any of the lists described in those sections and promptly take such steps as may be required by OFAC with respect to such Tenant;

(xvi) if there shall be a default under any of the other Loan Documents beyond any applicable cure periods contained in such Loan Documents, whether as to any Relevant Party or the Properties, or if any other such event shall occur or condition shall exist, if the effect of such event or condition is to accelerate the maturity of any portion of the Obligations or to permit Lender to accelerate the maturity of all or any portion of the Obligations;

(xvii) if Borrower fails to obtain or maintain an Interest Rate Cap Agreement or replacement thereof in accordance with **Section 2.6** and/or **Section 2.7** hereof;

(xviii) if any Loan Document or any Lien granted thereunder by any Relevant Party shall (except in accordance with its terms or pursuant to Lender's written consent), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of the parties thereto or (y) any Relevant Party or any other party shall disaffirm or contest, in writing, in any manner such effectiveness, validity, binding nature or enforceability (other than as a result of the occurrence of the payment in full of the Obligations);

(xix) one or more final judgments for the payment of \$2,500,000 or more rendered against any Loan Party, and such amount is not covered by insurance or indemnity or not discharged, paid or stayed within sixty (60) days after (i) the date on which the right to appeal thereof has expired if no such appeal has commenced, or (ii) the date on which all rights to appeal have been extinguished;

(xx) unless BREP has agreed in writing to be primarily liable for all obligations of the Sponsor under the Sponsor Guaranty, as of any Calculation Date, Sponsor or any Qualified Transferee that executes and delivers a replacement guaranty pursuant to **Section 7.1** fails to comply with the Sponsor Financial Covenant; or

(xxi) if any Relevant Party shall continue to be in Default under any of the other terms, covenants or conditions of this Agreement or any other Loan Document not specified in subsections (i) to (xx) above, and such Default shall continue for ten (10)

days after notice to Borrower from Lender, in the case of any such Default which can be cured by the payment of a sum of money, or for thirty (30) days after notice to Borrower from Lender in the case of any other such Default; *provided, however*, that if such non-monetary Default is susceptible of cure but cannot reasonably be cured within such 30- day period, and provided further that Borrower shall have commenced to cure such Default within such 30-day period shall and thereafter diligently and expeditiously proceed to cure the same, such 30-day period shall be extended for such time as is reasonably necessary for Borrower in the exercise of due diligence to cure such Default, such additional period not to exceed ninety (90) days.

Section 8.2 Remedies .

8.2.1 Acceleration . Upon the occurrence of an Event of Default (other than an Event of Default described in *clauses (vii) , (viii) or (ix) of Section 8.1*) and at any time thereafter, Lender may, in addition to any other rights or remedies available to it pursuant to this Agreement and the other Loan Documents or at law or in equity, take such action, without notice or demand (and Borrower hereby expressly waives any such notice or demand), that Lender deems advisable to protect and enforce its rights against any Relevant Party and in and to the Properties, including declaring the Obligations to be immediately due and payable, and Lender may enforce or avail itself of any or all rights or remedies provided in the Loan Documents against the Relevant Parties, including all rights or remedies available at law or in equity; and upon any Event of Default described in *clauses (vii) , (viii) or (ix) of Section 8.1* , the Obligations of Borrower hereunder and under the other Loan Documents shall immediately and automatically become due and payable in full, without notice or demand, and the Loan Parties hereby expressly waives any such notice or demand, anything contained herein or in any other Loan Document to the contrary notwithstanding.

8.2.2 Remedies Cumulative .

(a) During the continuance of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to Lender against each Relevant Party under this Agreement or any of the other Loan Documents executed and delivered by, or applicable to, a Relevant Party or at law or in equity may be exercised by Lender at any time and from time to time, whether or not all or any of the Obligations shall be declared due and payable, and whether or not Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Loan Documents with respect to the Collateral. The rights, powers and remedies of Lender under this Agreement shall be cumulative and not exclusive of any other right, power or remedy which Lender may have against a Relevant Party pursuant to this Agreement or the other Loan Documents, or existing at law or in equity or otherwise. Lender's rights, powers and remedies may be pursued independently, singly, successively, together or otherwise, at such time and in such order as Lender may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of Lender permitted by law or contract or as set forth herein or in the other Loan Documents or by equity. Without limiting the generality of the foregoing, if an Event of Default is continuing (i) Lender shall not be subject to any "one action" or "election of remedies" law or rule, and (ii) all Liens and other rights, remedies or privileges provided to Lender shall remain in full force and effect until Lender has exhausted all of its remedies against the Properties and the other Collateral and each Mortgage has been foreclosed, sold and/or otherwise realized upon in satisfaction of the Obligations or the Obligations have

been paid in full including, without limitation, any liquidation fees, workout fees, special servicing fees and interest payable on advances made by the Servicer with respect to delinquent debt service payments or expenses of curing Borrower's or any Loan Party's defaults under the Loan Documents or other similar fees payable to Servicer or any special servicer in connection therewith. No delay or omission to exercise any remedy, right or power accruing upon an Event of Default shall impair any such remedy, right or power or shall be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Default or Event of Default with respect to a Relevant Party shall not be construed to be a waiver of any subsequent Default or Event of Default by such Relevant Party or to impair any remedy, right or power consequent thereon.

(b) With respect to Borrower, the other Loan Parties and the Collateral, nothing contained herein or in any other Loan Document shall be construed as requiring Lender to resort to any Property or other portion of the Collateral for the satisfaction of any of the Debt in preference or priority to any other portion of the Collateral, and Lender may seek satisfaction out of all of the Collateral or any part thereof, in its absolute discretion in respect of the Debt. During the continuance of an Event of Default, Lender shall have the right from time to time to partially foreclose any Mortgage or the Lien of any of the other Collateral Documents in any manner and for any amounts secured by the Collateral Documents then due and payable as determined by Lender in its sole discretion, including the following circumstances: (i) in the event Borrower defaults beyond any applicable grace period in the payment of one or more scheduled payments of principal and interest, Lender may foreclose one or more of the Mortgages or other Collateral Documents to recover such delinquent payments, or (ii) in the event Lender elects to accelerate less than the entire Outstanding Principal Balance, Lender may foreclose one or more of the Mortgages or other Collateral Documents to recover so much of the principal balance of the Loan as Lender may accelerate and such other sums secured by the Mortgages and the other Collateral Documents as Lender may elect. Notwithstanding one or more partial foreclosures, the Collateral shall remain subject to the Mortgages and the other Collateral Documents to secure payment of the sums secured by the Collateral Documents and not previously recovered.

8.2.3 Severance.

(a) During the continuance of an Event of Default, Lender shall have the right from time to time to sever the Note and the other Loan Documents into one or more separate notes, Collateral Documents and other security documents in such denominations as Lender shall determine in its sole discretion for purposes of evidencing and enforcing its rights and remedies provided hereunder. The Loan Parties shall execute and deliver to Lender from time to time, promptly after the request of Lender, a severance agreement and such other documents as Lender shall request in order to effect the severance described in the preceding sentence, all in form and substance reasonably satisfactory to Lender. The Loan Parties hereby absolutely and irrevocably appoint Lender as its true and lawful attorney, coupled with an interest, in its name and stead to make and execute all documents necessary or desirable to effect the aforesaid severance, Borrower ratifying all that its said attorney shall do by virtue thereof; *provided, however*, Lender shall not make or execute any such documents under such power until three (3) days after notice has been given to a Loan Party by Lender of Lender's intent to exercise its rights under such power.

(b) During the continuance of an Event of Default, any amounts recovered from the Collateral may be applied by Lender toward the payment of any interest and/or principal of the Loan and/or any other amounts due under the Loan Documents, in such order, priority and proportions as Lender in its sole discretion shall determine.

(c) As used in this **Section 8.2**, a “foreclosure” shall include, without limitation, any sale by power of sale.

8.2.4 Lender’s Right to Perform. If any Loan Party fails to perform any covenant or obligation contained herein and such failure shall continue for a period of five (5) Business Days after Borrower’s receipt of written notice thereof from Lender, without in any way limiting Lender’s right to exercise any of its rights, powers or remedies as provided hereunder, or under any of the other Loan Documents, Lender may, but shall have no obligation to, perform, or cause the performance of, such covenant or obligation, and all costs, expenses, liabilities, penalties and fines of Lender incurred or paid in connection therewith shall be payable by Borrower to Lender upon demand and if not paid shall be added to the Obligations (and to the extent permitted under applicable laws, secured by the Mortgages and the other Collateral Documents) and shall bear interest thereafter at the Default Rate. Notwithstanding the foregoing, Lender shall have no obligation to send notice to Borrower of any such failure.

ARTICLE 9

SECURITIZATION

Section 9.1 Securitization

(a) Lender shall have the right (i) to sell or otherwise transfer the Loan or any portion thereof as a whole loan, (ii) to sell participation interests in the Loan, or (iii) to securitize the Loan or any portion thereof in a single asset securitization or a pooled loan securitization. (The transactions referred to in **clauses (i)**, **(ii)** and **(iii)** are each hereinafter referred to as a “**Secondary Market Transaction**” and the transactions referred to in **clause (iii)** shall hereinafter be referred to as a “**Securitization**”. Any certificates, notes or other securities issued in connection with a Secondary Market Transaction are hereinafter referred to as “**Securities**”). At Lender’s election, each note and/or component comprising the Loan may be subject to one or more Secondary Market Transactions.

(b) If requested by Lender, the Loan Parties shall use reasonable efforts to provide information in the possession or control of Borrower or its Affiliates, attorneys, accountants or other agents or which may be reasonably required by Lender in order to satisfy the market standards to which Lender customarily adheres or which may be required in the marketplace, by prospective investors, the Rating Agencies, applicable Legal Requirements and/or otherwise in the marketplace in connection with any Secondary Market Transactions, including to:

(i) (A) provide updated financial and other information with respect to the Properties, the business operated at the Properties, Borrower, Sponsor and the Manager, including, without limitation, the information set forth on **Exhibit C** attached hereto, and (B) provide updated budgets and other information (to extent required by investors or Rating Agencies) relating to the Properties (the “**Updated Information**”) which were obtained in connection with the origination of the Loan;

(ii) provide (A) an updated Insolvency Opinion, and (B) updated opinions of Borrower's and Guarantor's New York and Delaware counsel, substantially the same as those delivered as of the Closing Date, which opinions shall be addressed, for purposes or reliance thereon, to each Person acquiring any interest in the Loan in connection with any Secondary Market Transaction (including, without limitation, any "B Note" purchasers), or otherwise reasonably satisfactory to Lender and the Rating Agencies;

(iii) (A) confirm that as of the closing date of any Secondary Market Transaction, the representations and warranties as set forth in the Loan Documents are true, complete and correct in all material respects as of the closing date of the Secondary Market Transaction (except to the extent that any such representations and warranties are and can only be made as of a specific date and the facts and circumstances upon which such representation and warranty is based are specific solely to a certain date in which case confirmation as to truth, completeness and correctness shall be provided as of such specific date or to the extent such representations are no longer true and correct as a result of subsequent events in which case Borrower shall provide an updated representation or warranty) and (B) make such additional representations and warranties as the Rating Agencies may customarily require; and

(iv) execute amendments to the Loan Documents and the Loan Parties' organizational documents requested by Lender; *provided*, *however*, that Borrower shall not be required to modify or amend any Loan Document if such modification or amendment would (A) cause the initial weighted average of the interest rates for all Components in the aggregate immediately after the effective date of such modification to exceed the weighted average interest rate of the original Components in the aggregate immediately prior to such modification, (B) cause the outstanding principal balance of all Components in the aggregate immediately after the effective date of such modification to exceed the outstanding principal balance of all Components in the aggregate immediately prior to such modification, (C) require Borrower to make or remake any representations or warranties, (D) require principal amortization of the Loan (other than repayment in full on the Maturity Date), (E) change any Stated Maturity Date or (F) otherwise increase the obligations or reduce the rights of Borrower or Guarantor under the Loan Documents.

(c) If, at the time a Disclosure Document is being prepared for a Securitization, Lender reasonably determines that Borrower alone or Borrower and one or more Affiliates of Borrower (including any guarantor or other Person that is directly or indirectly committed by contract or otherwise to make payments on all or a part of the Loan) collectively, or the Properties alone or the Properties and Related Properties collectively, will be a Significant Obligor, Borrower shall furnish to Lender upon request the following financial information:

(i) if Lender reasonably determines that the principal amount of the Loan together with any Related Loans, as of the cut-off date for such Securitization, may equal or exceed ten percent (10%) (but less than twenty percent (20%)) of the aggregate principal amount of all mortgage loans included or expected to be included in the Securitization, net operating income for the Properties and the Related Properties for the

most recent Fiscal Year and interim period as required under Item 1112(b)(1) of Regulation AB (or, if the Loan is not treated as a non-recourse loan under Instruction 3 for Item 1101(k) of Regulation AB, selected financial data meeting the requirements and covering the time periods specified in Item 301 of Regulation S-K and Item 1112(b)(1) of Regulation AB), or

(ii) if Lender reasonably determines that the principal amount of the Loan together with any Related Loans, as of the cut-off date for such Securitization, may equal or exceed twenty percent (20%) of the aggregate principal amount of all mortgage loans included or expected to be included in the Securitization, the financial statements required under Item 1112(b)(2) of Regulation AB (which includes, but may not be limited to, a balance sheet with respect to the entity that Lender determines to be a Significant Obligor for the two most recent Fiscal Years and applicable interim periods, meeting the requirements of Rule 3-01 of Regulation S-X, and statements of income and statements of cash flows with respect to the Properties for the three most recent Fiscal Years and applicable interim periods, meeting the requirements of Rule 3-02 of Regulation S-X (or if Lender determines that the Properties is the Significant Obligor and the Properties (other than properties that are hotels, nursing homes, or other properties that would be deemed to constitute a business and not real estate under Regulation S-X or other legal requirements) was acquired from an unaffiliated third party and the other conditions set forth in Rule 3-14 of Regulation S-X have been met, the financial statements required by Rule 3-14 of Regulation S-X)).

(d) Further, if requested by Lender, Borrower shall, promptly upon Lender's request, furnish to Lender financial data or financial statements meeting the requirements of Item 1112(b)(1) or (2) of Regulation AB, as specified by Lender, for any Tenant of the Properties if, in connection with a Securitization, Lender reasonably determines there to be, as of the cutoff date for such Securitization, a concentration with respect to such Tenant or group of Affiliated Tenants within all of the mortgage loans included or expected to be included in the Securitization such that such Tenant or group of Affiliated Tenants would constitute a Significant Obligor. Borrower shall furnish to Lender, in connection with the preparation of the Disclosure Documents and on an ongoing basis, financial data and/or financial statements with respect to such Tenants meeting the requirements of Item 1112(b)(1) or (2) of Regulation AB, as specified by Lender, but only for so long as such entity or entities are a Significant Obligor and either (x) filings pursuant to the Exchange Act in connection with or relating to the Securitization (an "**Exchange Act Filing**") are required to be made under applicable Legal Requirements or (y) comparable information is required to otherwise be "available" to holders of the Securities under Regulation AB or applicable Legal Requirements.

(e) If Lender determines that Borrower alone or Borrower and one or more Affiliates of Borrower collectively, or the Properties alone or the Properties and Related Properties collectively, are a Significant Obligor, then Borrower shall furnish to Lender, on an ongoing basis, selected financial data or financial statements meeting the requirements of Item 1112(b)(1) or (2) of Regulation AB, as specified by Lender, but only for so long as such entity or entities are a Significant Obligor and either (x) Exchange Act Filings are required to be made under applicable Legal Requirements or (y) comparable information is required to otherwise be "available" to holders of the Securities under Regulation AB or applicable Legal Requirements.

(f) If reasonably requested by Lender, Borrower shall provide Lender, within a reasonable period of time following Lender's request therefor, with any other or additional financial statements, or financial, statistical or operating information, as Lender shall reasonably determine to be required pursuant to Regulation S-K or Regulation S-X, as applicable, Regulation AB, or any amendment, modification or replacement thereto or other Legal Requirements relating to a Securitization or as shall otherwise be reasonably requested by Lender.

Section 9.2 Securitization Indemnification .

(a) Borrower understands that information provided to Lender by Borrower, the Guarantors and their respective agents, counsel and representatives may be included in preliminary and final disclosure documents in connection with any Secondary Market Transaction, including a Securitization, including an offering circular, a prospectus, prospectus supplement, private placement memorandum or other offering document (each, a "**Disclosure Document**") and may also be included in filings with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "**Securities Act**"), or the Securities and Exchange Act of 1934, as amended (the "**Exchange Act**"), and may be made available to investors or prospective investors in the Securities, investment banking firms, NRSROs, accounting firms, law firms and other third-party advisory and service providers relating to any Secondary Market Transaction, including a Securitization. Borrower also understands that the findings and conclusions of any third-party due diligence report obtained by Lender, the Issuer or the Securitization placement agent or underwriter may be made publicly available if required, and in the manner prescribed, by Section 15E(s)(4)(A) of the Exchange Act and any rules promulgated thereunder.

(b) Borrower hereby agrees to indemnify Lender (and for purposes of this **Section 9.2**, Lender shall include the initial lender, its successors and assigns, and their respective officers and directors) and each Person who controls Lender within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the "**Lender Group**"), the issuer of the Securities (the "**Issuer**") and for purposes of this **Section 9.2**, Issuer shall include its officers, director and each Person who controls the Issuer within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act), and any placement agent or underwriter with respect to the Securitization, each of their respective officers and directors and each Person who controls the placement agent or underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the "**Underwriter Group**") for any losses, claims, damages or liabilities (collectively, the "**Liabilities**") to which Lender, Lender Group, the Issuer or the Underwriter Group may become subject insofar as the Liabilities arise out of, or are based upon, (A) any untrue statement or alleged untrue statement of any material fact contained in the Covered Disclosure Information (defined below), (B) the omission or alleged omission to state in the Covered Disclosure Information a material fact required to be stated in such information or necessary in order to make the statements in such information, in light of the circumstances under which they were made, not misleading, or (C) a breach of the representations and warranties made by any Loan Party in **Section 3.1.24** of this Agreement (Full and Accurate Disclosure). For purposes of the foregoing, the "**Covered Disclosure Information**" shall mean the information provided by or on behalf of Borrower relating to Borrower, Guarantor, Manager, Sponsor, the Properties and the Loan which is contained in the sections of the Disclosure Documents entitled as follows, or comparable sections thereto: "Summary of the

Offering Circular,” “Risk Factors,” “Description of the Relevant Parties and the Manager,” “Description of the Properties,” “Description of the Management Agreement and the Assignment and Subordination of Management Agreement,” “Description of the Loan,” and “Certain Legal Aspects of the Loan”, which Disclosure Documents shall be delivered for review and comment by Borrower not less than five (5) Business Days prior to the date upon which Borrower is otherwise required to confirm such Disclosure Documents. Borrower also agrees to reimburse Lender, Lender Group, the Issuer and/or the Underwriter Group for any legal or other expenses reasonably incurred by Lender, Lender Group, the Issuer and/or the Underwriter Group in connection with investigating or defending the Liabilities. This indemnification provision will be in addition to any liability which Borrower may otherwise have.

(c) In connection with any Exchange Act Filing or other reports containing comparable information that is required to be made “available” to holders of the Securities under Regulation AB or applicable Legal Requirements, Borrower agrees to (i) indemnify Lender, Lender Group, the Issuer and the Underwriter Group for Liabilities to which Lender, Lender Group, the Issuer and/or the Underwriter Group may become subject insofar as the Liabilities arise out of, or are based upon any untrue statement or alleged untrue statement of any material fact in the Covered Disclosure Information, or the omission or alleged omission to state in the Covered Disclosure Information a material fact required to be stated therein or necessary in order to make the statements in the Covered Disclosure Information, in light of the circumstances under which they were made, not misleading, and (ii) reimburse Lender, Lender Group, the Issuer and/or the Underwriter Group for any legal or other expenses reasonably incurred by Lender, Lender Group, the Issuer and/or the Underwriter Group in connection with defending or investigating the Liabilities.

(d) Promptly after receipt by an indemnified party under this **Section 9.2** of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this **Section 9.2**, notify the indemnifying party in writing of the commencement thereof, but the omission to so notify the indemnifying party will not relieve the indemnifying party from any liability which the indemnifying party may have to any indemnified party under **Section 9.2(b)** or **(c)** except to the extent that failure to notify causes prejudice to the indemnifying party. In the event that any action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel satisfactory to such indemnified party. After notice from the indemnifying party to such indemnified party pursuant to the immediately preceding sentence of this **Section 9.2(d)**, such indemnifying party shall pay for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation; *provided, however*, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there are any legal defenses available to it and/or other indemnified parties that are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party at the cost of the indemnifying party. The indemnifying party shall not be liable for the expenses of more than one separate counsel unless an indemnified

party shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to the indemnifying party. Without the prior written consent of Lender (which consent shall not be unreasonably withheld or delayed), no indemnifying party shall settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not any indemnified party is an actual or potential party to such claim, action, suit or proceeding) unless the indemnifying party shall have given Lender reasonable prior written notice thereof and shall have obtained an unconditional release of each indemnified party hereunder from all liability arising out of such claim, action, suit or proceedings, and such settlement requires no statement as to, or an admission of, fault, culpability or a failure to act, by or on behalf of the indemnified party.

(e) In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in **Section 9.2(b)** or **(c)** is for any reason held to be unenforceable as to an indemnified party in respect of any Liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under **Section 9.2(b)** or **(c)**, the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such Liabilities (or action in respect thereof); *provided, however*, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the Issuer's and Borrower's relative knowledge and access to information concerning the matter with respect to which the claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable considerations appropriate in the circumstances. Lender and Borrower hereby agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

(f) The liabilities and obligations of both Borrower and Lender under this **Section 9.2** shall survive the termination of this Agreement and the satisfaction and discharge of the Debt.

Section 9.3 Severance .

9.3.1 Severance Documentation . Lender, without in any way limiting Lender's other rights hereunder, in its sole and absolute discretion, shall have the right, at any time (whether prior to or after any sale, participation or other Secondary Market Transaction with respect to all or any portion of the Loan), to require Borrower (at Lender's expense) to execute and deliver "component" notes (including certificating existing uncertificated "component" notes) and/or modify the Loan or the existing "component note" structure in order to create one or more senior and subordinate notes (i.e., an A/B or A/B/C structure) and/or one or more additional components of the Note or Notes), or make any other change to the Loan the Note or Components including but not limited to: reducing the number of Components of the Note or Notes, revising the interest rate for each Component, reallocating the principal balances of the Notes and/or the Components, increasing or decreasing the monthly debt service payments for each Component or eliminating the Component structure and/or the multiple note structure of the Loan (including the elimination of the related allocations of principal and interest payments); *provided* that (A) the outstanding principal balance of all Components in the aggregate immediately after the effective date of such modification equals the outstanding principal

balance immediately prior to such modification, (B) the initial weighted average of the interest rates for all Components in the aggregate immediately after the effective date of such modification equals the weighted average interest rate of the original Components immediately prior to such modification, (C) no principal amortization of the Loan (or any Components thereof) shall be required (other than repayment in full on the Maturity Date), (D) there shall be no change to any Stated Maturity Date and (E) Borrower and Guarantor shall not be required to amend any Loan Documents that would otherwise increase the obligations or reduce the rights of Borrower or Guarantor under the Loan Documents. At Lender's election, each note comprising the Loan may be subject to one or more Secondary Market Transactions. Lender shall have the right to modify the Note and/or Notes and any Components in accordance with this **Section 9.3** and, provided that such modification shall comply with the terms of this **Section 9.3**, it shall become immediately effective.

9.3.2 Cooperation; Execution; Delivery. Borrower shall reasonably cooperate with all reasonable requests of Lender in connection with this **Section 9.3**. If requested by Lender, Borrower shall promptly execute and deliver such documents as shall be required by Lender and any Rating Agency in connection with any modification pursuant to this **Section 9.3**, all in form and substance satisfactory to Lender and satisfactory to any applicable Rating Agency. It shall be an Event of Default under this Agreement, the Note, and the other Loan Documents if Borrower fails to comply with any of the terms, covenants or conditions of this **Section 9.3** after expiration of ten (10) Business Days after notice thereof.

ARTICLE 10

MISCELLANEOUS

Section 10.1 Survival; Successors and Assigns. This Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by Lender of the Loan and the execution and delivery to Lender of the Note, and shall continue in full force and effect so long as all or any of the Obligations are outstanding and unpaid unless a longer period is expressly set forth herein or in the other Loan Documents. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the legal representatives, successors and assigns of such party. All covenants, promises and agreements in this Agreement, by or on behalf of Borrower and the other Loan Parties, shall inure to the benefit of the legal representatives, successors and assigns of Lender.

Section 10.2 Lender's Discretion; Rating Agency Review Waiver.

(a) Whenever pursuant to this Agreement Lender exercises any right given to it to approve or disapprove any matter, or any arrangement or term is to be satisfactory to Lender, the decision of Lender to approve or disapprove such matter or to decide whether arrangements or terms are satisfactory or not satisfactory shall (except as is otherwise specifically herein provided) be in the sole discretion of Lender and shall be final and conclusive. Prior to a Securitization, whenever pursuant to this Agreement the Rating Agencies are given any right to approve or disapprove any matter, or any arrangement or term is to be satisfactory to the Rating Agencies, the decision of Lender to approve or disapprove such matter or to decide whether arrangements or terms are satisfactory or not satisfactory, based upon Lender's determination of Rating Agency criteria, shall be substituted therefor.

(b) Whenever, pursuant to this Agreement or any other Loan Documents, a Rating Agency Confirmation is required from each applicable Rating Agency, in the event that any applicable Rating Agency “declines review”, “waives review” or otherwise indicates to Lender’s or Servicer’s satisfaction that no Rating Agency Confirmation will or needs to be issued with respect to the matter in question (each, a “**Review Waiver**”), then the requirement to obtain a Rating Agency Confirmation from such Rating Agency shall not apply with respect to such matter; *provided, however*, if a Review Waiver occurs with respect to a Rating Agency and Lender does not have a separate and independent approval right with respect to the matter in question, then such matter shall require the written reasonable approval of Lender. It is expressly agreed and understood, however, that receipt of a Review Waiver (i) from any one Rating Agency shall not be binding or apply with respect to any other Rating Agency and (ii) with respect to one matter shall not apply or be deemed to apply to any subsequent matter for which Rating Agency Confirmation is required.

Section 10.3 Governing Law.

(a) THIS AGREEMENT WAS NEGOTIATED IN THE STATE OF NEW YORK, AND MADE BY LENDER AND ACCEPTED BY BORROWER AND GUARANTORS IN THE STATE OF NEW YORK, AND THE PROCEEDS OF THE NOTE DELIVERED PURSUANT HERETO WERE DISBURSED FROM THE STATE OF NEW YORK, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY, AND IN ALL RESPECTS, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE (PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW) AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA. TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER AND GUARANTORS HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS AGREEMENT AND THE NOTE.

ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST LENDER, BORROWER OR GUARANTORS ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY AT LENDER’S OPTION BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY OF NEW YORK, COUNTY OF NEW YORK, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, AND BORROWER AND EACH GUARANTOR WAIVE ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND BORROWER AND EACH GUARANTOR HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING. BORROWER AGREES THAT SERVICE OF PROCESS UPON BORROWER AT THE ADDRESS FOR BORROWER SET FORTH HEREIN AND WRITTEN NOTICE OF SAID SERVICE MAILED OR DELIVERED TO BORROWER IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON BORROWER IN ANY SUCH SUIT,

ACTION OR PROCEEDING IN THE STATE OF NEW YORK, AND EACH GUARANTOR AGREES THAT SERVICE OF PROCESS UPON SUCH GUARANTOR AT THE ADDRESS FOR SUCH GUARANTOR SET FORTH HEREIN AND WRITTEN NOTICE OF SAID SERVICE MAILED OR DELIVERED TO SUCH GUARANTOR IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON GUARANTOR IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK. BORROWER (I) SHALL GIVE PROMPT NOTICE TO LENDER OF ANY CHANGE IN THE ADDRESS FOR BORROWER SET FORTH HEREIN, (II) MAY AT ANY TIME AND FROM TIME TO TIME DESIGNATE AN AUTHORIZED AGENT OF BORROWER WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH AGENT AND OFFICE SHALL BE DESIGNATED AS THE PERSON AND ADDRESS FOR SERVICE OF PROCESS), AND (III) SHALL PROMPTLY DESIGNATE AN AUTHORIZED AGENT IF BORROWER CEASES TO HAVE AN OFFICE IN NEW YORK, NEW YORK. EACH GUARANTOR (I) SHALL GIVE PROMPT NOTICE TO LENDER OF ANY CHANGE IN THE ADDRESS FOR SUCH GUARANTOR SET FORTH HEREIN, (II) MAY AT ANY TIME AND FROM TIME TO TIME DESIGNATE AN AUTHORIZED AGENT OF SUCH GUARANTOR WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH AGENT AND OFFICE SHALL BE DESIGNATED AS THE PERSON AND ADDRESS FOR SERVICE OF PROCESS), AND (III) SHALL PROMPTLY DESIGNATE AN AUTHORIZED AGENT IF SUCH GUARANTOR CEASES TO HAVE AN OFFICE IN NEW YORK, NEW YORK. NOTHING CONTAINED HEREIN SHALL AFFECT THE RIGHT OF LENDER TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST BORROWER IN ANY OTHER JURISDICTION.

Section 10.4 Modification, Waiver in Writing. No modification, amendment, extension, discharge, termination or waiver of any provision of this Agreement or of any other Loan Document, nor consent to any departure by any Loan Party therefrom, shall in any event be effective unless the same shall be in a writing signed by the party or parties against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to, or demand on, any Loan Party shall entitle any Loan Party to any other or future notice or demand in the same, similar or other circumstances. Neither any failure nor any delay on the part of Lender in insisting upon strict performance of any term, condition, covenant or agreement, or exercising any right, power, remedy or privilege hereunder or under any other Loan Document, shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under this Agreement or any other Loan Document, Lender shall not be deemed to have waived any right either to require prompt payment when due of all other amounts due under this Agreement or the other Loan Documents, or to declare a default for failure to effect prompt payment of any such other amount. Lender shall have the right to waive or reduce any time periods that Lender is entitled to under the Loan Documents in its sole and absolute discretion.

Section 10.5 Notices. All notices, demands, requests, consents, approvals or other communications (any of the foregoing, a “*Notice*”) required, permitted or desired to be given hereunder shall be in writing and shall be sent by facsimile (with answer back acknowledged) or

by registered or certified mail, postage prepaid, return receipt requested, or delivered by hand or by reputable overnight courier, addressed to the party to be so notified at its address hereinafter set forth, or to such other address as such party may hereafter specify in accordance with the provisions of this **Section 10.5**. Any Notice shall be deemed to have been received: (a) three (3) days after the date such Notice is mailed, (b) on the date of sending by facsimile if sent during business hours on a Business Day (otherwise on the next Business Day), (c) on the date of delivery by hand if delivered during business hours on a Business Day (otherwise on the next Business Day), and (d) on the next Business Day if sent by an overnight commercial courier, in each case addressed to the parties as follows:

If to Lender:	German American Capital Corporation 60 Wall Street, Mailstop 1015 New York, NY 10005 Attention: R. Christopher Jones Facsimile No. (732) 578-6572
and to:	German American Capital Corporation 60 Wall Street, 10 th Floor New York, NY 10005 Attention: General Counsel Facsimile No. (646) 736-5721
with a copy to:	Sidley Austin LLP One South Dearborn Street Chicago, IL 60603 Attention: Charles E. Schrank, Esq. Facsimile No. (312) 853-7036
with a copy to:	Sidley Austin LLP One South Dearborn Street Chicago, IL 60603 Attention: Anny Huang, Esq. Facsimile No. (312) 853-7036
with a copy to:	Midland Loan Services, a Division of PNC Bank, National Association 10851 Mastin Street, Suite 700 Overland Park, KS 66210 Attention: Executive Vice President – Division Head Facsimile No. (913) 253-9001
with a copy to:	Andrascik & Tita LLC 1425 Locust Street, Suite 26B Philadelphia, PA 19102 Attention: Stephanie M. Tita Email: Stephanie@kanlegal.com
If to a Loan Party:	[INSERT NAME OF LOAN PARTY] c/o Invitation Homes

901 Main Street, Suite 4700
Dallas, TX 75202
Attention: General Counsel
Facsimile No. (972) 421-3601

With a copy to:

[INSERT NAME OF LOAN PARTY]
c/o Invitation Homes
901 Main Street, Suite 4700
Dallas, TX 75202
Attention: Jonathan Olsen
Facsimile No. (214) 481-5057

and a copy to:

Blackstone Real Estate Advisors L.P.
345 Park Avenue
New York, NY 10154
Attention: William J. Stein and Judy Turchin
Facsimile No. (212) 583-5202

and a copy to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Gregory J. Ressa, Esq.
Facsimile No.: (212) 455-2502

Any party may change the address to which any such Notice is to be delivered by furnishing ten (10) days written notice of such change to the other parties in accordance with the provisions of this **Section 10.5**. Notices shall be deemed to have been given on the date as set forth above, even if there is an inability to actually deliver any such Notice because of a changed address of which no Notice was given, or there is a rejection or refusal to accept any Notice offered for delivery. Notice for any party may be given by its respective counsel. Additionally, Notice from Lender may also be given by Servicer and Lender hereby acknowledges and agrees that Borrower shall be entitled to rely on any Notice given by Servicer as if it had been sent by Lender.

Section 10.6 Waiver of Trial by Jury. BORROWER AND LENDER EACH HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THE LOAN DOCUMENTS OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY BORROWER AND LENDER AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. EACH PARTY IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER.

Section 10.7 Headings, Schedules and Exhibits. The Article and/or Section headings and the Table of Contents in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose. The Schedules and Exhibits annexed hereto are hereby incorporated herein as a part of this Agreement with the same effect as if set forth in the body hereof.

Section 10.8 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 10.9 Preferences. Lender shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by Borrower to any portion of the Obligations of Borrower hereunder. To the extent Borrower makes a payment or payments to Lender, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the Obligations hereunder or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by Lender.

Section 10.10 Waiver of Notice. Borrower shall not be entitled to any notices of any nature whatsoever from Lender except with respect to matters for which this Agreement or the other Loan Documents specifically and expressly provide for the giving of notice by Lender to Borrower and except with respect to matters for which Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. Borrower hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Agreement or the other Loan Documents do not specifically and expressly provide for the giving of notice by Lender to Borrower. Except as specifically and expressly provided for in the Loan Documents, Guarantors shall not be entitled to any notices of any nature whatsoever from Lender under this Agreement or the other Loan Documents, and each Guarantor hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Agreement or the other Loan Documents do not specifically and expressly provide for the giving of notice by Lender to such Guarantor.

Section 10.11 Remedies of Borrower. In the event that a claim or adjudication is made that Lender or its agents have acted unreasonably or unreasonably delayed acting in any case where, by law or under this Agreement or the other Loan Documents, Lender or such agent, as the case may be, has an obligation to act reasonably or promptly, neither Lender nor its agents shall be liable for any monetary damages and Borrower's sole remedy shall be limited to commencing an action seeking injunctive relief or declaratory judgment. Any action or proceeding to determine whether Lender has acted reasonably shall be determined by an action seeking declaratory judgment.

Section 10.12 Offsets, Counterclaims and Defenses. Any assignee of Lender's interest in and to this Agreement and the other Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses which are unrelated to such documents which Borrower may otherwise have against any assignor of such documents, and no such unrelated counterclaim or

defense shall be interposed or asserted by Borrower in any action or proceeding brought by any such assignee upon such documents and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by Borrower.

Section 10.13 No Joint Venture or Partnership; No Third Party Beneficiaries.

(a) Borrower and Lender intend that the relationships created hereunder and under the other Loan Documents be solely that of borrower and lender. Nothing herein or therein is intended to create a joint venture, partnership, tenancy-in-common or joint tenancy relationship between Borrower and Lender nor to grant Lender any interest in any Property other than that of beneficiary or lender.

(b) The Loan Documents are solely for the benefit of Lender and Borrower and nothing contained in any Loan Document shall be deemed to confer upon anyone other than Lender and Borrower any right to insist upon or to enforce the performance or observance of any of the obligations contained therein.

Section 10.14 Publicity. All news releases, publicity or advertising by Borrower or any of its Affiliates through any media intended to reach the general public which refers to the Loan Documents or the financing evidenced by the Loan Documents, to Lender (with respect to the Loan and the Securitization of the Loan only), the Affiliate of Lender that acts as the issuer with respect to a Securitization or any of their other Affiliates (in each case, with respect to the Loan and the Securitization of the Loan only) (x) shall be prohibited prior to the final Securitization of the Loan and (y) after the final Securitization of the Loan, shall be subject to the prior written approval of Lender. Lender shall have the right to publicly describe the Loan in general terms advertising and public communications of all kinds, including press releases, direct mail, newspapers, magazines, journals, e-mail, or internet advertising or communications. Notwithstanding the foregoing, Borrower's approval shall not be required for the publication by Lender of notice of the Loan and the Securitization of the Loan by means of a customary tombstone advertisement, which, for the avoidance of doubt, may include the amount of the Loan, the amount of securities sold, the number of Properties as of the Closing Date, the settlement date and the parties involved in the transactions contemplated hereby and the Securitization.

Section 10.15 Waiver of Marshalling of Assets. To the fullest extent permitted by law, Borrower, for itself and its successors and assigns, waives all rights to a marshalling of the assets of Borrower, Borrower's members or partners, as applicable, and others with interests in Borrower, and of the Collateral, and shall not assert any right under any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lender under the Loan Documents to a sale of the Collateral for the collection of the Obligations without any prior or different resort for collection, or of the right of Lender to the payment of the Obligations out of the net proceeds of the Collateral in preference to every other claimant whatsoever.

Section 10.16 Certain Waivers. Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by Lender or its agents or otherwise to offset any obligations to make the payments required by

the Loan Documents. No failure by Lender to perform any of its obligations hereunder shall be a valid defense to, or result in any offset against, any payments which Borrower is obligated to make under any of the Loan Documents. Without limiting any of the other provisions contained herein, Borrower hereby unconditionally and irrevocably waives, to the maximum extent not prohibited by applicable law, any rights it may have to claim or recover against Lender in any legal action or proceeding any special, exemplary, punitive or consequential damages.

Section 10.17 Conflict; Construction of Documents; Reliance. In the event of any conflict between the provisions of this Agreement and any of the other Loan Documents, the provisions of this Agreement shall control. The parties hereto acknowledge that they were represented by competent counsel in connection with the negotiation, drafting and execution of the Loan Documents and that such Loan Documents shall not be subject to the principle of construing their meaning against the party which drafted same. Borrower acknowledges that, with respect to the Loan, Borrower shall rely solely on its own judgment and advisors in entering into the Loan, without relying in any manner on any statements, representations or recommendations of Lender or any parent, subsidiary or affiliate of Lender. Lender shall not be subject to any limitation whatsoever in the exercise of any rights or remedies available to it under any of the Loan Documents or any other agreements or instruments which govern the Loan by virtue of the ownership by it or any parent, subsidiary or affiliate of Lender of any equity interest any of them may acquire in Borrower, and Borrower hereby irrevocably waives the right to raise any defense or take any action on the basis of the foregoing with respect to Lender's exercise of any such rights or remedies. Borrower acknowledges that Lender engages in the business of real estate financings and other real estate transactions and investments which may be viewed as adverse to or competitive with the business of Borrower or its Affiliates.

Section 10.18 Brokers and Financial Advisors. Borrower hereby represents that neither Borrower or any other Loan Party has dealt with no financial advisors, brokers, underwriters, placement agents, agents or finders in connection with the transactions contemplated by this Agreement. Borrower shall indemnify, defend and hold Lender harmless from and against any and all claims, liabilities, losses, costs and expenses of any kind (including Lender's attorneys' fees and expenses) in any way relating to or arising out of a claim by any Person that such Person acted on behalf of Borrower, any Loan Party or Lender in connection with the transactions contemplated herein. The provisions of this **Section 10.18** shall survive the expiration and termination of this Agreement and the payment of the Obligations.

Section 10.19 Prior Agreements. This Agreement and the other Loan Documents contain the entire agreement of the parties hereto and thereto and their respective affiliates in respect of the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, including any confidentiality agreements or any similar agreements between or among any such parties, whether oral or written, are superseded by the terms of this Agreement and the other Loan Documents.

Section 10.20 Servicer. At the option of Lender, the Loan may be serviced by a servicer or special servicer (the "**Servicer**") selected by Lender and Lender may delegate all or any portion of its responsibilities under this Agreement and the other Loan Documents to the Servicer pursuant to the trust and servicing agreement or pooling and servicing agreement (the "**Servicing Agreement**") governing the Securitization. Borrower shall not be responsible for any set-up fees or any other initial costs relating to or arising under the Servicing Agreement. Borrower shall not be responsible for payment of the monthly master servicing fee due to the

Servicer under the Servicing Agreement. Notwithstanding the foregoing, Borrower shall pay all Trust Fund Expenses. For the avoidance of doubt, this **Section 10.20** shall not be deemed to limit Borrower's obligations under **Section 4.1.20**.

Section 10.21 Joint and Several Liability. If more than one Person has executed this Agreement as "Borrower," the representations, covenants, warranties and obligations of all such Persons hereunder shall be joint and several.

Section 10.22 Creation of Security Interest. Notwithstanding any other provision set forth in this Agreement, the Note, the Mortgage Documents or any of the other Loan Documents, Lender may at any time create a security interest in all or any portion of its rights under this Agreement, the Note, the Mortgage Documents and any other Loan Document (including the advances owing to it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

Section 10.23 Assignments and Participations. In addition to the right to securitize the Loan under **Section 9.1**, to sever the interests in the Loan into "component" notes under **Section 9.3** and any other rights of Lender hereunder, the Loan, the Note, the Loan Documents and/or Lender's rights, title, obligations and interests therein may be sold, assigned, participated or otherwise transferred by Lender and any of its successors and assigns to any Person at any time in its sole and absolute discretion, in whole or in part, whether by operation of law (pursuant to a merger or other successor in interest) or otherwise without notice to or consent from Borrower or any other Person. Upon such assignment, all references to Lender in this Agreement and in any Loan Document shall be deemed to refer to such assignee or successor in interest and such assignee or successor in interest shall thereafter stand in the place of Lender in all respects (subject to the requirements and limitations therein, including the requirements under **Section 2.10.6**). Borrower agrees that each beneficial owner of the Securities or component notes issued pursuant to **Sections 9.1** and **9.3** shall be entitled to the benefits of **Sections 2.9** and **2.10** (subject to the requirements and limitations therein, including the requirements under **Section 2.10.6**). Each participant shall be entitled to the benefits of **Sections 2.9** and **2.10** (subject to the requirements and limitations therein, including the requirements under **Section 2.10.6**, it being understood that the documentation required under **Section 2.10.6** shall be delivered to the participating Lender) to the same extent as if it were a Lender and had acquired its interest by assignment; provided that such participant shall not be entitled to receive any greater payment pursuant to **Sections 2.9** or **Section 2.10** than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a change in law that occurs after the participant acquired the applicable participation.

Section 10.24 Register and Participant Register. The Lender or its designee (the "**Registrar**"), as a non-fiduciary agent of Borrower, shall maintain a record that identifies each owner (including successors and assignees) of an interest in the Loan, any Securities or any component notes, including the name and address of the owner, and each owner's rights to principal and stated interest (the "**Register**"), and shall record all transfers of an interest in the Loan, any Securities or any component notes, including each assignment, in the Register. Transfers of interests in the Loan (including assignments), any Securities or any component notes shall be subject to the applicable conditions set forth in the Loan Documents with respect thereto and the Registrar will update the Register to reflect the transfer. The Register shall be available for inspection by Borrower, at any reasonable time and from time to time upon reasonable prior notice. No assignment shall be effective for purposes of this Agreement unless

it has been recorded in the Register as provided in this paragraph. Furthermore, each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts and stated interest of each participant's interest in the Loan or other obligations under the Loan Documents (the "**Participant Register**"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any participant or any information relating to a participant's interest) except to the extent that such disclosure is necessary to establish that such Loan or other obligation is in registered form under Section 5f.103-1(c) of the U.S. Department of Treasury regulations. The entries in the Register and Participant Register shall be conclusive absent manifest error. Borrower, the Lender and any of its successors and assigns, and the Registrar shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement and the participating Lender shall treat each Person whose name is recorded in the Participant Register pursuant to the terms hereof as the owner of such participation for all purposes of this Agreement. Failure to make any such recordation, or any error in such recordation, however, shall not affect Borrower's obligations in respect of the Loan.

Section 10.25 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

Section 10.26 Set-Off. In addition to any rights and remedies of Lender provided by this Agreement and by law, Lender shall have the right in its sole discretion, without prior notice to Borrower, any such notice being expressly waived by Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by Borrower hereunder (whether at the stated maturity, by acceleration or otherwise), to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by Lender or any Affiliate thereof to or for the credit or the account of Borrower; provided however, Lender may only exercise such right during the continuance of an Event of Default. Lender agrees promptly to notify Borrower after any such set-off and application made by Lender; provided that the failure to give such notice shall not affect the validity of such set-off and application.

Section 10.27 Cross-Default; Cross-Collateralization; Waiver of Marshalling of Assets.

(a) Borrower acknowledge that Lender has made the Loan to Borrower upon, among other things, the security of its collective interest in the Properties and in reliance upon the aggregate of the Properties taken together being of greater value as collateral security than the sum of each Property taken separately. Borrower agrees that the Mortgages are and will be cross-collateralized and cross-defaulted with each other so that (i) an Event of Default under any of the Mortgages shall constitute an Event of Default under each of the other Mortgages which secure the Note; (ii) an Event of Default under the Note or this Agreement shall constitute an Event of Default under each Mortgage; (iii) each Mortgage shall constitute security for the Note as if a single blanket lien were placed on all of the Properties as security for the Note; and (iv) such cross-collateralization shall in no event be deemed to constitute a fraudulent conveyance.

(b) To the fullest extent permitted by law, Borrower for itself and its successors and assigns, waives all rights to a marshalling of the assets of Borrower, Borrower's partners or members and of the Properties, or to a sale in inverse order of alienation in the event of foreclosure of all or any of the Mortgages, and agrees not to assert any right under any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lender under the Loan Documents to a sale of the Properties for the collection of the Debt without any prior or different resort for collection or of the right of Lender to the payment of the Debt out of the net proceeds of the Properties in preference to every other claimant whatsoever. In addition, Borrower, for itself and its successors and assigns, waives in the event of foreclosure of any or all of the Mortgages, any equitable right otherwise available to Borrower which would require the separate sale of the Properties or require Lender to exhaust its remedies against any Property or any combination of the Properties before proceeding against any other Property or combination of Properties; and further in the event of such foreclosure Borrower does hereby expressly consent to and authorizes, at the option of Lender, the foreclosure and sale either separately or together of any combination of the Properties

Section 10.28 Certificated Interests .

(a) If any ownership interest in an Equity Interest is represented by a certificate (each, an "*Equity Certificate*") that has been pledged and delivered to Lender and such Equity Certificate is lost, stolen or destroyed, then, upon the written request of Lender to the applicable Loan Party, such Loan Party shall issue to Lender a new Equity Certificate in place of the Equity Certificate that was lost, stolen or destroyed, provided such Lender: (i) makes proof by written, notarized affidavit, in form and substance reasonably satisfactory to the applicable Loan Party that such previously issued Equity Certificate has been lost, stolen or destroyed and has not been assigned, endorsed, transferred or hypothecated, (ii) delivers a written indemnity (in form and substance and from an indemnitor reasonably satisfactory to the applicable Loan Party) to the extent required by any title company proposing to provide title insurance with respect to such Equity Certificate and (iii) requests the issuance of a new Equity Certificate before the Loan party has notice that such previously issued Equity Certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim.

(b) Upon repayment in full of the Loan, in the event Lender fails to return to a Loan Party an Equity Certificate previously delivered by such Loan Party to Lender in connection with the Loan, Lender shall deliver to the applicable Loan Party, within ten (10) days of such Loan Party's demand, (i) a written, notarized affidavit, in form and substance reasonably satisfactory to the applicable Loan Party that such previously issued Equity Certificate has been lost, stolen or destroyed and has not been assigned, endorsed, transferred or hypothecated and (ii) a written indemnity (in form and substance and from an indemnitor reasonably satisfactory to the applicable Loan Party) to the extent required by any title company proposing to provide title insurance with respect to such Equity Certificate.

Section 10.29 Arizona Provision . Anything to the contrary herein or elsewhere notwithstanding, in no event shall Borrower have any liability or other obligation under or with respect to the Sponsor Guaranty, the Equity Owner Guaranty or the Borrower GP Guaranty. The

following Arizona provision does not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Arizona law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Arizona or any other Loan Document:

(a) [**Reserved**].

Section 10.30 California Provision. Anything to the contrary herein or elsewhere notwithstanding, in no event shall Borrower have any liability or other obligation under or with respect to the Sponsor Guaranty, the Equity Owner Guaranty or the Borrower GP Guaranty. The following California provisions do not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, California law is held to govern this Agreement, any Mortgage Document encumbering a Property located in California or any other Loan Document:

(a) **Waiver of Offset**. Notwithstanding anything contained herein to the contrary, no portion of any of the Obligations shall be or be deemed to be offset or compensated by all or any part of any claim, cause of action, counterclaim, or cross-claim, whether liquidated or unliquidated, that Borrower may have or claim to have against any other Relevant Party. Borrower hereby waives, to the fullest extent permitted by applicable law, the benefits of California Code of Civil Procedure Section 431.70.

(b) **Insurance Notice**. Lender hereby notifies Borrower of the provisions of Section 2955.5(a) of the California Civil Code, which reads as follows:

“No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.”

This disclosure is being made by Lender to Borrower pursuant to Section 2955.5(b) of the California Civil Code. Borrower hereby acknowledges receipt of this disclosure and acknowledges that this disclosure has been made by Agent before execution of the Note.

(c) **Environmental Provisions**. The provisions contained in **Section 3.2.1** of this Agreement are intended by the parties to constitute “environmental provisions” as defined in California Code of Civil Procedure Section 736, and Lender shall have all rights and remedies provided in such section.

(d) **Access to Properties**. Lender’s rights under **Section 4.1.4** of this Agreement shall be deemed to include, without limitation, its rights under California Civil Code Section 2929.5, as such provisions may be amended from time to time.

Section 10.31 Florida Provision. The following Florida provision does not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions

contained in this Agreement and the other Loan Documents, Florida law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Florida or any other Loan Document:

(a) **Interest on Judgments**. The parties acknowledge and agree that the Default Rate provided for herein shall also be the rate of interest payable on any judgments entered in favor of Lender in connection with the loan evidenced hereby.

Section 10.32 Georgia Provision. The following Georgia provision does not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Georgia law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Georgia or any other Loan Document:

(a) **[Reserved]**.

Section 10.33 Illinois Provision. The following Illinois provision does not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Illinois law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Illinois or any other Loan Document:

(a) **[Reserved]**.

Section 10.34 Minnesota Provision. The following Minnesota provision does not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Minnesota law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Minnesota or any other Loan Document:

(a) **[Reserved]**.

Section 10.35 Nevada Provisions. The following Nevada provisions do not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Nevada law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Nevada or any other Loan Document:

(a) **Waiver of Offset.** Notwithstanding anything contained herein to the contrary, no portion of any of the Obligations shall be or be deemed to be offset or compensated by all or any part of any claim, cause of action, counterclaim, or cross-claim, whether liquidated or unliquidated, that Borrower may have or claim to have against any other Loan Party.

(b) **Waiver of Prepayment.** Borrower hereby expressly (i) waives, to the extent permitted by law, any right it may have to prepay any Loan in whole or in part, without penalty, upon acceleration of the Maturity Date; and (ii) agrees that if a prepayment of any or all of any Loan is made, Borrower shall be obligated to pay, concurrently therewith, any fees applicable thereto. By initialing this provision in the space provided below, the Loan Parties hereby declare that the Lender's agreement to make the subject Loan at the Interest Rate and for the term set forth herein constitutes adequate consideration, given individual weight by the undersigned, for this waiver and agreement.

BORROWER'S INITIALS AS TO SECTION 10.35(b): _____

Section 10.36 North Carolina Provision. The following North Carolina provision does not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, North Carolina law is held to govern this Agreement, any Mortgage Document encumbering a Property located in North Carolina or any other Loan Document:

(a) [**Reserved**].

Section 10.37 South Carolina Provision. The following South Carolina provision does not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, South Carolina law is held to govern this Agreement, any Mortgage Document encumbering a Property located in South Carolina or any other Loan Document:

(a) [**Reserved**].

Section 10.38 Washington Provision. The following Washington provision does not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Washington law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Washington or any other Loan Document:

(a) [**Reserved**].

[*No Further Text on This Page*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives, all as of the day and year first above written.

LENDER:

GERMAN AMERICAN CAPITAL CORPORATION

By: /s/ R. Christopher Jones

Name: R. Christopher Jones

Title: Director

By: /s/ Menahem Namer

Name: Menahem Namer

Title: Vice President

BORROWER:

**2014-2 IH BORROWER L.P.,
a Delaware limited partnership**

**By: 2014-2 IH Borrower G.P. LLC,
a Delaware limited liability company**

By: _____

Name:

Title:

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives, all as of the day and year first above written.

LENDER:

GERMAN AMERICAN CAPITAL CORPORATION

By: _____

Name:

Title:

By: _____

Name:

Title:

BORROWER:

**2014-2 IH BORROWER L.P.,
a Delaware limited partnership**

**By: 2014-2 IH Borrower G.P. LLC,
a Delaware limited liability company**

By: /s/ John Schissel _____

Name: John Schissel

Title: Executive Vice President and Chief
Financial Officer

*Signature Page to 2014-2 IH
Loan Agreement*

LOAN AGREEMENT

Dated as of November 12, 2014

between

2014-3 IH BORROWER L.P.,

as Borrower,

and

GERMAN AMERICAN CAPITAL CORPORATION,

as Lender

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Schedules and Exhibits

Schedules:

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Schedule V	-	Allocated Loan Amount
Schedule VI	-	Qualified Title Insurance Companies
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Exhibits:

Exhibit A	-	Form of Blocked Account Control Agreement
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Exhibit F	-	Forms of U.S. Tax Compliance Certificate

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of November 12, 2014 (as amended, restated, replaced, supplemented or otherwise modified from time to time, this “*Agreement*”), between GERMAN AMERICAN CAPITAL CORPORATION, a Maryland corporation, having an address at 60 Wall Street, 10th Floor, New York, New York 10005 (together with its successors and assigns, collectively, “*Lender*”) and 2014-3 IH BORROWER L.P., a Delaware limited partnership, having an address at c/o Blackstone Real Estate Advisors L.P., 345 Park Avenue, New York, New York 10154 (together with its permitted successors and assigns, collectively, “*Borrower*”).

All capitalized terms used herein shall have the respective meanings set forth in *Article 1* hereof.

WITNESSETH:

WHEREAS, Borrower desires to obtain the Loan from Lender; and

WHEREAS, Lender is willing to make the Loan to Borrower, subject to and in accordance with the terms and conditions of this Agreement and the other Loan Documents.

NOW, THEREFORE, in consideration of the covenants set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree, represent and warrant as follows:

ARTICLE 1

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1 Specific Definitions.

For all purposes of this Agreement, except as otherwise expressly provided:

“*Acknowledgment*” means the Acknowledgment, dated on or about the date hereof made by Counterparty, or as applicable, Approved Counterparty.

“*Actual Rent Collections*” means, for any period of determination, actual cash collections of Rents in respect of the Properties by Borrower (or, for the period prior to the Closing Date, by Borrower’s Affiliates that owned the Properties) to the extent such Rents relate to such period of determination, regardless of when actually collected.

“*Affiliate*” means, as to any Person, any other Person that (i) owns directly or indirectly forty-nine percent (49%) or more of all equity interests in such Person, and/or (ii) is in Control of, is Controlled by or is under common ownership or Control with such Person, and/or (iii) is a director or officer of such Person or of an Affiliate of such Person, and/or (iv) is the spouse, issue or parent of such Person or of an Affiliate of such Person.

“*Allocated Loan Amount*” means, with respect to each Property, an amount equal to the portion of the Loan made with respect to such Property, as set forth on *Schedule V* as the same may be reduced in accordance with *Section 2.4*; provided that (i) if a single Substitute Property

is substituted for an Affected Property or portfolio of Affected Properties pursuant to **Section 2.4.2(a)**, then the initial Allocated Loan Amount of such Substitute Property shall be the Allocated Loan Amount of such Affected Property (or the aggregate Allocated Loan Amounts of such Affected Properties) immediately prior to its (or their) substitution, and (ii) if two (2) or more Substitute Properties are substituted for an Affected Property or portfolio of Affected Properties pursuant to **Section 2.4.2(a)**, then the initial Allocated Loan Amount of each such Substitute Property shall be a pro rata portion of the Allocated Loan Amount of such Affected Property (or the aggregate Allocated Loan Amounts of such Affected Properties) immediately prior to its (or their) substitution, with such pro rata portion determined based on the BPO Values of the Substitute Properties. For the avoidance of doubt, in connection with calculating any prepayments contemplated by this Agreement, the Lender will fix the Allocated Loan Amount for any individual Property as of the date the Lender received notice of the prepayment from the Borrower.

“**ALTA**” means American Land Title Association, or any successor thereto.

“**Annual Budget**” means the operating and capital budget for the Properties in the aggregate setting forth, on a month-by-month basis, in reasonable detail, each line item of Borrower’s good faith estimate of anticipated Rents and other recurring income, Operating Expenses and Capital Expenditures for the applicable Fiscal Year.

“**Applicable HOA State**” means (a) a state in which, pursuant to applicable Legal Requirements, (i) a Lien in favor of a homeowners association may be created through the non-payment of amounts assessed against a Property by such homeowners association, (ii) any such Lien would have priority over the lien of the Mortgage and (iii) any such Lien if foreclosed upon by such homeowners association would result in an extinguishment of the Lien of the Mortgage on such Property or (b) a state designated as an Applicable HOA State pursuant to **Section 4.3.12(c)**. For the avoidance of doubt, if any reported decision of a state appellate court would result in the foregoing clauses (a)(i) through (iii) applying in such state, then such state shall constitute an “**Applicable HOA State**”.

“**Approved Capital Expenditures**” means Capital Expenditures incurred by Borrower and either (i) if no Trigger Period is continuing, included in the Annual Budget or, if during a Trigger Period, an Approved Annual Budget or (ii) approved by Lender, which approval shall not be unreasonably withheld, conditioned or delayed.

“**Approved Counterparty**” means a counterparty to the Interest Rate Cap Agreement (or the guarantor of such counterparty’s obligations) that (a) has and shall maintain, until the expiration of the applicable Interest Rate Cap Agreement, (i) (x) a long-term unsecured debt rating of not less than “A” by S&P and a short-term senior unsecured debt rating of at least “A-1” from S&P or (y) if no short-term debt rating exists, a long-term senior unsecured debt rating of at least “A+” from S&P, (ii)(x) a long-term unsecured debt rating of not less than “A2” from Moody’s and a short-term senior unsecured debt rating of at least “P1” from Moody’s or (y) if no short-term debt rating exists, a long-term senior unsecured debt rating of at least “A1” from Moody’s, (iii)(x) if any Securities or any class thereof in any Securitization are then rated by Fitch (determined as of the date of the Interest Rate Cap Agreement or any Replacement Interest Rate Cap Agreement) and (y) if the counterparty is rated by Fitch, a long-term unsecured debt rating of at least “A-” by Fitch and short-term unsecured debt rating of at least “F1” and (iv) other than with respect to the Commonwealth Bank of Australia, if the counterparty is then rated

by KBRA (determined as of the date of such Interest Rate Cap Agreement or any Replacement Interest Rate Cap Agreement, as applicable), (x) a long-term senior unsecured debt rating of not less than “A” from KBRA and a short-term debt/deposit rating of at least “K1” from KBRA, or (y) if no short-term debt rating exists, a long-term senior unsecured debt rating of at least “A+” from KBRA or (b) is otherwise acceptable to the Rating Agencies, as evidenced by a Rating Agency Confirmation to the effect that such counterparty shall not cause a downgrade, withdrawal or qualification of the ratings assigned, or to be assigned, to the Securities or any class thereof in any Securitization.

“**Assignment of Leases and Rents**” means an Assignment of Leases and Rents for each Property or for multiple Properties located within the same county or parish, dated as of the Closing Date (or, in connection with a Property which is a Substitute Property, dated as of the date of the substitution), executed and delivered by Borrower, constituting an assignment of the Lease or the Leases, as applicable, and the proceeds thereof as Collateral for the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time. The Assignment of Leases and Rents may be included as part of the Mortgage for such Property or Properties.

“**Assignment of Management Agreement**” means an Assignment of Management Agreement and Subordination of Management Fees among Borrower, Manager and Lender, substantially in the form delivered on the date hereof by Borrower, Existing Manager and Lender.

“**Assumed Note Rate**” means (i) with respect to each Floating Rate Component of the Loan, an interest rate equal to the sum of 0.50%, plus the applicable Floating Rate Component Spread, plus LIBOR as determined on the preceding Interest Determination Date and (ii) with respect to Component G, the Component G Interest Rate.

“**Award**” means any compensation paid by any Governmental Authority in connection with a Condemnation in respect to all or any part of a Property.

“**Bankruptcy Code**” means Title 11 of the United States Code, 11 U.S.C. Section 101 et seq., as the same may be amended from time to time, and any successor statute or statutes and all rules and regulations from time to time promulgated thereunder, and any comparable foreign laws relating to bankruptcy, insolvency or creditors’ rights or any other Federal or state bankruptcy or insolvency law.

“**Blocked Account Control Agreement**” means the Cash Management Agreement among Borrower, Collection Account Bank and Lender providing for the exclusive control of the Collection Account and all other Accounts by Lender, substantially in the form of **Exhibit A** or such other form as may be reasonably acceptable to Lender.

“**Borrower GP**” means 2014-3 IH Borrower G.P. LLC, a Delaware limited liability company.

“**Borrower GP Guaranty**” that certain Borrower GP Guaranty, dated as of the date hereof, executed by Borrower GP in favor of Lender.

“ **Borrower GP Security Agreement** ” that certain Security Agreement, dated as of the date hereof, executed by Borrower GP in favor of Lender.

“ **Borrower Security Agreement** ” that certain Security Agreement, dated as of the date hereof, executed by Borrower in favor of Lender.

“ **BPO Value** ” means, with respect to any Property, the “as is” value for such Property set forth in a Broker Price Opinion obtained by Lender with respect to a Property.

“ **BREP** ” means, collectively, Blackstone Real Estate Partners VII.F L.P., Blackstone Real Estate Partners VII.TE.8 L.P., Blackstone Real Estate Partners VII.TE.7 L.P., Blackstone Real Estate Partners VII.TE.6 L.P., Blackstone Real Estate Partners VII.TE.5 L.P., Blackstone Real Estate Partners VII.TE.4 L.P., Blackstone Real Estate Partners VII.TE.3 L.P., Blackstone Real Estate Partners VII.TE.2 L.P., Blackstone Real Estate Partners VII.TE.1 L.P., Blackstone Real Estate Partners VII L.P. and any other parallel partnerships and alternative investment vehicles comprising the real estate fund commonly known as Blackstone Real Estate Partners VII L.P.

“ **Broker Price Opinion** ” means a broker price opinion obtained by Lender.

“ **Business Day** ” means any day other than a Saturday, a Sunday or a legal holiday on which national banks are not open for general business in (i) the State of New York, (ii) the state where the corporate trust office of the Trustee is located, or (iii) the state where the servicing offices of the Servicer are located.

“ **Calculation Date** ” means the last day of each calendar quarter during the Term.

“ **Capital Expenditures** ” for any period means amounts expended for replacements and alterations to a Property and required to be capitalized according to GAAP.

“ **Cap Receipts** ” means all amounts received by a Borrower pursuant to an Interest Rate Cap Agreement.

“ **Casualty Threshold Amount** ” means, with respect to all Casualties arising from any single Casualty event, an amount equal to two percent (2%) of the Outstanding Principal Balance as of the date of such Casualty Event.

“ **Closing Date** ” means the date of the funding of the Loan.

“ **Closing Date Debt Yield** ” means 5.6%.

“ **Closing Date HOA Opinions** ” means the opinions of counsels to the Borrower executed and delivered on or prior to the Closing Date.

“ **Code** ” means the Internal Revenue Code of 1986, as amended, and as it may be further amended from time to time, any successor statutes thereto, and applicable U.S. Department of Treasury regulations issued pursuant thereto in temporary or final form.

“ **Collateral** ” means, collectively, all of the real, personal and mixed property in which Liens are purported to be granted pursuant to the Collateral Documents as security for the Obligations.

“ **Collateral Assignment of Interest Rate Protection Agreement** ” means a Collateral Assignment of Interest Rate Protection Agreement between Borrower and Lender, substantially in the form delivered on the date hereof by Borrower and Lender.

“ **Collateral Documents** ” means Borrower Security Agreement, the Borrower GP Security Agreement, the Equity Owner Security Agreement, the Blocked Account Control Agreement, each Property Account Control Agreement, the Collateral Assignment of Interest Rate Protection Agreement, the Assignment of Management Agreement, each Mortgage Document and all other instruments, documents and agreements delivered by any Loan Party pursuant to this Agreement or any of the other Loan Documents in order to grant to Lender a Lien on any real, personal or mixed property of that Loan Party as security for the Obligations, as the same may be (and each of the foregoing defined terms shall refer to such documents as they may be) amended, restated, replaced, supplemented or otherwise modified from time to time.

“ **Collection Account** ” shall mean an Eligible Account at the Collection Account Bank.

“ **Collection Account Bank** ” shall mean the Eligible Institution selected by Lender to maintain the Collection Account.

“ **Collections** ” means, without duplication, with respect to any Property, all Rents, Other Receipts, Insurance Proceeds (whether or not Lender elects to treat any such Insurance Proceeds as business or rental interruption Insurance Proceeds pursuant to **Section 5.4(d)**), Condemnation Proceeds, Net Transfer Proceeds, Cap Receipts, interest on amounts on deposit in the Collection Account and the Reserve Funds, amounts paid to Borrower pursuant to the terms of the applicable Purchase Agreement, amounts drawn on security deposits that become Collections pursuant to **Section 4.1.15** , amounts paid by Borrower to the Collection Account pursuant to this Agreement and all other payments received with respect to such Property (except for security deposits) and all “proceeds” (as defined in Section 9-102 of the UCC) of such Property.

“ **Commission** ” means the Securities and Exchange Commission.

“ **Compliance Certificate** ” means the certificate in the form attached hereto as **Exhibit C** .

“ **Component** ” means individually or collectively, as the context may require, any one of Component A, Component B, Component C, Component D, Component E, Component F and Component G, each as more particularly set forth in **Section 2.1.2** .

“ **Component G Interest Rate** ” shall mean a rate of five ten thousandths of one percent (0.0005%) per annum.

“ **Component Outstanding Principal Balance** ” means, as of any given date, with respect to each Component, the outstanding principal balance of such Component.

“ **Concessions** ” means, for any period of determination, the value of concessions (other than free Rent) provided with respect to the Properties by Borrower (or, for the period prior to the Closing Date, by Borrower’s Affiliates that owned the Properties).

“ **Condemnation** ” means a temporary or permanent taking by any Governmental Authority as the result or in lieu or in anticipation of the exercise of the right of condemnation or eminent domain, of all or any part of a Property, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting a Property or any part thereof.

“ **Connection Income Taxes** ” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“ **Constituent Document** ” means, (i) with respect to any partnership (whether limited or general), (a) the certificate of partnership (or equivalent filings), (b) the partnership agreement (or equivalent organizational documents) of such partnership and (c) any document setting forth the designation, amount and/or rights, limitations and preferences of any of such partnership’s partnership interests or the holders thereof; (ii) with respect to any limited liability company, (a) the certificate of formation (or the equivalent organizational documents) of such entity, (b) the operating agreement (or the equivalent governing documents) of such entity and (c) any document setting forth the designation, amount and/or rights, limitations and preferences of any of such limited liability company’s membership interests or the holders thereof; and (iii) with respect to any other type of entity, the organizational and governing document for such entity which are equivalent to those described in **clauses (i) and (ii)** above, as applicable.

“ **Contest Security** ” shall mean any security delivered to Lender by Borrower under **Section 4.1.3** or **Section 4.4.8** .

“ **Control** ” means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, by contract or otherwise, and the terms Controlled, Controlling and Common Control shall have correlative meanings.

“ **Counterparty** ” means, with respect to the Interest Rate Cap Agreement, Commonwealth Bank of Australia, and with respect to any Replacement Interest Rate Cap Agreement, any Approved Counterparty thereunder.

“ **Cure Period** ” means, (i) with respect to the failure of any Property to qualify as an Eligible Property (other than with respect to the failure of a Property to comply with the representation in **Section 3.2.22**) if such failure is reasonably susceptible of cure, a period of thirty (30) days after the earlier of actual knowledge of such condition by a Responsible Officer of Borrower or the Manager or notice thereof by Lender to Borrower; *provided that*, if Borrower is diligently pursuing such cure during such thirty (30) day period and such failure is susceptible of cure but cannot reasonably be cured within such thirty (30) day period, then such cure period shall be extended for another ninety (90) days so long as Borrower continues to diligently pursue such cure and, *provided further* , that if the Obligations have been accelerated pursuant to **Section 8.2.1** , then the cure period hereunder shall be reduced to zero (0) days and (ii) with respect to the failure of a Property to comply with the representation in **Section 3.2.22** , zero (0) days. If any

failure of any Property to qualify as an Eligible Property is not reasonably susceptible of cure, then no cure period shall be available. If any failure of any Property to qualify as an Eligible Property is due to a Voluntary Action, then no cure period shall be available.

“ **Cut Off Date** ” means September 10, 2014.

“ **Debt** ” means the Outstanding Principal Balance together with all interest accrued and unpaid thereon and all other sums (including the Spread Maintenance Premium, if applicable) due to Lender from time to time in respect of the Loan under the Note, this Agreement, the Mortgage Documents, the Environmental Indemnity or any other Loan Document.

“ **Debt Service** ” means, with respect to any particular period of determination, the scheduled interest payments due under the Note for such period.

“ **Debt Service Coverage Ratio** ” means, as of any date of determination, a ratio in which:

(a) the numerator is the Underwritten Net Cash Flow calculated for the twelve (12) month period ending on the Stated Maturity Date, the First Extended Maturity Date or the Second Extended Maturity Date, as applicable; and

(b) the denominator is the aggregate debt service for the twelve (12) month period following such date of determination, calculated as the sum of (i) with respect to Component A, the product of (A) the Component Outstanding Principal Balance for Component A as of such date and (B) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component A and (y) the Strike Price described in clause (b)(ii) of the definition of Strike Price, (ii) with respect to Component B, the product of (A) the Component Outstanding Principal Balance for Component B as of such date and (B) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component B and (y) the Strike Price described in clause (b)(ii) of the definition of Strike Price, (iii) with respect to Component C, the product of (A) the Component Outstanding Principal Balance for Component C as of such date and (B) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component C and (y) the Strike Price described in clause (b)(ii) of the definition of Strike Price, (iv) with respect to Component D, the product of (A) the Component Outstanding Principal Balance for Component D as of such date and (B) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component D and (y) the Strike Price described in clause (b)(ii) of the definition of Strike Price, (v) with respect to Component E, the product of (A) the Component Outstanding Principal Balance for Component E as of such date and (B) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component E and (y) the Strike Price described in clause (b)(ii) of the definition of Strike Price, (vi) with respect to Component F, the product of (A) the Component Outstanding Principal Balance for Component F as of such date and (B) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component F and (y) the Strike Price described in clause (b)(ii) of the definition of Strike Price, (vii) with respect to Component G, the product of (A) the Component Outstanding Principal Balance for Component G as of such date and (B) the Component G Interest Rate, and (viii) the regular monthly fee of the certificate administrator (deemed to be \$5,483 per month) and the trustee (deemed to be \$417 per month) under the Servicing Agreement.

“ **Debt Yield** ” means, as of any date of determination, a fraction expressed as a percentage in which:

(a) the numerator is the Underwritten Net Cash Flow; and

(b) the denominator is the aggregate Component Outstanding Principal Balances of the Floating Rate Components.

“**Default**” means the occurrence of any event hereunder or under any other Loan Document which, but for the giving of notice or passage of time, or both, would constitute an Event of Default.

“**Default Rate**” means, with respect to each Floating Rate Component of the Loan and any other Obligations (other than the Class G Component), a rate per annum equal to the lesser of (i) the Maximum Legal Rate or (ii) three percent (3%) above the Interest Rate applicable to such Floating Rate Component.

“**Deficiency**” means, with respect to any Property File, (i) the failure of one or more Specified Documents contained therein to be fully executed or to match the information on the most recent Properties Schedule required to be delivered by **Section 4.3.6**, (ii) one or more Specified Documents contained therein are mutilated, materially damaged or torn or otherwise physically altered or unreadable or (iii) the absence from a Property File of any Specified Document required to be contained in such Property File.

“**Disqualified Property**” means any Property that fails to constitute an Eligible Property (after the lapse of any applicable Cure Period).

“**Eligibility Requirements**” means, with respect to any Person, the requirement that such Person has a net worth of not less than \$300,000,000.00 (exclusive of such Person’s direct or indirect interest in the Properties and Borrower).

“**Eligible Account**” means a separate and identifiable account from all other funds held by the holding institution that is an account or accounts (or subaccounts thereof) maintained with a federal or state-chartered depository institution or trust company which complies with the definition of Eligible Institution. An Eligible Account will not be evidenced by a certificate of deposit, passbook or other instrument.

“**Eligible Institution**” means:

(a) PNC Bank, National Association so long as PNC Bank, National Association’s long term unsecured debt rating shall be at least “A2” from Moody’s and the equivalent by KBRA (if then rated by KBRA) (if the deposits are to be held in the applicable account for more than 30 days) or PNC Bank, National Association’s short term deposit or short term unsecured debt rating shall be at least “P-1” from Moody’s and the equivalent by KBRA (if then rated by KBRA) (if the deposits are to be held in the applicable account for 30 days or less); or

(b) a depository institution or trust company insured by the Federal Deposit Insurance Corporation the short term unsecured debt obligations or commercial paper of which are rated at least A-1 by S&P, P-1 by Moody’s, and F-1+ by Fitch in the case of accounts in which funds are held for thirty (30) days or less or, in the case of Letters of Credit or accounts in which funds are held for more than thirty (30) days, the long term

unsecured debt obligations of which are rated at least (i) "AA" by S&P, (ii) "AA" and/or "F1+" (for securities) and/or "AAAmf" (for money market funds), by Fitch and (iii) "Aa2" by Moody's;

provided that, Bank of America, National Association shall be an Eligible Institution with respect to Property Accounts and the Security Deposit Accounts only, so long as Bank of America, National Association's long term unsecured debt rating shall be at least "A3" from Moody's and the equivalent by KBRA (if then rated by KBRA).

"**Eligible Lease**" means, as of any date of determination, a Lease for a Property that satisfies all of the following:

- (a) the Lease reflects customary market standard terms;
- (b) the Lease is entered into on an arms-length basis without payment support by any Borrower or its Affiliates (provided that any incentives offered to Tenants shall not be deemed to constitute such payment support);
- (c) the Lease had, as of its commencement date, an initial lease term of at least six (6) months;
- (d) the Lease is to a bona fide third-party lessee; and
- (e) the Lease is in compliance with all applicable Legal Requirements in all material respects.

"**Eligible Property**" means, as of any date of determination, a Property that is in compliance with each of the Property Representations and each of the Property Covenants.

"**Environmental Indemnity**" means that certain Environmental Indemnity Agreement dated as of the date hereof executed by Borrower in connection with the Loan for the benefit of Lender.

"**Environmental Laws**" has the meaning set forth in the Environmental Indemnity.

"**Equity Interests**" means, with respect to any Person, shares of capital stock, partnership interests, membership interests, beneficial interests or other equity ownership interests in such Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest from such Person.

"**Equity Owner**" means 2014-3 IH Equity Owner L.P., a Delaware limited partnership.

"**Equity Owner GP**" means 2014-3 IH Equity Owner G.P. LLC, a Delaware limited liability company.

"**Equity Owner Guaranty**" means that certain Equity Owner Guaranty, dated as of the date hereof, executed by Equity Owner in favor of Lender.

"**Equity Owner Security Agreement**" means that certain Equity Owner Security Agreement, dated as of the date hereof, executed by Equity Owner in favor of Lender.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor statute.

“**ERISA Affiliate**” means any corporation or trade or business that is a member of any group of organizations (i) described in Section 414(b) or (c) of the Code of which another entity is a member or (ii) described in Section 414(m) or (o) of the Code of which another entity is a member, except that this clause (ii) shall apply solely for purposes of potential liability under Section 302(b) of ERISA and Section 412(b) of the Code and the lien created under Section 303(k) of ERISA and Section 430(k) of the Code.

“**ERISA Event**” means (i) the failure to pay a minimum required contribution or installment to a Plan on or before the due date provided under Section 430 of the Code or Section 303 of ERISA, (ii) the filing of an application with respect to a Plan for a waiver of the minimum funding standard under Section 412(c) of the Code or Section 302(c) of ERISA, (iii) the failure of a Loan Party or any of its ERISA Affiliates to pay a required contribution or installment to a Multiemployer Plan on or before the applicable due date, (iv) any officer of any Loan Party or any of its ERISA Affiliates knows or has reason to know that a Plan is in “at risk” status within the meaning of Section 430(i) of the Code or Section 303(i) of ERISA or (v) the occurrence of a Plan Termination Event.

“**Event of Bankruptcy**” means, with respect to any Person:

(a) such Person shall fail generally to pay its debts as they come due, or shall make a general assignment for the benefit of creditors; or any case or other proceeding shall be instituted by such Person seeking to adjudicate it as bankrupt or insolvent, or seeking liquidation, reorganization, debt arrangement, dissolution, winding up, or composition or readjustment of debts of it or its debts under the Bankruptcy Code; or such Person shall take any corporate, limited partnership or limited liability company action to authorize any of such actions; or

(b) a case or other proceeding shall be commenced, without the application or consent of such Person in any court seeking the liquidation, reorganization, debt arrangement, dissolution, winding up, or composition or readjustment of debts of such Person, the appointment of a trustee, receiver, custodian, liquidator, assignee, sequestrator or the like for such Person or all or substantially all of its assets, or any similar action with respect to such Person under the Bankruptcy Code, and (A) such case or proceeding shall continue undismissed, or unstayed and in effect, for a period of sixty (60) consecutive days or (B) an order for relief in respect of such Person shall be entered in such case or proceeding or a decree or order granting such other requested relief shall be entered.

“**Excluded Taxes**” means any of the following Taxes imposed on or with respect to a Lender or required to be withheld or deducted from a payment to a Lender, (a) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (i) imposed as a result of such Lender being organized under the laws of, or having its principal office or its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (ii) that are Other Connection Taxes, (b) U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or (ii) such Lender changes its lending office, except in each case to the extent that, pursuant to **Section 2.10**, amounts with respect to such

Taxes were payable either to such Lender's assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (c) Taxes attributable to such Lender's failure to comply with **Section 2.10.6** and (d) any U.S. federal withholding Taxes imposed under FATCA.

"**Existing Management Agreement**" means that certain Management Agreement, dated as of the date hereof, between Borrower and Existing Manager, pursuant to which Existing Manager is to provide management and other services with respect to the Properties.

"**Existing Manager**" means THR Property Management L.P.

"**Extension Date**" means the Stated Maturity Date, the First Extended Maturity Date or the Second Extended Maturity Date, as applicable.

"**Extension Option**" means the First Extension Option, the Second Extension Option and the Third Extension Option, as applicable.

"**FATCA**" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

"**Fiscal Year**" means each twelve (12) month period commencing on January 1 and ending on December 31 during each year of the Term.

"**Fitch**" means Fitch, Inc.

"**Fixture Filing**" means, with respect to any jurisdiction in which any Property or Properties are located in which a separate, stand alone fixture filing is required or generally recorded or filed pursuant to the local law or custom (as reasonably determined by Lender), a Uniform Commercial Code financing statement (or other form of financing statement required in the jurisdiction in which the applicable Property or Properties are located) recorded or filed in the real estate records in which the applicable Property or Properties are located.

"**Floating Rate Component Prime Rate Spread**" means, in connection with any conversion of the Floating Rate Components from a LIBOR Loan to a Prime Rate Loan, with respect to each Floating Rate Component of the Loan, the difference (expressed as the number of basis points) between (a) the sum of (i) LIBOR, determined as of the Interest Determination Date for which LIBOR was last available, plus (ii) the Floating Rate Component Spread applicable to such Floating Rate Component, minus (b) the Prime Rate as of such Interest Determination Date; *provided, however*, that if such difference is a negative number for such Floating Rate Component, then the Floating Rate Component Prime Rate Spread for such Component shall be zero.

"**Floating Rate Component Spread**" means, (a) with respect to Component A, 1.2605% *per annum*; (b) with respect to Component B, 2.0605% *per annum*; (c) with respect to Component C, 2.5605% *per annum*; (d) with respect to Component D, 3.0605% *per annum*; (e) with respect to Component E, 4.5605% *per annum* and (f) with respect to Component F, 5.0605% *per annum*.

“ **Floating Rate Components** ” means Component A, Component B, Component C, Component D, Component E and Component F.

“ **Foreign Lender** ” means a Lender that is not a U.S. Person.

“ **Foreign Plan** ” means any “employee benefit plan” as defined in Section 3(3) of ERISA that (a) neither is subject to ERISA nor is a governmental plan within the meaning of Section 3(32) of ERISA and that is maintained, or contributed to, by a Loan Party or any of its ERISA Affiliates and (b) is mandated by a government other than the United States (other than a state within the United States or an instrumentality thereof) for employees of a Loan Party or any of its ERISA Affiliates.

“ **GAAP** ” means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession), or in such other statements by such entity as may be in general use by significant segments of the U.S. accounting profession.

“ **Governmental Authority** ” means any court, board, agency, commission, office or authority of any nature whatsoever or any governmental unit (federal, state, commonwealth, county, district, municipal, city or otherwise) whether now or hereafter in existence.

“ **Government List** ” means (1) OFAC, (2) any other list of terrorists, terrorist organizations or narcotics traffickers maintained pursuant to any of the Rules and Regulations of OFAC that Lender notified Borrower in writing is now included in “ **Government Lists** ”, or (3) any similar lists maintained by the United States Department of State, the United States Department of Commerce or any other Governmental Authority or pursuant to any Executive Order of the President of the United States of America that Lender notified Borrower in writing is now included in “ **Government Lists** ”.

“ **GPR** ” means, as of any date of determination, the sum of (i) the annualized in place Rents under bona fide Eligible Leases for the Properties as of such date and (ii) annualized market rents for Properties that are vacant as of such date. For purposes of clause (ii) market rents shall be determined by Lender in its reasonable discretion; *provided* that Borrower may object to any such determination by delivering written notice to Lender within five (5) Business Days of any such determination and, in such event, the market rents so objected to shall be as determined by an independent broker opinion of market rent obtained by Lender at Borrower’s sole cost and expense.

“ **Guarantors** ” means Equity Owner and Borrower GP.

“ **Hazardous Substance** ” has the meaning set forth in the Environmental Indemnity.

“ **HOA Fees** ” means homeowners’ or condominium owners’ association dues, fees and assessments.

“**Improvements**” means the buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on a Property.

“**Indebtedness**” means, for any Person, without duplication: (i) all indebtedness of such Person for borrowed money, for amounts drawn under a letter of credit, or for the deferred purchase price of property for which such Person or its assets is liable, (ii) all unfunded amounts under a loan agreement, letter of credit, or other credit facility for which such Person would be liable if such amounts were advanced thereunder, (iii) all amounts required to be paid by such Person as a guaranteed payment to partners or a preferred or special dividend, including any mandatory redemption of shares or interests, (iv) all indebtedness guaranteed by such Person, directly or indirectly, (v) all obligations under leases that constitute capital leases for which such Person is liable, (vi) all obligations of such Person under interest rate swaps, caps, floors, collars and other interest hedge agreements, in each case for which such Person is liable or its assets are liable, whether such Person (or its assets) is liable contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss and (vii) any other contractual obligation for the payment of money which are not settled within thirty (30) days.

“**Indemnified Taxes**” means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (b) to the extent not otherwise described in (a), Other Taxes.

“**Independent**” means, when used with respect to any Person, a Person who: (i) does not have any direct financial interest or any material indirect financial interest in Borrower or in any Affiliate of Borrower, (ii) is not connected with Borrower or any Affiliate of Borrower as an officer, employee, promoter, underwriter, trustee, partner, member, manager, creditor, director, supplier, customer or person performing similar functions and (iii) is not a member of the immediate family of a Person defined in (i) or (ii) above.

“**Independent Accountant**” means (i) a firm of nationally recognized, certified public accountants which is Independent and which is selected by Borrower and reasonably acceptable to Lender or (ii) such other certified public accountant(s) selected by Borrower, which is Independent and reasonably acceptable to Lender.

“**Individual Material Adverse Effect**” means, in respect of a Property, any event or condition that has a material adverse effect on the value, use, occupation, leasing or marketability of such Property or results in any material liability to, claim against or obligation of Lender or material liability or obligation on the part of any Loan Party.

“**Insolvency Opinion**” shall mean that certain bankruptcy non-consolidation opinion letter dated the date hereof delivered by Richards, Layton & Finger, P.A. in connection with the Loan.

“**Interest Determination Date**” shall mean, (A) with respect to the Initial Interest Period and the first Interest Period, the date that is two (2) Business Days before the Closing Date and (B) with respect to any other Interest Period, the date which is two (2) Business Days prior to the commencement of such Interest Period. When used with respect to an Interest Determination Date, Business Day shall mean any day on which banks are open for dealing in foreign currency and exchange in London.

“ **Interest Rate** ” shall mean, with respect to each Interest Period, (i) with respect to each Floating Rate Component, an interest rate per annum equal to (a) for a LIBOR Loan, the sum of (1) LIBOR, determined as of the Interest Determination Date immediately preceding the commencement of such Interest Period, plus (2) the Floating Rate Component Spread applicable to such Floating Rate Component (or, when applicable pursuant to this Agreement or any other Loan Document, the Default Rate); and (b) for a Prime Rate Loan, the sum of (1) the Prime Rate, plus (2) the Floating Rate Component Prime Rate Spread applicable to such Floating Rate Component (or, when applicable pursuant to this Agreement or any other Loan Document, the applicable Default Rate) and (ii) with respect to Component G, the Component G Interest Rate.

“ **Interest Rate Cap Agreement** ” means the Confirmation and Agreement (together with the schedules relating thereto), dated on or about the date hereof, between the Counterparty and Borrower, obtained by Borrower and collaterally assigned to Lender pursuant to this Agreement. After delivery of a Replacement Interest Rate Cap Agreement to Lender, the term Interest Rate Cap Agreement shall be deemed to mean such Replacement Interest Rate Cap Agreement and such Replacement Interest Rate Cap Agreement shall be subject to all requirements applicable to the Interest Rate Cap Agreement. The Interest Rate Cap Agreement shall be governed by the laws of the State of New York and shall contain each of the following:

(a) the notional amount of the Interest Rate Cap Agreement shall be equal to or greater than the aggregate Component Outstanding Principal Balances of the Floating Rate Components;

(b) the remaining term of the Interest Rate Cap Agreement shall at all times extend through the end of the Interest Period in which the Maturity Date occurs as extended from time to time pursuant to this Agreement and the Loan Documents;

(c) the Interest Rate Cap Agreement shall be issued by the Counterparty to Borrower and shall be pledged to Lender by Borrower in accordance with this Agreement;

(d) the Counterparty under the Interest Rate Cap Agreement shall be obligated to make a stream of payments, directly to the Collection Account (whether or not an Event of Default has occurred) from time to time equal to the product of (i) the notional amount of such Interest Rate Cap Agreement multiplied by (ii) the excess, if any, of LIBOR (including any upward rounding under the definition of LIBOR) over the Strike Price and shall provide that such payment shall be made on a monthly basis in each case not later than (after giving effect to and assuming the passage of any cure period afforded to such Counterparty under the Interest Rate Cap Agreement, which cure period shall not in any event be more than three Business Days) each Monthly Payment Date;

(e) the Counterparty under the Interest Rate Cap Agreement shall execute and deliver the Acknowledgment; and

(f) the Interest Rate Cap Agreement shall impose no material obligation on the beneficiary thereof (after payment of the acquisition cost) and shall be in all material respects satisfactory in form and substance to Lender and shall satisfy applicable Rating Agency

standards and requirements, including, without limitation, provisions satisfying Rating Agencies standards, requirements and criteria (i) that incorporate customary tax “gross up” provisions, (ii) whereby the Counterparty agrees not to file or join in the filing of any petition against Borrower under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law, and (iii) that incorporate, if the Interest Rate Cap Agreement contemplates collateral posting by the Counterparty, a credit support annex setting forth the mechanics for collateral to be calculated and posted that are consistent with Rating Agency standards, requirements and criteria.

“**IRS**” means the United States Internal Revenue Service.

“**KBRA**” Kroll Bond Rating Agency, Inc.

“**Lease**” means a bona fide written lease, sublease, letting, license, concession or other agreement pursuant to which any Person is granted a possessory interest in, or right to use or occupy all or any portion of any space in any Property by or on behalf of Borrower (or, with respect to any Vacant Properties on the Closing Date, prior to such Closing Date, by or on behalf of any Affiliate of Borrower), and (a) every modification, amendment or other agreement relating to such lease, sublease or other agreement entered into in connection with such lease, sublease or other agreement, and (b) every guarantee of the performance and observance of the covenants, conditions and agreements to be performed and observed by the Tenant.

“**Legal Requirements**” means all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting the Loan, any Secondary Market Transaction with respect to the Loan, Borrower or a Property or any part thereof or the construction, use, alteration or operation thereof, or any part thereof, whether now or hereafter enacted and in force, including, without limitation, the Securities Act, the Exchange Act, Regulation AB, the rules and regulations promulgated pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, zoning and land use laws, the Americans with Disabilities Act of 1990, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments, either of record or known to Borrower, at any time in force affecting a Property or any part thereof, including any which may (i) require repairs, modifications or alterations in or to a Property or any part thereof, or (ii) in any way limit the use and enjoyment thereof.

“**LIBOR**” means, with respect to each Interest Period and each Interest Determination Date, the rate per annum (rounded upwards, if necessary, to the nearest 1/1,000 of 1%) calculated by Lender as set forth below:

(a) The rate for deposits in U.S. Dollars for a one-month period that appears on Reuters Screen LIBOR01 Page (or its equivalent) as of 11:00 a.m., London time, on such Interest Determination Date.

(b) If such rate does not appear on Reuters Screen LIBOR01 Page (or its equivalent) as of 11:00 a.m., London time, on the applicable Interest Determination Date, Lender shall request the principal London office of any four major reference banks in the London interbank market selected by Lender to provide such reference bank’s offered quotation to prime banks in the London interbank market for deposits in U.S. Dollars for a one month period as of 11:00 a.m., London time, on such Interest Determination Date

in a principal amount of not less than \$1,000,000 that is representative for a single transaction in the relevant market at the relevant time. If at least two such offered quotations are so provided, LIBOR shall be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, Lender shall request any three major banks in New York City reasonably selected by Lender to provide such bank's rates for loans in U.S. Dollars to leading European banks for a one-month period as of 11:00 a.m., New York City time, on such Interest Determination Date in a principal amount not less than \$1,000,000 that is representative for a single transaction in the relevant market at the relevant time, and if at least two such rates are so provided, LIBOR shall be the arithmetic mean of such rates.

“**LIBOR Loan**” means the Floating Rate Components of the Loan at such time as interest thereon accrues at a rate of interest based upon LIBOR.

“**Lien**” means any mortgage, deed of trust, lien (statutory or otherwise), pledge, hypothecation, easement, restrictive covenant, preference, assignment, security interest, or any other encumbrance, charge or transfer of, or any agreement to enter into or create any of the foregoing, on or affecting all or any portion of any Collateral or any interest therein, or any direct or indirect interest in Borrower or any Loan Party, including any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, the filing of any financing statement, and mechanic's, materialmen's and other similar liens and encumbrances.

“**Loan**” means the loan in the original principal amount of Seven Hundred Sixty Nine Thousand Three Hundred Twenty Two and No/100 Dollars (\$769,322,000.00) made by Lender to Borrower pursuant to this Agreement.

“**Loan Documents**” means, collectively, this Agreement, the Note, the Management Agreement, the Sponsor Guaranty, the Equity Owner Guaranty, the Borrower GP Guaranty, the Environmental Indemnity, the Interest Rate Cap Agreement, each Collateral Document, and all other agreements, instruments and documents delivered pursuant thereto or in connection therewith, as the same may be (and each of the foregoing defined terms shall refer to such documents as they may be) amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Loan Party**” means Borrower and each Guarantor.

“**Low Debt Yield Period**” shall commence if, as of any Calculation Date, the Debt Yield is less than eighty-five percent (85%) of the Closing Date Debt Yield (a “**Low Debt Yield Trigger**”), and shall end (i) upon the Properties achieving a Debt Yield of at least the Low Debt Yield Trigger for two (2) consecutive Calculation Dates or (ii) immediately (without waiting for two (2) consecutive Calculation Dates) upon Borrower prepaying the principal amount of the Loan in an amount sufficient to cause the Debt Yield to be equal to or in excess of the Low Debt Yield Trigger (a “**Debt Yield Cure Prepayment**”).

“**Major Contract**” shall mean (i) any management agreement relating to the Properties or the Loan Parties, (ii) any agreement between any Loan Party and any Affiliate of any Relevant Party and (iii) any brokerage, leasing, cleaning, maintenance, service or other contract or agreement of any kind (other than Leases) relating to the Properties, in each case involving

payment or expense of more than One Million Dollars (\$1,000,000) during any twelve (12) month period, unless cancelable on thirty (30) days or less notice without requiring payment of termination fees or payments of any kind.

“**Management Agreement**” means the Existing Management Agreement or a Replacement Management Agreement pursuant to which a Qualified Manager is managing one or more of the Properties in accordance with the terms and provisions of this Agreement.

“**Management Fee Cap**” means, with respect to the calendar month ending immediately prior to each Monthly Payment Date during the Term, six percent (6.0%) of gross Rents collected with respect to the Properties for such calendar month.

“**Manager**” means Existing Manager or, if the context requires, a Qualified Manager who is managing one or more of the Properties in accordance with the terms and provisions of this Agreement or pursuant to a Replacement Management Agreement.

“**Material Adverse Effect**” means a material adverse effect on (a) the property, business, operations or financial condition of any Loan Party, (b) the use, operation or value of the Properties, taken as a whole, (c) the ability of Borrower to repay the principal and interest of the Loan when due or to satisfy any of Borrower’s other obligations under the Loan Documents, or (d) the enforceability or validity of any Loan Document, the perfection or priority of any Lien created under any Loan Document or the rights, interests and remedies of Lender under any Loan Document.

“**Maturity Date**” means the Stated Maturity Date, provided that (a) in the event of the exercise by Borrower of the First Extension Option pursuant to **Section 2.7**, the Maturity Date shall be the First Extended Maturity Date, (b) in the event of the exercise by Borrower of the Second Extension Option pursuant to **Section 2.7**, the Maturity Date shall be the Second Extended Maturity Date, and (c) in the event of the exercise by Borrower of the Third Extension Option pursuant to **Section 2.7**, the Maturity Date shall be the Third Extended Maturity Date, or such earlier date on which the final payment of principal of the Note becomes due and payable as herein or therein provided, whether at the Stated Maturity Date, by declaration of acceleration, or otherwise.

“**Maximum Legal Rate**” means the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the indebtedness evidenced by the Note and as provided for herein or the other Loan Documents, under the laws of such Governmental Authority whose laws are held by any court of competent jurisdiction to govern the interest rate provisions of the Loan.

“**Minimum Disbursement Amount**” means \$100,000.

“**Monthly Debt Service Payment Amount**” means, for each Monthly Payment Date, an amount equal to the amount of interest which is then due on all the Components of the Loan in the aggregate for the Interest Period during which such Monthly Payment Date occurs.

“**Monthly Payment Date**” means the ninth (9th) day of every calendar month occurring during the Term. The first Monthly Payment Date shall be December 9, 2014.

“**Moody’s**” means Moody’s Investors Service, Inc.

“**Mortgage**” means a Mortgage or Deed of Trust or Deed to Secure Debt, as applicable, for each Property or for multiple Properties located within the same county or parish, dated as of the Closing Date (or, in connection with a Property which is a Substitute Property, dated as of the date of the substitution), executed and delivered by Borrower, constituting a Lien on the Improvements and the Property or Properties, as applicable, as Collateral for the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Mortgage Documents**” means the Mortgages, the Assignments of Leases and Rents and the Fixture Filings.

“**Multiemployer Plan**” means a plan within the meaning of Section 414(f) of the Code or Section 3(37) of ERISA to which contributions are required to be made by any Loan Party or any of its ERISA Affiliates or to which any such entity has any liability.

“**Net Assets**” shall mean, with respect to any Person, the difference between (i) the fair market value of such Person’s assets and (ii) such Person’s liabilities determined in accordance with GAAP.

“**Net Proceeds**” means (i) the net amount of all insurance proceeds received by Lender pursuant to **Section 5.1.1 (a)(i) and (iii)** as a result of damage to or destruction of a Property, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting same (“**Insurance Proceeds**”), or (ii) the net amount of an Award, after deduction of Lender’s reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting same (“**Condemnation Proceeds**”), whichever the case may be.

“**Net Transfer Proceeds**” shall mean, with respect to the Transfer of any Property, the gross sales price for such Property (including any earnest money, down payment or similar deposit included in the total sales price paid by the purchaser), less Transfer Expenses.

“**Non-Property Taxes**” means all Taxes other than Property Taxes and Other Charges.

“**NRSRO**” means any credit rating agency that has elected to be treated as a nationally recognized statistical rating organization for purposes of Section 15E of the Exchange Act, without regard to whether or not such credit rating agency has been engaged by Lender or its designees in connection with, or in anticipation of, a Securitization.

“**Obligations**” means, collectively, Borrower’s obligations for the payment of the Debt and the performance by the Loan Parties of the Other Obligations.

“**OFAC**” means the Office of Foreign Assets Control of the U.S. Department of Treasury.

“**Officer’s Certificate**” means a certificate delivered to Lender by Borrower which is signed by an authorized officer of Borrower or another Loan Party.

“**Operating Expenses**” means, for any period, without duplication, all expenses actually paid or payable by Borrower (or, for the period prior to the Closing Date, by Borrower’s

Affiliates that owned the Properties) during such period in connection with the administration, operation, management, maintenance, repair and use of the Properties, determined on an accrual basis, and, except to the extent otherwise provided in this definition, in accordance with GAAP. Operating Expenses specifically shall include, without duplication, (i) all operating expenses incurred in such period based on quarterly financial statements delivered to Lender in accordance with **Section 4.3.1(a)**, (ii) cost of utilities, inventories, and fixed asset supplies consumed in the operation of the Properties (iii) management fees in an amount equal to the greater of (A) actual management fees or (B) the Management Fee Cap, (iv) administrative, payroll, security and general expenses for the Properties, (v) costs and fees of Independent professionals (including, without limitation, legal, accounting, consultants and other professional expenses), technical consultants, operational experts (including quality assurance inspectors) or other third parties retained to perform services required or permitted hereunder, (vi) computer processing charges, (vii) operational equipment and other lease payments to the extent constituting operating expenses under GAAP, (viii) Property Taxes and Other Charges (other than income taxes), (ix) insurance premiums, (x) Property maintenance expenses and (xi) all reserves required by Lender hereunder (without duplication). Notwithstanding the foregoing, Operating Expenses shall not include (A) depreciation or amortization, (B) income taxes or other charges in the nature of income taxes, (C) any expenses (including legal, accounting and other professional fees, expenses and disbursements) incurred in connection with the making of the Loan or the sale, exchange, transfer, financing or refinancing of all or any portion of any Property or in connection with the recovery of Insurance Proceeds or Awards which are applied to prepay the Note, (D) Capital Expenditures, (E) Debt Service, (F) expenses incurred in connection with the acquisition, initial renovation and initial leasing of Properties and other activities undertaken prior to such initial lease that do not constitute recurring operating expenses to be paid by Borrower, including eviction of existing tenants, incentive payments to tenants and other similar expenses, (G) any item of expense which would otherwise be considered within Operating Expenses pursuant to the provisions above but is paid directly by any Tenant under a Lease, (H) any service that is required to be provided by the Manager pursuant to the Management Agreement without compensation or reimbursement (other than the management fee set forth in the Management Agreement), (I) any expenses that relate to a Property from and after the release of such Property in accordance with **Section 2.5** hereof, (J) bad debt expense with respect to Rents, (K) the value of any free rent or other concessions provided with respect to the Properties, (L) any loss that is covered by the Policies including any portion of a loss that is subject to a deductible under the Policies or (M) corporate overhead expenses incurred by Borrower's Affiliates.

“**Other Charges**” means all (i) HOA Fees, (ii) impositions other than Property Taxes, (iii) charges, liens or fees levied or assessed or imposed against a Property by a Governmental Authority in connection with code violations, and (iv) any other charges levied or assessed or imposed against a Property or any part thereof other than Property Taxes.

“**Other Connection Taxes**” means, with respect to any Lender, Taxes imposed as a result of a present or former connection between such Lender and the jurisdiction imposing such Tax (other than connections arising from such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“ **Other Obligations** ” means (a) the performance of all obligations of the Loan Parties contained herein; (b) the performance of each obligation of the Relevant Parties contained in any other Loan Document; and (c) the performance of each obligation of the Relevant Parties contained in any renewal, extension, amendment, restatement, modification, consolidation, change of, or substitution or replacement for, all or any part of this Agreement, the Note or any other Loan Document.

“ **Other Receipts** ” for any period of determination, any actual net cash flow receipts received by Borrower (or, for the period prior to the Closing Date, by Borrower’s Affiliates that owned the Properties) from sources other than Rents, such as fees, payments or other compensation from any Tenant (but excluding any security deposits), with respect to the Properties to the extent they are recurring in nature and properly included as operating income for such period in accordance with GAAP.

“ **Other Taxes** ” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

“ **Outstanding Principal Balance** ” means, as of any date, the aggregate Component Outstanding Principal Balances of the Components of the Loan.

“ **Patriot Act** ” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT ACT) of 2001, as the same may be amended from time to time, and corresponding provisions of future laws.

“ **PBGC** ” means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

“ **Permitted Investments** ” means:

(a) obligations of, or obligations fully guaranteed as to payment of principal and interest by, the United States or any agency or instrumentality thereof provided such obligations are backed by the full faith and credit of the United States including, without limitation, obligations of: the U.S. Treasury (all direct or fully guaranteed obligations), the Farmers Home Administration (certificates of beneficial ownership), the General Services Administration (participation certificates), the U.S. Maritime Administration (guaranteed Title XI financing), the Small Business Administration (guaranteed participation certificates and guaranteed pool certificates), the U.S. Department of Housing and Urban Development (local authority bonds) and the Washington Metropolitan Area Transit Authority (guaranteed transit bonds); *provided, however*, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an “r” highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(b) federal funds, unsecured certificates of deposit, time deposits, bankers' acceptances and repurchase agreements with maturities of not more than 365 days of any bank, (A) in the case of such investments with maturities of 30 days or less, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated at least "A2" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), (B) in the case of such investments with maturities of three months or less, but more than 30 days, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated at least "A1" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), (C) in the case of such investments with maturities of six (6) months or less, but more than three months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated at least "Aa3" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), and (D) in the case of such investments with maturities of more than six (6) months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated "Aaa" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's; *provided*, *however*, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an "r" highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(c) fully Federal Deposit Insurance Corporation-insured demand and time deposits in, or certificates of deposit of, or bankers' acceptances issued by, any bank or trust company, savings and loan association or savings bank, (A) in the case of such investments with maturities of 30 days or less, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated at least "A2" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), (B) in the case of such investments with maturities of three months or less, but more than 30 days, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated at least "A1" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), (C) in the case of such investments with maturities of six (6) months or less, but more than three months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and

the long term obligations of which are rated at least “Aa3” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s), and (D) in the case of such investments with maturities of more than six (6) months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated “Aaa” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s; *provided, however*, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an “r” highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(d) debt obligations with maturities of not more than 365 days and at all times rated by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in its highest long-term unsecured rating category; *provided, however*, that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an “r” highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(e) commercial paper (including both non-interest-bearing discount obligations and interest-bearing obligations payable on demand or on a specified date not more than one year after the date of issuance thereof) with maturities of not more than 365 days(A) in the case of such investments with maturities of 30 days or less, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated at least “A2” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s), (B) in the case of such investments with maturities of three months or less, but more than 30 days, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated Moody’s in the highest short term rating category) and the long term obligations of which are rated at least “A1” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s), (C) in the case of such investments with maturities of six (6) months or less, but more than three months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated at least “Aa3” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s), and (D) in the case of such investments with maturities of more than six (6) months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the

long term obligations of which are rated “Aaa” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s ; *provided, however* , that the investments described in this clause must (i) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (ii) if rated by S&P, must not have an “r” highlighter affixed to their rating, (iii) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (iv) such investments must not be subject to liquidation prior to their maturity;

(f) units of taxable money market funds, which funds are regulated investment companies, seek to maintain a constant net asset value per share and invested solely in obligations backed by the full faith and credit of the United States, which funds have the highest rating available from each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities) for money market funds; and

(g) any other security, obligation or investment which has been specifically approved as a Permitted Investment in writing (i) by Lender and (ii) each Rating Agency, as confirmed by satisfaction of the Rating Agency Condition with respect to each Rating Agency;

provided, however , that no obligation or security shall be a Permitted Investment if (A) such obligation or security evidences a right to receive only interest payments or (B) the right to receive principal and interest payments on such obligation or security are derived from an underlying investment that provides a yield to maturity in excess of 120% of the yield to maturity at par of such underlying investment and *provided, further* , that each investment described hereunder must have (x) a predetermined fixed amount of principal due at maturity (that cannot vary or change) and (y) an original maturity of not more than 365 days and a remaining maturity of not more than thirty (30) days.

“ **Permitted Liens** ” means, collectively, (i) the Liens and security interests created by the Loan Documents, (ii) all encumbrances and other matters disclosed in the Title Insurance Policies for the Properties and, with respect to any Substitute Property, as Lender has approved in writing in Lender’s reasonable discretion, (iii) Liens, if any, for Non-Property Taxes or Property Taxes imposed by any Governmental Authority not yet due or delinquent, (iv) Liens arising after the Closing Date for Non-Property Taxes, Property Taxes or Other Charges being contested in accordance with **Section 4.1.3** or **Section 4.4.8** , (v) any workers’, mechanics’ or other similar Liens on a Property that are bonded or discharged within sixty (60) days after Borrower first receives written notice of such Lien, (vi) all easements, rights-of-way, restrictions and other similar non-monetary encumbrances recorded against and affecting any Property and that would not reasonably be expected to and do not have an Individual Material Adverse Effect on the Property, (vii) such other title and survey exceptions as Lender has approved or may approve in writing in Lender’s reasonable discretion, (viii) the Specified Liens and (ix) rights of Tenants as Tenants only under Leases permitted hereunder.

“ **Person** ” means any individual, corporation, partnership, limited liability company, joint venture, estate, trust, unincorporated association, any other entity, any Governmental Authority and any fiduciary acting in such capacity on behalf of any of the foregoing.

“ **Plan** ” means an “employee benefit plan” as defined in Section 3(3) of ERISA that is established, maintained or contributed to by any Loan Party or any of its ERISA Affiliates (or as to which such entity has any liability) and that is covered by Title IV of ERISA, other than a Multiemployer Plan.

“ **Plan Termination Event** ” means (i) any event described in Section 4043 of ERISA with respect to any Plan; (ii) the withdrawal of any Loan Party or any of its ERISA Affiliates from a Plan during a plan year in which such Loan Party or such ERISA Affiliate was a “substantial employer” as defined in Section 4001(a)(2) of ERISA; (iii) the imposition of an obligation on any Loan Party or any of its ERISA Affiliates under Section 4041 of ERISA to provide affected parties written notice of intent to terminate a Plan in a distress termination described in Section 4041(c) of ERISA; (iv) the institution of proceedings by the PBGC to terminate a Plan or by any similar foreign governmental authority to terminate a Foreign Plan; (v) any event or condition which could reasonably constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan; (vi) the institution of proceedings by a foreign governmental authority to appoint a trustee to administer any Foreign Plan; or (vii) the partial or complete withdrawal of any Loan Party or any of its ERISA Affiliates from a Multiemployer Plan or Foreign Plan or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

“ **Prepayment Notice** ” means a prior written notice to Lender specifying the proposed Business Day on which a prepayment of the Debt is to be made pursuant to **Section 2.4.2** , which date shall be no earlier than ten (10) days after the date of such Prepayment Notice and no later than ninety (90) days after the date of such Prepayment Notice. A Prepayment Notice may be revoked in writing by Borrower, or may be modified in writing by Borrower to a new specified Business Day, in each case, on or prior to the proposed prepayment date set forth in such Prepayment Notice; *provided* that such new Business Day shall be no earlier than such proposed prepayment date. If revoked (as opposed to modified), any new Prepayment Notice shall comply with the timeframes set forth above. Borrower shall pay to Lender all out-of-pocket costs and expenses (if any) incurred by Lender in connection with Borrower’s permitted revocation or modification of any Prepayment Notice.

“ **Prime Rate** ” means the rate of interest published in *The Wall Street Journal* from time to time as the “Prime Rate”. If more than one “Prime Rate” is published in *The Wall Street Journal* for a day, the average of such “Prime Rates” will be used, and such average will be rounded up to the nearest 1/100th of one percent (0.01%). If *The Wall Street Journal* ceases to publish the “Prime Rate,” Lender will select an equivalent publication that publishes such “Prime Rate,” and if such “Prime Rates” are no longer generally published or are limited, regulated or administered by a governmental or quasi-governmental body, then Lender will select a comparable interest rate index.

“ **Prime Rate Loan** ” means the Floating Rate Components of the Loan at such time as interest thereon accrues at a rate of interest based upon the Prime Rate.

“ **Property** ” means, individually, and “ **Properties** ” means, collectively, (i) the residential real properties described on the Properties Schedule as of the Closing Date and encumbered by the Mortgages and (ii) any residential real properties that are Substitute Properties; *provided* that if the Allocated Loan Amount for any Property has been reduced to zero and all interest and other Obligations related thereto that are required to be paid on or prior to the date when the Allocated Loan Amount for such Property is required to be repaid have been repaid in full, then such residential real property shall no longer be a Property hereunder. The Properties include the Improvements now or hereafter erected or installed thereon and other personal property owned by Borrower located thereon, together with all rights pertaining to such real property, Improvements and personal property.

“ **Properties Schedule** ” means the data tape of Properties attached hereto as **Schedule I.A.** as of the Closing Date, as updated on a monthly basis in the form attached hereto as **Schedule I.B.** (and supplemented quarterly by the data included on **Schedule I.C.** and **Schedule I.D.** and, following a Sponsor Public Listing or a Sponsor Public Sale, further supplemented quarterly by the data included on **Schedule I.E.**) pursuant to **Section 4.3.6** .

“ **Property Account Bank** ” means the Eligible Institution at which a Property Account is maintained.

“ **Property Accounts** ” means the Rent Deposit Accounts and Borrower’s Operating Account.

“ **Property Account Control Agreement** ” means the Deposit Account Control Agreement dated the date hereof among Borrower, Lender, Manager and a Property Account Bank, providing for springing control by Lender, substantially in the form set forth as **Exhibit B** attached hereto or such other form as may be reasonably acceptable to Lender.

“ **Property Covenants** ” means those covenants set forth in **Section 4.4** and the covenants contained in **Section 2** of the Environmental Indemnity.

“ **Property File** ” means with respect to each Property:

- (a) The Purchase Agreement, auction receipt or other applicable purchase documentation reasonably satisfactory to Lender;
- (b) The documentation described in **Sections 3.2.3 , 3.2.4 , 3.2. 5, 4.4.3 , 4.4.4 , and 4.4.5** ;
- (c) Evidence reasonably satisfactory to Lender of the insurance policies required by **Section 5.1.1** with respect to such Property;
- (d) The executed Lease and any renewals, amendments or modification of the Lease, each of which shall be delivered to the Property File within ten (10) days after execution thereof (provided, that if such Property is a Vacant Property, such Property will be disclosed in the Property File as a Vacant Property until an Eligible Lease is executed with respect to such Property); and
- (e) The Broker Price Opinion for such Property.

“ **Property Representations** ” means those representations and warranties set forth in **Section 3.2** and Section 1 of the Environmental Indemnity.

“ **Property Taxes** ” means any real estate and personal property taxes, assessments, water charges, sewer rents, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto now or hereafter levied or assessed or imposed by a Governmental Authority against any Property, any Collateral, any part of either of the foregoing or Borrower.

“ **Public Vehicle** ” shall mean a Person whose securities are listed and traded on a national securities exchange and shall include a majority owned subsidiary of any such Person or any operating partnership through which such Person conducts all or substantially all of its business.

“ **Purchase Agreement** ” means the purchase agreement with respect to the purchase of a Property entered into by Borrower or its Affiliate and a third party seller of a Property who is not an Affiliate of any Loan Party.

“ **Qualified Manager** ” means (a) Existing Manager, (b) any Person that is under common Control with Existing Manager or Sponsor and/or (c) a reputable Person that has at least two (2) years’ experience in the management of at least two hundred and fifty (250) residential rental properties in each metropolitan statistical area in which the applicable Properties to be managed by such Person are located and is not the subject of a bankruptcy or similar proceeding; *provided* , that in the case of the foregoing **subclause (c)** , Borrower shall have obtained a Rating Agency Confirmation in respect of the management of the Properties by such Person; and *provided, further* , that in the case of the foregoing **subclause (b)** and **subclause (c)** , if such Person is an Affiliate of Borrower, Borrower shall have obtained an additional Insolvency Opinion if such an opinion is requested by Lender.

“ **Qualified Title Insurance Company** ” means each title insurance company listed on **Schedule VI** and any other title insurance company unless such title insurance company is disqualified by Lender in its sole discretion by notice to Borrower.

“ **Qualified Transferee** ” means (a) Sponsor or (b) any Person that (i) has a net worth of not less than \$300,000,000 (exclusive of such Person’s direct or indirect interest in the Properties and Borrower), (ii) has not been the subject of a voluntary or involuntary (to the extent the same has not been discharged) bankruptcy proceeding or any governmental or regulatory investigation which resulted in a final, nonappealable conviction for criminal activity involving moral turpitude, (iii) is (or is under common Control with a Person that is) regularly engaged in the management, ownership or operation of one to four unit residential rental properties and (iv) with respect to the applicable Transfer to such Person, Borrower shall have obtained a Rating Agency Confirmation.

“ **Rating Agencies** ” means the nationally-recognized statistical rating organization (e.g. S&P, Moody’s, Fitch, DBRS, Inc., Morningstar, Inc., KBRA or any successor thereto) that have been or will be engaged by Lender or its designees in connection with, or in anticipation of, a Securitization.

“ **Rating Agency Confirmation** ” means a written affirmation from each of the Rating Agencies that the credit rating of the Securities by such Rating Agency immediately prior to the occurrence of the event with respect to which such Rating Agency Confirmation is sought will

not be qualified, downgraded or withdrawn as a result of the occurrence of such event, which affirmation may be granted or withheld in such Rating Agency's sole and absolute discretion. In the event that, at any given time, no Securities are then outstanding, then the term Rating Agency Confirmation shall be deemed instead to require the written approval of Lender based on its reasonable, good faith determination of whether the Rating Agencies would issue a Rating Agency Confirmation if any such Securities were outstanding.

“**Records**” means all leases, agreements, instruments, documents, books, records and other information (including, without limitation, tapes, disks, punch cards and related property and rights) maintained with respect to Properties or the Loan Parties, other than the Property Files.

“**Regulation AB**” means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, as such may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission in the releases (Asset Backed Securities, Securities Act Release No. 33-8518, 70 Fed. Reg. 1,506-1,631 (Jan. 7, 2005) and Asset-Backed Securities, Securities Act Release No. 33-9638, 79 Fed. Reg. 57,184 (Sept. 24, 2014)) or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time. Each of the parties hereto acknowledge that the Regulation AB provisions herein shall be construed as if the Certificates were publicly registered and reporting were required at all times.

“**Regulatory Change**” shall mean any change after the date of this Agreement in federal, state or foreign laws or regulations or the adoption or the making, after such date, of any interpretations, directives or requests applying to Lender, or any Person in Control of Lender or to a class of banks or companies Controlling banks of or under any federal, state or foreign laws or regulations (whether or not having the force of law) by any court or Governmental Authority or monetary authority charged with the interpretation or administration thereof.

“**Related Loan**” means a loan to an Affiliate of Borrower or any Guarantor or secured by a Related Property, that is included in a Securitization with the Loan, and any other loan that is cross-collateralized with the Loan.

“**Related Property**” means a parcel of real property, together with improvements thereon and personal property related thereto, that is “related” within the meaning of the definition of Significant Obligor, to a Property.

“**Release Amount**” means, for a Property, the following applicable amount (hereinafter, the “**Principal Portion**” of the Release Amount) together with any other amounts specified in **Section 2.4.5** :

(a) in connection with the Transfer of a Property pursuant to **Section 2.5** or any failure of a Property to qualify as an Eligible Property due to the occurrence of a Voluntary Action (such Properties, “**Release Premium Properties**”), (i) 105% of the Allocated Loan Amount for such Property if the sum of the initial Allocated Loan Amounts of all Release Premium Properties, including such Property, is less than \$76,932,200.00, (ii) 110% of the Allocated Loan Amount for such Property if the sum of the initial Allocated Loan Amounts of all Release Premium Properties, including such Property, is equal to or greater than \$76,932,200.00 but less than \$115,398,300.00 (iii)

115% of the Allocated Loan Amount for such Property if the sum of the initial Allocated Loan Amounts of all Release Premium Properties, including such Property, is equal to or greater than \$115,398,300.00 but less than \$153,864,400.00, and (iv) 120% of the Allocated Loan Amount for such Property if the sum of the initial Allocated Loan Amounts of all Release Premium Properties, including such Property, is equal to or greater than \$153,864,400.00; and

(b) in connection with any failure of a Property to qualify as an Eligible Property other than due to the occurrence of a Voluntary Action that is not cured within the applicable Cure Period, an amount equal to 100% of the Allocated Loan Amount for such Property.

“ **Relevant Party** ” means each Loan Party, Equity Owner GP and Sponsor (and, collectively “ **Relevant Parties** ”).

“ **REMIC Trust** ” shall mean a “real estate mortgage investment conduit” within the meaning of Section 860D of the Code.

“ **Renovation Standards** ” means the maintenance, repairs, improvements and installations that are necessary (i) for a Property to conform to applicable material Legal Requirements and not deviate materially from local rental market standards for the area in which such Property is located and (ii) for a Property to conform to Requirements for Existing Housing One to Four Family Units (4905.1) or Minimum Property Standard for One and Two Family Dwellings (200.926) as applicable, as published by the U.S. Department of Housing and Urban Development.

“ **Rents** ” means, with respect to each Property, all rents and rent equivalents.

“ **Repayment Date** ” means the date of a prepayment of the Loan pursuant to the provisions of **Section 2.4** hereof.

“ **Replacement Interest Rate Cap Agreement** ” means an interest rate cap agreement from an Approved Counterparty with terms that are the same in all material respects as the terms of the Interest Rate Cap Agreement except that the same shall be effective as of (i) in connection with a replacement pursuant to **Section 2.6.3(c)** following a downgrade, withdrawal or qualification of the long-term unsecured debt rating of the Counterparty, the date required in **Section 2.6** or (ii) in connection with a replacement (or extension of the then-existing Interest Rate Cap Agreement) in connection with an extension of the Maturity Date pursuant to **Section 2.7**, the date required in **Section 2.7**; provided that to the extent any such interest rate cap agreement does not meet the foregoing requirements, a Replacement Interest Rate Cap Agreement shall be such interest rate cap agreement approved in writing by Lender, and if the Loan or any portion thereof is included in a Securitization, each of the Rating Agencies with respect thereto.

“ **Replacement Management Agreement** ” means, collectively, (a) either (i) a management agreement with a Qualified Manager, substantially in the same form and substance as the Existing Management Agreement, (ii) a management agreement with a Qualified Manager, which management agreement shall be reasonably acceptable to Lender in form and substance, *provided*, that with respect to this **clause (ii)**, (x) if such management agreement

provides for the payment of management fees in excess of those fees provided for under the Existing Management Agreement, then Borrower shall have obtained a Rating Agency Confirmation with respect to such increase in management fees and (y) otherwise Lender, at its option, may require that Borrower obtain a Rating Agency Confirmation with respect to such management agreement or (iii) a management agreement with a Manager approved by Lender in accordance with **Section 4.1.13(b)(y)** and satisfying the conditions set forth in **clauses (x)** and **(y)** above, and (b) an assignment of management agreement and subordination of management fees substantially in the form of the Assignment of Management Agreement dated as of the date hereof (or such other form and substance reasonably acceptable to Lender and the Qualified Manager).

“Reportable Event” has the meaning set forth in Section 4043 of ERISA.

“Request for Release” means a request for release of a Property in connection with any Transfer of a Property, substantially in the form attached hereto as **Exhibit E**.

“Reserve Funds” means, collectively, all funds deposited by Borrower with Lender or Collection Account Bank pursuant to **Article 6**, including, but not limited to, the Capital Expenditure Funds, the Insurance Funds, the Tax Funds, the HOA Funds, the Casualty and Condemnation Funds, the Cash Collateral Funds, the Special Insurance Reserve Funds and the Eligibility Funds.

“Reserve Release Date” means any Business Day as requested by Borrower pursuant to a Reserve Release Request; *provided* that there shall be no more than one Reserve Release Date in any calendar month.

“Reserve Release Request” means any written request by Borrower for a release of Reserves Funds made in accordance with **Article 6**.

“Responsible Officer” means, as to any Person, the chief executive officer or president or, with respect to financial matters, the chief financial officer or treasurer of such Person; *provided, that* in the event any such officer is unavailable at any time he or she is required to take any action hereunder, Responsible Officer means any officer authorized to act on such officer’s behalf as demonstrated by a certified resolution.

“Restoration” means the repair and restoration of a Property after a Casualty as nearly as possible to the condition such Property was in immediately prior to such Casualty, with such material alterations as may be approved by Lender, such approval not to be unreasonably withheld, delayed or conditioned.

“Restricted Junior Payment” means, with respect to any Person, (i) any dividend or other distribution of any nature (cash, securities, assets, Indebtedness or otherwise) and any payment, by virtue of redemption, retirement or otherwise, on any class of Equity Interests or subordinate Indebtedness issued by such Person, whether such Equity Interests are now or may hereafter be authorized or outstanding and any distribution in respect of any of the foregoing, whether directly or indirectly, (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Equity Interests or subordinate Indebtedness of such Person now or hereafter outstanding, or (iii) any payment of management or similar fees by such Person (other than payment of management fees under any Management Agreement to the extent expressly permitted by this Agreement).

“**Restricted Pledge Party**” shall mean, collectively, Borrower, any Guarantor, and any other direct or indirect equity holder in Borrower or any Guarantor up to, but not including, the first direct or indirect equity holder that has substantial assets other than the Properties and the other Collateral.

“**S&P**” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business.

“**Significant Obligor**” shall have the meaning set forth in Item 1101(k) of Regulation AB under the Securities Act.

“**Solvent**” means, with respect to any Person or any consolidated group, on any date of determination, that on such date (i) the fair saleable value of such Person’s or consolidated group’s assets exceeds its total liabilities, including, without limitation, subordinated, unliquidated, disputed and contingent liabilities, (ii) the fair saleable value of such Person’s or consolidated group’s assets exceeds its probable liabilities, as applicable, including the maximum amount of its contingent liabilities on its debts as such debts become absolute and matured, (iii) such Person’s or consolidated group’s assets do not constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted and (iv) such Person or consolidated group does not intend to, and does not believe that it will, incur debt and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such debt and liabilities as they mature (taking into account the timing and amounts of cash to be received by it and the amounts to be payable on or in respect of its obligations).

“**Specified Documents**” means, with respect to any Property File, each document listed in the definition of “Property File”.

“**Specified Liens**” means the Liens described on **Schedule XII** affecting one or more of the Properties as of the Closing Date, provided that all such Liens on the affected Properties are affirmatively covered by Title Insurance Policies.

“**Sponsor**” means Invitation Homes L.P., a Delaware limited partnership.

“**Sponsor Financial Covenant**” means the requirement that Sponsor or any Qualified Transferee that executes and delivers a replacement guaranty pursuant to **Section 7.1(h)** maintain Net Assets of not less than \$150,000,000 (exclusive of Sponsor’s or such Qualified Transferee’s direct or indirect interest in Borrower).

“**Sponsor Guaranty**” means that certain Sponsor Guaranty, dated as of the date hereof, executed by Sponsor in favor of Lender.

“**Sponsor Parent Entity**” means any Person that owns, directly or indirectly, 100% of the legal and beneficial interests in Sponsor.

“**Sponsor Public Listing**” shall mean the listing of the direct or indirect legal or beneficial interests of Sponsor (or any direct or indirect wholly owned subsidiary of Sponsor or any Sponsor Parent Entity) on the New York Stock Exchange or another nationally recognized securities exchange.

“**Sponsor Public Sale**” shall mean the sale, transfer or conveyance (but not a pledge), in one or a series of transactions (a) of more than 50% of the direct or indirect legal or beneficial interests in Sponsor (or any direct or indirect wholly owned subsidiary of Sponsor or any Sponsor Parent Entity) to a Public Vehicle or (b) through which Sponsor (or any direct or indirect wholly owned subsidiary of Sponsor or any Sponsor Parent Entity) becomes, or is merged with or into, a Public Vehicle.

“**Spread Maintenance Date**” means the Monthly Payment Date occurring in December 2015.

“**Spread Maintenance Premium**” means, with respect to any prepayment of principal (or acceleration of the Loan) prior to the Spread Maintenance Date (other than payments made pursuant to **Section 2.4.3(a)** (except where such prepayment arises as a result of a Voluntary Action) or **Section 2.4.3(c)**), and with respect to each Floating Rate Component, an amount equal to the product of the following: (i) the amount of such prepayment (or the amount of principal so accelerated) allocable to such Floating Rate Component, multiplied by (ii) the Floating Rate Component Spread applicable to such Floating Rate Component, multiplied by (iii) a fraction (expressed as a percentage) having a numerator equal to the number of months difference between the Spread Maintenance Date and the date such prepayment occurs (or the next succeeding Monthly Payment Date through which interest has been paid by Borrower) and a denominator equal to twelve (12). The total Spread Maintenance Premium shall be the sum of the Spread Maintenance Premium for each of the Floating Rate Components. All Spread Maintenance Premium payments hereunder shall be deemed to be earned by Lender upon the funding of the Loan.

“**Stated Maturity Date**” means December 9, 2016, as the same may be extended pursuant to **Section 2.7**.

“**Strike Price**” shall mean (a) as to any Interest Rate Cap Agreement during the initial term of the Loan, 2.098% per annum, and (b) as to any Replacement Interest Rate Cap Agreement obtained in connection with the exercise of any Extension Option, a rate per annum equal to the greater of (i) 2.098% per annum and (ii) the interest rate at which the Debt Service Coverage Ratio as of the Calculation Date immediately preceding the applicable Extension Date is not less than 1.20:1.00.

“**Taxes**” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“**Tenant**” means any Person obligated by contract or otherwise to pay monies (including a percentage of gross income, revenue or profits) under any Lease now or hereafter affecting all or any part of a Property.

“**Term**” means the entire term of this Agreement, which shall expire upon repayment in full of the Debt.

“ **Title Insurance Policy** ” means, with respect to each Property or multiple Properties encumbered by the same Mortgage, an ALTA mortgagee title insurance policy issued by a Qualified Title Insurance Company containing such endorsements as Lender may reasonably require (to the extent available in the state where the Property or the Properties, as applicable, are located) in a form reasonably acceptable to Lender (or, if such Property or the Properties, as applicable, are located in a state which does not permit the issuance of such ALTA policy, such form as shall be permitted in such state and determined that is reasonably acceptable to Lender) issued with respect to such Property or Properties, as applicable, and insuring the Lien of the Mortgage Documents encumbering such Property or Properties (subject to Permitted Liens), as applicable, and posted to the Lender’s online data room pursuant to **Section 4.1.14** with electronic or written notification to Lender of such posting.

“ **Title Insurance Owner’s Policy** ” means, with respect to each Property, an ALTA owner title insurance policy issued by a Qualified Title Insurance Company in a form reasonably acceptable to Lender (or, if a Property is in a state which does not permit the issuance of such ALTA policy, such form as shall be permitted in such state and determined that is reasonably acceptable to Lender) issued with respect to such Property and insuring the legal title to such Property, as applicable, posted to the Lender’s online data room pursuant to **Section 4.1.14** with electronic or written notification to Lender of such posting.

“ **Transfer Date** ” means the date upon which a Transfer of a Property is consummated.

“ **Transfer Expenses** ” means, with respect to the Transfer of any Property, the reasonable expenses of Borrower incurred in connection therewith not to exceed 6.0% of all gross amounts realized with respect thereto, for any of the following: (i) third party real estate commissions, (ii) the closing costs of the purchaser of such Property actually paid by Borrower and (iii) Borrower’s miscellaneous closings costs, including, but not limited to title, escrow and appraisal costs and expenses.

“ **Trigger Period** ” shall commence upon the occurrence of (i) an Event of Default or (ii) the commencement of a Low Debt Yield Period; and shall end if, (A) with respect to a Trigger Period continuing pursuant to **clause (i)** , the Event of Default commencing the Trigger Period has been cured and such cure has been accepted by Lender (and no other Event of Default is then continuing) or (B) with respect to a Trigger Period continuing due to **clause (ii)** , the Low Debt Yield Period has ended pursuant to the terms hereof.

“ **Trust Fund Expenses** ” shall mean (a) any interest payable to the Servicer, or any special servicer, trustee, operating advisor, custodian, or certificate administrator in connection with the Loan or the Properties pursuant to the Servicing Agreement in respect of advances made by any of the foregoing; *provided, however* , that Borrower shall only be obligated to pay any amounts described in this **clause (a)** if and to the extent such interest exceeds the sum of the Default Rate interest and late payment charges payable pursuant to **Section 2.3.4** in respect of the event giving rise to the related advances; (b) all special servicing fees, work-out, liquidation fees and other fees payable to any special servicer under the Servicing Agreement (i) after the Loan is transferred to the special servicer as a result of (A) the occurrence of an Event of Default or (B) an acknowledgement by Borrower in writing that the Loan is likely to go into default, or (ii) in connection with any Borrower requested or consensual work-out or modification of the Loan; (c) the regular monthly fee of the certificate administrator (capped at \$5,483 per month) and the trustee (capped at \$417 per month) under the Servicing Agreement, (d) the fees and expenses of

Midland Loan Services as Servicer as set forth in *Schedule IX* and (e) except for the regular monthly fees payable to the master servicer and any operating advisor, any other cost, fee or expense of the Servicer, the trustee, the operating advisor and any certificate administrator under the Servicing Agreement (i) after the Loan is transferred to the special servicer as a result of (A) the occurrence of an Event of Default or (B) an acknowledgement by Borrower in writing that the Loan is likely to go into default, (ii) the occurrence of an Event of Default under *clauses (i), (ii) or (iii) of Section 8.1* or (iii) in connection with any Borrower requested or consensual work out or modification of the Loan or any other special waiver or approval requests made by Borrower or any Guarantor during the term of the Loan (in each case including, but not limited to, (1) any costs and expenses in connection with Broker Price Opinions and, where Broker Price Opinions are not sufficient in accordance customary mortgage servicing standards, appraisals of the Properties or the Equity Interests in Borrower (or any updates to Broker Price Opinions or such appraisals) conducted by or on behalf of the Servicer and/or special servicer, (2) property inspections conducted by or on behalf of the Servicer and/or special servicer, (3) lien searches conducted by or on behalf of the Servicer and/or special servicer, (4) any reimbursements to the trustee, the Servicer, the special servicer, the operating advisor, any certificate administrator thereunder and related Persons of each of the foregoing, or the trust fund, pursuant to the Servicing Agreement, (5) any indemnification to Persons entitled thereto under the Servicing Agreement, (6) any litigation expenses arising from an Event of Default and (7) the cost of Rating Agency Confirmations and/or opinions of counsel, if any, required to be obtained pursuant to the Servicing Agreement in connection with servicing or administering the Loan or the Properties and administration of the trust fund).

“*Trustee*” means any trustee holding the Loan or any Component in a Securitization.

“*UCC*” or “*Uniform Commercial Code*” means the Uniform Commercial Code as in effect in the State (with respect to fixtures), the State of New York or the state in which any of the Cash management Accounts are located, as the case may be.

“*Underwritten Capital Expenditures*” means, as of any date of determination, for the twelve (12) month period ending on such date, the product of (i) the number of Properties multiplied by (ii) \$450.

“*Underwritten Net Cash Flow*” shall mean, as of any date of determination, the excess of: (a) for the twelve (12) month period ending on such date, the sum of (i) the lesser of (x) GPR multiplied by 94.0%, and (y) Actual Rent Collections, and (ii) Other Receipts; over (b) for the twelve (12) month period ending on such date, the sum of (i) Operating Expenses, adjusted to reflect exclusion of amounts representing non-recurring expenses, (ii) Underwritten Capital Expenditures and (iii) Concessions. For purposes of the foregoing calculations, for the first Calculation Date after the Closing Date, Operating Expenses, Concessions, Actual Rent Collections and Other Receipts with respect to the Properties for the period from and including January 1, 2014, to and including such Calculation Date shall be annualized to determine the twelve (12) month Operating Expenses, Concessions, Actual Rent Collections and Other Receipts with respect to the Properties.

Notwithstanding the foregoing, Underwritten Net Cash Flow shall not include (a) any Insurance Proceeds (other than business interruption and/or rental loss insurance proceeds and only to the extent allocable to the applicable reporting period), (b) any proceeds resulting from the Transfer of all or any portion of any Property, (c) any item of income otherwise included in

Underwritten Net Cash Flow but paid directly by any Tenant to a Person other than Borrower as an offset or deduction against Rent payable by such Tenant, provided such item of income is for payment of an item of expense (such as payments for utilities paid directly to a utility company) and such expense is otherwise excluded from the definition of Operating Expenses pursuant to clause “(G)” of the definition thereof, (d) security deposits received from Tenants until forfeited or applied and (e) any lease buy-out or surrender payment from any Tenant (including any payment relating to unamortized tenant improvements and/or leasing commissions).

Notwithstanding anything herein to the contrary, the Underwritten Net Cash Flow of any Property that is a Disqualified Property shall be zero for all purposes of this Agreement.

“ **United States** ” means the United States of America.

“ **Unrestricted Cash** ” means any cash or Permitted Investments not held (or required to be held) in any Collection Account, Account, Rent Deposit Account or Security Deposit Account, to the extent the cash value thereof could be distributed as a Restricted Junior Payment by a Loan Party pursuant to **Section 4.2.12** on such date.

“ **U.S. Dollars** ” refers to lawful money of the United States.

“ **U.S. Person** ” means any Person that is a “United States person” as defined in Section 7701(a)(30) of the Code.

“ **Vacant Property** ” means, individually, and “ **Vacant Properties** ” means, collectively, the Properties listed on **Schedule XI** attached hereto which are not leased to or occupied by any Tenant as of the Cut-Off Date.

“ **Voluntary Action** ” means, in respect of any Property (i) a voluntary action or omission by any Loan Party or an action or omission by any third party authorized by a Loan Party that, in each case, such Loan Party intends to result in (a) an imposition of a Lien (other than a Permitted Lien) on such Property or (b) a Transfer of such Property.

“ **Welfare Plan** ” means an “employee welfare benefit plan” as defined in Section 3(1) of ERISA that is established, maintained or contributed to by any Loan Party or any of its ERISA Affiliates (or as to which such entity has any liability).

Section 1.2 Index of Other Definitions. The following terms are defined in the Sections, Schedules or Loan Documents as indicated below:

“ **Acceptable Blanket Policy** ” – 5.1.1(c)

“ **Acceptable LLC** ” – Schedule IV

“ **Account Collateral** ” – 6.9

“ **Accounts** ” – 6.1.1

“ **Act** ” – Schedule IV

“ **Affected Property** ” and “ **Affected Properties** ” – 2.4.3(a)

“ **Agreement** ” – Introductory Paragraph

“ **Anti-Money Laundering Laws** ” – 4.1.16

“ **Approved Annual Budget** ” – 6.8.3

“ **Approved Extraordinary Operating Expense** ” – 6.8.4

“ **Approved Initial Budget** ” – 6.8.3
“ **Available Cash** ” – 6.8.1(i)
“ **Borrower** ” – Introductory Paragraph
“ **Borrower’s Operating Account** ” – 6.1.3
“ **Breakage Costs** ” – 2.2.5
“ **Capital Expenditure Account** ” – 6.4.1
“ **Capital Expenditure Funds** ” – 6.4.1
“ **Cash Collateral Account** ” – 6.7.1
“ **Cash Collateral Floor** ” – 6.7.2
“ **Cash Collateral Funds** ” – 6.7.1
“ **Cash Management Accounts** ” – 6.9
“ **Casualty** ” – 5.2
“ **Casualty and Condemnation Account** ” – 6.6
“ **Casualty and Condemnation Funds** ” – 6.6
“ **Casualty Consultant** ” – 5.4(d)(iii)
“ **Casualty Retainage** ” – 5.4(d)(iv)
“ **Cause** ” – Schedule IV
“ **Committee** ” – Schedule IV
“ **Condemnation Proceeds** ” – Net Proceeds Definition
“ **Counterparty Opinion** ” – 2.6.3(g)
“ **Covered Disclosure Information** ” – 9.2(b)
“ **Debt Yield Cure Prepayment** ” – Low Debt Yield Period Definition
“ **Disclosure Document** ” – 9.2(a)
“ **Eligibility Funds** ” – 6.10(a)
“ **Eligibility Reserve Account** ” – 6.10(a)
“ **Embargoed Person** ” – 4.2.16
“ **Equity Certificate** ” – 10.28(a)
“ **ERISA Plan** ” – 3.1.8(a)
“ **Event of Default** ” – 8.1
“ **Excess Deductible** ” – 5.1.3
“ **Exchange Act** ” – 9.2(a)
“ **Exchange Act Filing** ” – 9.1(d)
“ **Extraordinary Operating Expense** ” – 6.8.4
“ **First Extended Maturity Date** ” – 2.7.1
“ **First Extension Notice** ” – 2.7.1
“ **First Extension Option** ” – 2.7.1
“ **Fully Condemned Property** ” – 5.3(b)
“ **Fully Condemned Property Prepayment Amount** ” – 5.3(b)
“ **Government Lists** ” – 3.1.26
“ **Guarantor’s Permitted Indebtedness** ” – 4.2.8
“ **HOA** ” – 4.3.12
“ **HOA Account** ” – 6.2.3
“ **HOA Funds** ” – 6.2.3
“ **Increased Costs** ” – 2.9
“ **Indemnified Liabilities** ” – 4.1.21
“ **Independent Director** ” – Schedule IV
“ **Independent Manager** ” – Schedule IV
“ **Initial Interest Period** ” – 2.3.1

“ **Insurance Account** ” – 6.3.1
“ **Insurance Funds** ” – 6.3.1
“ **Insurance Premiums** ” – 5.1.1(b)
“ **Insurance Proceeds** ” – Net Proceeds Definition
“ **Interest Period** ” – 2.3.2
“ **Interest Shortfall** ” – 2.4.5(a)(ii)
“ **Issuer** ” – 9.2(b)
“ **Lender** ” – Introductory Paragraph
“ **Lender Group** ” – 9.2(b)
“ **Liabilities** ” – 9.2(b)
“ **Low Debt Yield Trigger** ” – Low Debt Yield Period Definition
“ **Margin Stock** ” – 3.1.16
“ **Material Action** ” – Schedule IV
“ **Monthly Budgeted Amount** ” – 6.8.3
“ **Monthly HOA Report** ” – 4.3.12
“ **Nationally Recognized Service Company** ” – Schedule IV
“ **Net Proceeds Deficiency** ” – 5.4(d)(vi)
“ **Note** ” – 2.1.4
“ **Notice** ” – 10.5
“ **Participant Register** ” – 10.24
“ **Patriot Act Offense** ” – 3.1.26
“ **Periodic Rating Agency Information** ” – 4.3.10
“ **Permitted Indebtedness** ” – 4.2.8
“ **Permitted Transfers** ” – 7.1
“ **Policy** ” and “ **Policies** ” – 5.1.1(b)
“ **Qualified Release Property Default** ” – 2.5(b)
“ **Rate Cap Collateral** ” – 2.6.2
“ **Register** ” – 10.24
“ **Registrar** ” – 10.24
“ **Release Conditions** ” – 2.5
“ **Release Premium Properties** ” – Release Amount Definition
“ **Release Property** ” – 2.5
“ **Rent Deposit Account** ” – 6.1.1
“ **Rent Deposit Account Retained Amount** ” – 6.1.1
“ **Rent Deposit Bank** ” – 6.1.1
“ **Review Waiver** ” – 10.2(b)
“ **Second Extended Maturity Date** ” – 2.7.1
“ **Second Extension Notice** ” – 2.7.1
“ **Second Extension Option** ” – 2.7.1
“ **Secondary Market Transaction** ” – 9.1(a)
“ **Securities** ” – 9.1(a)
“ **Securitization** ” – 9.1(a)
“ **Securities Act** ” – 9.2(a)
“ **Security Deposit Account** ” – 4.1.15(a)
“ **Servicer** ” – 10.20
“ **Servicing Agreement** ” – 10.20
“ **Sole Member** ” – Schedule IV
“ **SPC Party** ” – Schedule IV

“*Special Insurance Reserve Account*” – 6.5(a)
 “*Special Insurance Reserve Funds*” – 6.5(a)
 “*Special Member*” – Schedule IV
 “*Special Purpose Bankruptcy Remote Entity*” – Schedule IV
 “*Substitute Property*” and “*Substitute Properties*” – 2.4.3(a)
 “*Substitute Mortgage Documents*” – 2.4.3(a)(x)
 “*Succeeding Interest Period*” – 2.4.5(a)(ii)
 “*Tax Account*” – 6.2.1
 “*Tax Funds*” – 6.2.1
 “*Tenant Direction Letter*” – 6.1.1
 “*Third Extended Maturity Date*” – 2.7.1
 “*Third Extension Notice*” – 2.7.1
 “*Third Extension Option*” – 2.7.1
 “*Transfer*” – 4.2.3
 “*Underwriter Group*” – 9.2(b)
 “*Updated Information*” – 9.1(b)(i)
 “*U.S. Tax Compliance Certificate*” – 2.10.6(b)(ii)(C)

Section 1.3 Principles of Construction. All references to sections and schedules are to sections and schedules in or to this Agreement unless otherwise specified. Unless otherwise specified, the words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement or any other Loan Document shall refer to this Agreement or such other Loan Document as a whole and not to any particular provision hereof or thereof. When used in this Agreement or any other Loan Document, the word “including” shall mean “including but not limited to”. Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined.

ARTICLE 2

THE LOAN

Section 2.1 The Loan.

2.1.1 Agreement to Lend and Borrow. Subject to and upon the terms and conditions set forth herein, Lender shall make the Loan to Borrower and Borrower shall accept the Loan from Lender on the Closing Date.

2.1.2 Components of the Loan. For purposes of the computation of the interest accrued on the Loan from time to time and certain other computations set forth herein, the Loan shall be divided into multiple components designated as “Component A”, “Component B”, “Component C”, “Component D”, “Component E”, “Component F” and “Component G”. The following table sets forth the initial principal amount of each such Component.

<u>Component</u>	<u>Initial Principal Amount</u>
Component A	\$ 326,448,000
Component B	\$ 87,703,000
Component C	\$ 80,394,000
Component D	\$ 63,341,000
Component E	\$ 101,832,000
Component F	\$ 71,137,000
Component G	\$ 38,467,000

2.1.3 Single Disbursement to Borrower. Borrower shall receive only one borrowing hereunder in respect of the Loan and any amount borrowed and repaid hereunder in respect of the Loan may not be reborrowed.

2.1.4 The Note. The Loan and all of the Components thereof shall be evidenced by that certain Promissory Note of even date herewith, in the stated principal amount of Seven Hundred Sixty Nine Million Three Hundred Thousand Twenty Two and No/100 Dollars (\$769,322,000.00) executed by Borrower and payable to the order of Lender in evidence of each of the Components of the Loan (as the same may hereafter be amended, supplemented, restated, increased, extended or consolidated from time to time, the “*Note*”) and shall be repaid in accordance with the terms of this Agreement, the Note and the other Loan Documents. If the Note is mutilated or defaced and is surrendered to the Borrower, or if there shall be delivered to the Borrower evidence to its reasonable satisfaction of the destruction, loss or theft of the Note, then the Borrower shall execute and deliver, in lieu of the mutilated, defaced, destroyed lost or stolen Note, a new Note, of like tenor (including the same date of issuance) and equal principal or face amount and bearing interest from the date to which interest has been paid on the mutilated, defaced, destroyed, lost or stolen Note, provided that the applicant for a replacement Note shall indemnify Borrower for any liability, obligation, loss or damages the Borrower may incur in connection with any enforcement, collection or attempted enforcement or collection of the destroyed, lost or stolen Note. In the event that, as of the date a replacement Note is requested, the principal amount of any such mutilated, defaced, destroyed, stolen or lost Note shall have become, or will within the next succeeding fifteen (15) days become, due and payable in accordance with its terms, the Borrower may, at its discretion, not authenticate and deliver such a replacement Note. Borrower shall not be required to incur any material cost or expense in procuring any such indemnity or with the preparation, execution, authentication and delivery of any such replacement Note.

2.1.5 Use of Proceeds. Borrower shall use proceeds of the Loan to (i) make initial deposits of the Reserve Funds, (ii) make distributions to Equity Owner and Borrower GP, (iii) pay costs and expenses incurred in connection with the closing of the Loan and the related Securitization, and (iv) to the extent any proceeds remain after satisfying **clauses (i) through (iii)** above, for such lawful purpose as Borrower shall designate.

Section 2.2 Interest Rate

2.2.1 Interest Rate

(a) Each Component of the Loan shall accrue interest throughout the Term at the Interest Rate applicable to such Component during each Interest Period. The total interest accrued under the Loan shall be the sum of the interest accrued on the outstanding balance of each of the Components. Borrower shall pay to Lender on each Monthly Payment Date the interest accrued or to be accrued on the Loan for the related Interest Period.

(b) Component G shall accrue interest at the Component G Interest Rate. Subject to the terms and conditions hereof, the Floating Rate Components of the Loan shall be a LIBOR Loan. In the event that Lender shall have determined (which determination shall be conclusive and binding upon Borrower absent manifest error) that by reason of circumstances affecting the interbank Eurodollar market, adequate and reasonable means do not exist for ascertaining LIBOR, then Lender shall forthwith give notice by telephone of such determination, confirmed in writing, to Borrower at least one (1) day prior to the next succeeding Interest Determination Date. If such notice is given, the Floating Rate Components of the Loan shall be converted, as of the first day of the next succeeding Interest Period, to a Prime Rate Loan. Notwithstanding any provision of this Agreement to the contrary, in no event shall Borrower have the right to convert a LIBOR Loan to a Prime Rate Loan.

(c) If, pursuant to the terms hereof, the Floating Rate Components of the Loan have been converted to a Prime Rate Loan and Lender shall determine (which determination shall be conclusive and binding upon Borrower absent manifest error) that the event(s) or circumstance(s) which resulted in such conversion shall no longer be applicable, Lender shall give notice by telephone of such determination, confirmed in writing, to Borrower at least one (1) day prior to the next succeeding Interest Determination Date. If such notice is given, the Floating Rate Components of the Loan shall be converted, as of the first day of the next succeeding Interest Period, to a LIBOR Loan. Notwithstanding any provision of this Agreement to the contrary, in no event shall Borrower have the right to convert a Prime Rate Loan to a LIBOR Loan.

(d) If the adoption of any requirement of law or any change therein or in the interpretation or application thereof, shall hereafter make it unlawful for Lender to maintain a LIBOR Loan as contemplated hereunder, (i) the obligation of Lender hereunder to make or maintain a LIBOR Loan or to convert a Prime Rate Loan to a LIBOR Loan shall be canceled forthwith and (ii) any outstanding LIBOR Loan shall be converted automatically to a Prime Rate Loan on the first day of the next succeeding Interest Period, or upon such earlier date as may required by law. Borrower hereby agrees to promptly pay to Lender, upon demand, any additional amounts necessary to compensate Lender for any costs incurred by Lender in making any conversion in accordance with this Agreement, including without limitation, any interest or fees payable by Lender to lenders of funds obtained by it in order to make or maintain the LIBOR Loan hereunder. Lender's notice of such costs, as certified to Borrower, shall be conclusive absent manifest error.

2.2.2 Default Rate. In the event that, and for so long as, any Event of Default shall have occurred and be continuing, the Component Outstanding Principal Balance of each of the Floating Rate Components and, to the extent not prohibited by applicable law, all other portions of the Debt (other than the Component Outstanding Principal Balance of the Component G), shall accrue interest at the Default Rate, calculated from the date such payment was due or, if later, such Default shall have occurred, without regard to any grace or cure periods contained herein. Interest at the Default Rate shall be paid immediately upon demand, which demand may be made as frequently as Lender shall elect, to the extent not prohibited by applicable law.

2.2.3 Interest Calculation. Interest on the Loan and other Obligations shall be calculated by multiplying (A) the actual number of days elapsed in the period for which the calculation is being made by (B) a daily rate based on a three hundred sixty (360) day year (that is, the Interest Rate expressed as an annual rate divided by 360) by (C) the Outstanding Principal

Balance or the amount of such other Obligations, as applicable. The accrual period for calculating interest due on each Monthly Payment Date shall be the Interest Period in which such Monthly Payment Date occurs.

2.2.4 Usury Savings. This Agreement and the other Loan Documents are subject to the express condition that at no time shall Borrower be required to pay interest on the Outstanding Principal Balance at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the Maximum Legal Rate. If by the terms of this Agreement or the other Loan Documents, Borrower is at any time required or obligated to pay interest on the Outstanding Principal Balance at a rate in excess of the Maximum Legal Rate, the Interest Rate shall be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the sums due under the Loan, shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the Maximum Legal Rate from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

2.2.5 Breakage Indemnity. Borrower shall indemnify Lender against any loss or expense which Lender may actually sustain or incur in liquidating or redeploying deposits from third parties acquired to effect or maintain the Loan or any part thereof as a consequence of (i) any payment or prepayment of the Loan or any portion thereof made on a date other than a Monthly Payment Date (unless interest is paid by the Borrower on such payment through the end of the applicable Interest Period) and (ii) any default in payment or prepayment of the Principal or any part thereof or interest accrued thereon, as and when due and payable (at the date thereof or otherwise, and whether by acceleration or otherwise) (collectively, “*Breakage Costs*”), provided, Borrower shall not indemnify Lender from any loss or expense arising from Lender’s willful misconduct or gross negligence. Lender shall deliver to Borrower a statement for any such sums which it is entitled to receive pursuant to this Section 2.2.5, which statement shall be binding and conclusive absent manifest error. Borrower’s obligations under this Section 2.2.5 are in addition to Borrower’s obligations to pay any Spread Maintenance Premium applicable to a payment or prepayment of the Loan.

Section 2.3 Loan Payments .

2.3.1 Payments. On the Closing Date, Borrower shall pay interest on the Outstanding Principal Balance of the Components from the date hereof through and including November 14, 2014 (the “*Initial Interest Period*”). On December 9, 2014, and each Monthly Payment Date thereafter during the Term, Borrower shall make a payment of principal and interest equal to the Monthly Debt Service Payment Amount, which payment shall be applied in accordance with *Article 6* . Borrower shall also pay to Lender all amounts required in respect of Reserve Funds as set forth in *Article 6* .

2.3.2 Payments Generally. After the Initial Interest Period, each interest accrual period thereafter (each, an “*Interest Period*”) shall commence on the fifteenth (15th) calendar day of a calendar month and ending on (and including) the fourteenth (14th) calendar day of the following calendar month. For purposes of making payments hereunder, but not for purposes of calculating Interest Periods, if the Monthly Payment Date is not a Business Day,

then amounts due on such date shall be due on the immediately preceding Business Day. Lender shall have the right from time to time, in its sole discretion, upon not less than ten (10) days prior written notice to Borrower, to change the Monthly Payment Date to a different calendar day and, if requested by Lender, Borrower shall promptly execute an amendment to this Agreement to evidence such change; *provided, however*, that if Lender shall have elected to change the Monthly Payment Date as aforesaid, Lender shall adjust the Interest Period and, with respect to the Floating Rate Components, the Interest Determination Date accordingly, so that (a) after giving effect to any such change or adjustment, the period of time between the Monthly Payment Date and the end of the Interest Period shall not be greater than five (5) days and (b) the date of each Maturity Date (including the Stated Maturity Date, the First Extended Maturity Date, the Second Extended Maturity Date and the Third Extended Maturity Date) and any other date in the Loan Documents which corresponds with a Monthly Payment Date shall be automatically amended to reflect the Monthly Payment Date as so adjusted. With respect to payments of principal due on any Component on the Maturity Date, interest shall be payable at the Interest Rate, through and including the day immediately preceding such Maturity Date.

2.3.3 Payment on Maturity Date. Borrower shall pay to Lender on the Maturity Date the Outstanding Principal Balance, all accrued and unpaid interest and all other amounts due hereunder and under the Note, the Mortgage Documents and the other Loan Documents.

2.3.4 Late Payment Charge. If any principal, interest or any other sum due under the Loan Documents (other than the Outstanding Principal Balance due and payable on the Maturity Date) is not paid by Borrower on the date on which it is due, Borrower shall pay to Lender upon demand an amount equal to the lesser of four percent (4%) of such unpaid sum or the maximum amount permitted by applicable law in order to defray the expense incurred by Lender in handling and processing such delinquent payment and to compensate Lender for the loss of the use of such delinquent payment. Any such amount shall be secured by Borrower Security Agreement, the Mortgage Documents and the other Loan Documents to the extent permitted by law.

2.3.5 Method and Place of Payment.

(a) Except as otherwise specifically provided herein, all payments and prepayments under this Agreement and the Note shall be made to Lender not later than 2:00 p.m., New York City time, on the date when due and shall be made in lawful money of the United States of America in immediately available funds at Lender's office or at such other place as Lender shall from time to time designate, and any funds received by Lender after such time shall, for all purposes hereof, be deemed to have been paid on the next succeeding Business Day.

(b) Whenever any payment to be made hereunder or under any other Loan Document shall be stated to be due on a day which is not a Business Day, the due date thereof shall be the immediately preceding Business Day.

(c) All payments required to be made by Borrower hereunder or under the Note or the other Loan Documents shall be made irrespective of, and without deduction for, any setoff, claim or counterclaim and shall be made irrespective of any defense thereto.

Section 2.4 Prepayments.

2.4.1 Prepayments. Except as otherwise provided herein, Borrower shall not have the right to prepay the Loan in whole or in part prior to the Stated Maturity Date.

2.4.2 Voluntary Prepayments. Provided that Borrower shall timely deliver to Lender a Prepayment Notice, Borrower may prepay all or any portion of the Outstanding Principal Balance and any other amounts outstanding under the Note, this Agreement, the Mortgage Documents and any of the other Loan Documents, on any Business Day, provided that Borrower shall comply with the provisions of and pay to Lender the amounts set forth in **Section 2.4.5**. Each such prepayment shall be in a minimum principal amount equal to \$1,000,000 and in integral multiples of \$100,000 in excess thereof and shall be made and applied in the manner set forth in **Section 2.4.5**.

2.4.3 Mandatory Prepayments.

(a) **Disqualified Properties.** If at any time any Property shall become a Disqualified Property, Borrower shall, no later than the close of business on the fifth (5th) Business Day following the last day of the applicable Cure Period, if any, give notice thereof to Lender and prepay the Debt in the applicable Release Amount with respect to such Property. After the prepayment of the Debt by the Release Amount with respect to a Disqualified Property as provided above, Lender shall release the Disqualified Property from the applicable Mortgage Documents and related Lien, provided, that (x) Borrower has delivered to Lender a draft release (and, in the event the Mortgage and the Assignment of Leases and Rents applicable to the Disqualified Property encumbers other Property(ies) in addition to the Disqualified Property, such release shall be a partial release that relates only to the Disqualified Property and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such Disqualified Property is located and shall contain standard provisions protecting the rights of Lender, (y) Borrower shall pay all costs, taxes and expenses associated with such release (including, without limitation, cost to file and record the release and Lender's reasonable attorneys' fees) and (z) such Disqualified Property is a separate legal parcel from the property remaining encumbered by Mortgages. Notwithstanding the foregoing, in lieu of such prepayment, Borrower may either (1) deposit an amount equal to 100% of the Allocated Loan Amount for such Disqualified Property in the Eligibility Reserve Account in accordance with and subject to **Section 6.10** or (2) substitute a Disqualified Property or a portfolio of Disqualified Properties (each, an "**Affected Property**" and collectively, the "**Affected Properties**") with a substitute Eligible Property or a portfolio of Eligible Properties (each, a "**Substitute Property**" and collectively, the "**Substitute Properties**") provided that, in the case of a proposed substitution, the following conditions are satisfied:

(i) each substitute Eligible Property shall be a detached single family residential real property, but excluding townhomes, condominium units, housing cooperatives and manufactured housing;

(ii) no Event of Default shall have occurred and be continuing except as related to, and cured by the removal of, any Affected Property;

(iii) Lender shall have obtained, at Borrower's sole cost and expense, a Broker Price Opinion for the Substitute Property (or Broker Price Opinions for the Substitute Properties, if a portfolio of Affected Properties are being substituted) and based on such Broker Price Opinion(s), the Substitute Property (or Substitute Properties,

if a portfolio of Affected Properties are being substituted) shall have the same or greater BPO Value as the greater of (x) the BPO Value of the Affected Property (or portfolio of Affected Properties being substituted) as of the Closing Date and (y) the BPO Value of the Affected Property (or portfolio of Affected Properties being substituted) at the time of substitution;

(iv) Borrower shall deliver to Lender an Officer's Certificate stating that each Substitute Property satisfies each of the Property Representations and is in compliance with each of the Property Covenants on the date of the substitution after giving effect to the substitution;

(v) the Eligible Lease for each Substitute Property shall have a remaining contractual term of at least six (6) months (without giving effect to any extension option in such lease);

(vi) the in place Rents under the Lease(s) for the Substitute Property (or Substitute Properties, if a portfolio of Affected Properties are being substituted) shall be equal to or greater than greater of (A) the in place Rents under the Lease(s) for the Affected Property (or portfolio of Affected Properties being substituted) measured as of the time of substitution and (B) the in place Rents under the Lease(s) for the Affected Property (or portfolio of Affected Properties being substituted) measured as of the Closing Date;

(vii) simultaneously with the substitution, Borrower shall convey all of Borrower's right, title and interest in, to and under the Affected Property (or portfolio of Affected Properties being substituted) to a Person other than Borrower or a Loan Party or any Person owned directly or indirectly to Borrower or a Loan Party and Borrower shall deliver to Lender a copy of the deed conveying all or Borrower's right, title and interest in the Affected Property (or portfolio of Affected Properties being substituted);

(viii) Borrower shall deliver on or prior to the date of substitution evidence satisfactory to Lender that each Substitute Property is insured pursuant to Policies meeting the requirements of *Article 5* ;

(ix) Borrower shall deliver to Lender the Property File with respect to each Substitute Property;

(x) Borrower shall have executed and delivered to Lender, the Mortgage Documents with respect to each Substitute Property, which shall be in substantially the same form as the Mortgage, Assignment of Leases and Rents and Fixture Filing, if applicable, executed and/or delivered on the Closing Date (or with respect to any such Affected Property which was previously a Substitute Property, the date such Affected Property became collateral for the Loan) with such changes as may be necessitated or appropriate (as reasonably determined by Lender) for the jurisdiction in which the Substitute Property is located, and which may, in Lender's reasonable discretion, be Mortgage Documents with respect to only such Substitute Property (and in the event the Substitute Property is located in the same county or parish in which one or more other Properties (other than the Affected Property) is located, such Mortgage and Assignment of Leases and Rents may be in the form of an amendment and spreader

agreement to the existing Mortgage and Assignment of Leases and Rents covering such Property or Properties located in the same county or parish as the Substitute Property, in each case, in form and substance reasonably acceptable to Lender) (the “*Substitute Mortgage Documents*”);

(xi) Borrower shall deliver to Lender the following opinions of counsel: (A) an opinion of counsel admitted to practice under the laws of the state in which the Substitute Property (or Substitute Properties, if a portfolio of Affected Properties are being substituted) is located in form and substance reasonably satisfactory to Lender opining as to the enforceability of the Substitute Mortgage Documents with respect to the Substitute Property and (B) an opinion stating that the Substitute Mortgage Documents were duly authorized, executed and delivered by Borrower and that the execution and delivery of such Substitute Mortgage Documents and the performance by Borrower of its obligations thereunder will not cause a breach or a default under, any agreement, document or instrument to which Borrower is a party or to which it or the Properties are bound and otherwise in form and substance reasonably satisfactory to Lender;

(xii) Lender shall have received a Title Insurance Policy for the Substitute Property (or, in the event a Substitute Property is located in the same county or parish in which one or more other Properties (other than an Affected Property) is located, an endorsement to the existing Title Insurance Policy with respect to such Property or Properties located in the same county or parish as such Substitute Property in form and substance reasonably satisfactory to Lender) insuring the Lien of the Mortgage encumbering such Substitute Property as a valid first lien on such Substitute Property, free and clear of all exceptions other than the Permitted Liens;

(xiii) each Substitute Property shall be located in a metropolitan statistical area that contains at least one property described on the Properties Schedule as of the Closing Date,

(xiv) no acquisition of a Substitute Property will result in Borrower or any Loan Party incurring any indebtedness (except as permitted by this Agreement);

(xv) the BPO Value of the Affected Properties, together with the BPO Value of all other Affected Properties since the date hereof, shall be no more than ten percent (10%) of the aggregate BPO Values of all Properties as of the Closing Date;

(xvi) if any Lien, litigation or governmental proceeding is existing or pending or, to the actual knowledge of a Responsible Officer of Manager or a Loan Party, threatened against any Affected Property or Substitute Property which may result in liability for Borrower, Borrower shall have deposited with Lender reserves reasonably satisfactory to Lender as security for the satisfaction of such liability;

(xvii) simultaneously with the substitution, Lender shall release the Affected Property or Affected Properties from the applicable Mortgage Documents and related Lien, provided, that Borrower has delivered to Lender a draft release (and, in the event the Mortgage and the Assignment of Leases and Rents applicable to the Affected Property or Affected Properties encumbers other Property(ies) in addition to the Affected

Property or Affected Properties, such release shall be a partial release that relates only to the Affected Property or Affected Properties and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such Affected Property or Affected Properties are located which contains standard provisions protecting the rights of Lender;

(xviii) Borrower shall pay to Lender all reasonable out-of-pocket costs and expenses incurred by Lender in connection with the substitution (including, without limitation, costs and expenses incurred by Lender in connection with the release of the Affected Property from applicable Mortgage Documents) and, in addition, the current reasonable and customary fee being assessed by Lender and/or its Servicer to effect releases or assignments; and

(xix) the Affected Property or Affected Properties shall constitute separate legal parcels from the property remaining encumbered by Mortgages, and the Substitute Property shall be comprised of one or more separate legal parcels on a stand alone basis.

Any such deposit in the Eligibility Reserve Account or any such substitution shall be completed no later than the due date for the prepayment required under this **Section 2.4.3(a)**. Notwithstanding anything to the contrary contained herein or in any other Loan Document, if the Loan is included in a REMIC Trust, no substitution will be permitted unless (1) either (aa) immediately after such substitution the ratio of the unpaid principal balance of the Loan to the value of the remaining Properties (as determined by Lender in its sole discretion using any commercially reasonable method permitted to a REMIC Trust; and which shall exclude the value of personal property (other than fixtures) or going concern value, if any) is equal to or less than 125% or (bb) the ratio of the unpaid principal balance of the Loan to the value of the Properties (including the Substitute Property or Substitute Properties) will not increase as a result of the substitution of the Substitute Property or Substitute Properties for the Affected Property or Affected Properties, or (2) Lender receives an opinion of counsel that the Securitization will not fail to maintain its status as a REMIC Trust as a result of the substitution of the Substitute Property or Substitute Properties for the Affected Property or Affected Properties.

(b) Transfer. If at any time any Property is Transferred to a third party, then Borrower shall, no later than the close of business on the day on which such Transfer occurs, give notice thereof to Lender and prepay the Debt in the applicable Release Amount with respect to such Property in accordance with **Section 2.5**.

(c) Condemnation or Casualty. If Borrower is required to make any prepayment under **Section 5.3** or **Section 5.4** as a result of a Condemnation or Casualty, on the next occurring Monthly Payment Date following the date on which Lender actually receives the applicable Net Proceeds, one hundred percent (100%) of such Net Proceeds and all other amounts required to be prepaid pursuant to **Section 5.3** or **Section 5.4**, as applicable, shall be applied to the prepayment of the Debt in accordance with **Section 2.4.5(d)**. Notwithstanding anything herein to the contrary, no Spread Maintenance Premium shall be due in connection with any prepayment made pursuant to this **Section 2.4.3(c)**.

(d) Application of Mandatory Prepayments. Each such prepayment shall be made and applied in the manner set forth in **Section 2.4.5**.

(e) Payment from Collection Account. Lender may collect any prepayment required under this **Section 2.4.3** from the Collection Account on the date such prepayment is payable hereunder.

2.4.4 Prepayments After Default.

(a) If, during the continuance of an Event of Default, payment of all or any part of the Debt is tendered by Borrower and accepted by Lender or is otherwise recovered by Lender (including through application of any Reserve Funds), such tender or recovery shall be deemed to be a voluntary prepayment by Borrower in violation of the prohibition against prepayment set forth in **Section 2.4.1**, and Borrower shall pay, as part of the Debt, all of: (i) all accrued interest calculated at the Interest Rate on the amount of principal being prepaid through and including the date of such prepayment together with an amount equal to the interest that would have accrued at the Interest Rate on the amount of principal being prepaid through the end of the Interest Period in which such prepayment occurs, notwithstanding that such Interest Period extends beyond the date of prepayment, (ii) the Interest Shortfall, if applicable, with respect to the amount prepaid, (iii) Breakage Costs, if any, without duplication of any sums paid pursuant to the preceding clauses (i) and (ii), and (iv) an amount equal to the applicable Spread Maintenance Premium (if made before the Spread Maintenance Date).

(b) Notwithstanding anything contained herein to the contrary, upon the occurrence and during the continuance of any Event of Default, any payment of principal, interest and other amounts payable under the Loan Documents from whatever source may be applied by Lender among the Components and other Obligations as Lender shall determine in its sole and absolute discretion.

2.4.5 Prepayment/Repayment Conditions.

(a) On the date on which a prepayment, voluntary or mandatory, is made under the Note or as required under this Agreement, which date must be a Business Day, Borrower shall pay to Lender:

(i) all accrued and unpaid interest calculated at the Interest Rate on the amount of principal being prepaid on the applicable Component or Components through and including the Repayment Date together with an amount equal to the interest that would have accrued at the Interest Rate on the amount of principal being prepaid through the end of the Interest Period in which such prepayment occurs, notwithstanding that such Interest Period extends beyond the date of prepayment;

(ii) if such prepayment is made during the period from and including the first day after a Monthly Payment Date through and including the last day of the Interest Period in which such prepayment occurs, all interest on the principal amount being prepaid on the applicable Component or Components which would have accrued from the first day of the Interest Period immediately following the Interest Period in which the prepayment occurs (the “**Succeeding Interest Period**”) through and including the end of the Succeeding Interest Period, calculated at (A) the Interest Rate if such prepayment occurs on or after the Interest Determination Date for the Succeeding Interest Period or (B) the Assumed Note Rate if such prepayment occurs before the Interest Determination Date for the Succeeding Interest Period (the “**Interest Shortfall**”);

(iii) Breakage Costs, if any, without duplication of any sums paid pursuant to the preceding clauses (i) and (ii);

(iv) the Spread Maintenance Premium applicable thereto (if such prepayment occurs prior to the Spread Maintenance Date); provided that no Spread Maintenance Premium shall be due in connection with a prepayment under **Section 2.4.3(a)** (except where such prepayment arises as a result of a Voluntary Action) or **Section 2.4.3(e)**; and

(v) all other sums, then due under the Note, this Agreement and the other Loan Documents.

(b) If the Interest Shortfall for any Floating Rate Component was calculated based upon the Assumed Note Rate, upon determination of LIBOR on the Interest Determination Date for the Succeeding Interest Period then (i) if the Interest Rate applicable to such Floating Rate Component for such Succeeding Interest Period is less than the Assumed Note Rate applicable to such Floating Rate Component, Lender shall promptly refund to Borrower the amount of the Interest Shortfall paid with respect to such Floating Rate Component, calculated at a rate equal to the difference between the Assumed Note Rate applicable to such Floating Rate Component and the Interest Rate applicable to such Floating Rate Component for such Interest Period, or (ii) if the Interest Rate applicable to such Floating Rate Component is greater than the Assumed Note Rate applicable to such Floating Rate Component, Borrower shall promptly (and in no event later than the ninth (9th) day of the following month) pay Lender the amount of such additional Interest Shortfall applicable to such Floating Rate Component calculated at a rate equal to the amount by which the Interest Rate applicable to such Floating Rate Component exceeds the Assumed Note Rate applicable to such Floating Rate Component.

(c) Borrower shall pay all reasonable costs and expenses of Lender incurred in connection with the repayment or prepayment (including without limitation reasonable attorneys' fees and expenses and costs and expenses related to the Transfer or substitution of any Property); provided, for the avoidance of doubt, this provision shall not apply with respect to Taxes.

(d) Except during an Event of Default, prepayments shall be applied by Lender in the following order of priority: (i) *first*, to any amounts (other than principal, interest, Interest Shortfall, Breakage Costs and Spread Maintenance Premium) then due and payable under the Loan Documents, including any costs and expenses of Lender in connection with such prepayment; (ii) *second*, interest payable pursuant to **Section 2.4.5(a)(i)** on the applicable Component or Components being prepaid pursuant to this **clause (d)** at the Interest Rate; (iii) *third*, Interest Shortfall on the applicable Component or Components being prepaid pursuant to this **clause (d)**; (iv) *fourth*, Breakage Costs on the applicable Component or Components being prepaid pursuant to this **clause (d)**; (v) *fifth*, Spread Maintenance Premium, to the extent applicable, on the applicable Floating Rate Component or Floating Rate Components being prepaid pursuant to this **clause (d)** and (vi) *sixth*, to principal, applied as set forth in **clause (e)** below.

(e) Except during an Event of Default, prepayments of principal of the Loan made pursuant to this **Section 2.4.5** shall be applied to the Loan (i) *first*, to Component A until the Component Outstanding Principal Balance of Component A is reduced to zero, (ii) *second*, to

Component B until the Component Outstanding Principal Balance of Component B is reduced to zero, (iii) *third*, to Component C until the Component Outstanding Principal Balance of Component C is reduced to zero, (iv) *fourth*, to Component D until the Component Outstanding Principal Balance of Component D is reduced to zero, (v) *fifth*, to Component E until the Component Outstanding Principal Balance of Component E is reduced to zero, (vi) *sixth*, to Component F until the Component Outstanding Principal Balance of Component F is reduced to zero and (vii) *seventh*, to Component G until the Component Outstanding Principal Balance of Component G is reduced to zero; *provided*, that so long as no Default or Event of Default shall then exist or would result therefrom, any voluntary prepayments of principal on the Loan made from Unrestricted Cash pursuant to **Section 2.4.2**, other than Debt Yield Cure Prepayments, shall be applied to the Components of the Loan on a pro rata basis based on the Component Outstanding Principal Balance of each such Component relative to the aggregate Component Outstanding Principal Balances for all of the Components until the Component Outstanding Principal Balance for each Component has been reduced to zero.

(f) Prepayments under **Section 2.4.2** shall reduce the Allocated Loan Amounts for each Property on a pro rata basis. Prepayments under **Section 2.4.3** shall reduce the Allocated Loan Amount with respect to the applicable Property, until the Allocated Loan Amount and any interest, fees or other Obligations related thereto is zero and any excess of such prepayment shall be applied to reduce the Allocated Loan Amounts for the remaining Properties on a pro rata basis.

(g) Lender shall, upon the written request and at the expense of Borrower, upon payment in full of the Debt in accordance with the terms and provisions of the Loan Documents, release the Liens of the Mortgage Documents and cause the trustees under any of the Mortgages to reconvey the applicable Properties to Borrower. In connection with the releases of the Liens, Borrower shall submit to Lender, forms of releases of Liens (and related Loan Documents) for execution by Lender. Such releases shall be the forms appropriate in the jurisdictions in which the Properties are located and contain standard provisions protecting the rights of Lender. In addition, Borrower shall provide all other documentation Lender reasonably requires to be delivered by Borrower in connection with such releases, together with an Officer's Certificate certifying that such documentation (i) is in compliance with all Legal Requirements, and (ii) will effect such release in accordance with the terms of this Agreement. Borrower shall pay all out-of-pocket costs, taxes and expenses associated with the release of the Liens of the Mortgage Documents, including Lender's reasonable attorneys' fees.

Section 2.5 Transfers of Properties. Borrower may Transfer any Property (each, a "**Release Property**") and Lender shall release the Release Property from the applicable Mortgage Documents and release the security interest and Lien on any Collateral located at such Property, provided that the following conditions precedent to such Transfer are satisfied (the "**Release Conditions**"); provided, that, for the avoidance of doubt, the Release Conditions do not need to be satisfied in order for Lender to release its security interest and Lien on any Disqualified Property in connection with any prepayment or substitution in accordance with **Section 2.4.3(a)** :

(a) Borrower shall submit to Lender, not less than ten (10) Business Days' prior to the Transfer Date, a Request for Release, together with all attachments thereto and evidence reasonably satisfactory to Lender that the conditions precedent set forth in this **Section 2.5** will be satisfied upon the consummation of such Transfer;

(b) No Event of Default has occurred and is continuing (other than a non-monetary Event of Default that is specific to such Release Property to which **Section 2.4.3(a)** is applicable and would be cured as a result of the release of the Release Property, so long as a mandatory prepayment is made with respect thereto in accordance with **Section 2.4.3(a)** (a “**Qualified Release Property Default**”));

(c) The Debt Yield as of the most recent Calculation Date, after giving pro forma effect for the elimination of the Underwritten Net Cash Flow for the Release Property and the repayment of the Loan in the applicable Release Amount, is at least the greater of (x) the Closing Date Debt Yield and (y) the actual Debt Yield as of such date; provided that the condition in this clause (c) shall not be applicable to a Transfer of a Property if the Loan is prepaid in the amount that is the greater of the applicable Release Amount and 100% of the Net Transfer Proceeds for the Transferred Property;

(d) The Release Property shall be Transferred to a Person other than Borrower, any other Loan Party or, unless the release of the Release Property is effected in order to cure a Qualified Release Property Default, any Affiliate of Borrower or any other Loan Party, and, unless the release of the Release Property is effected in order to cure a Qualified Release Property Default, shall be Transferred pursuant to a bona fide all-cash sale of the Release Property on arms-length terms and conditions;

(e) On or prior to the Transfer Date, Borrower shall prepay the Outstanding Principal Balance by an amount equal to the applicable Release Amount for the Release Property, and Borrower shall comply with the provisions and pay to Lender the amounts set forth in **Section 2.4.5** ;

(f) If a Trigger Period is continuing on the Transfer date, the excess, if any, of (i) the Net Transfer Proceeds for the Release Property over (ii) the applicable Release Amount for the Release Property and any other amounts payable to Lender in connection with such release, shall be deposited into the Cash Collateral Account;

(g) Borrower shall submit to Lender, not less than five (5) Business Days’ prior to the Transfer Date, a draft release for the applicable Mortgage Documents (and, in the event the Mortgage and the Assignment of Leases and Rents applicable to the Release Property encumber other Property(ies) in addition to the Release Property, such release shall be a partial release that relates only to the Release Property and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which the Release Property is located and shall contain standard provisions protecting the rights of Lender. In addition, Borrower shall provide all other documentation of a ministerial or administrative nature that Lender reasonably requires to be delivered by Borrower in connection with such release or assignment;

(h) Borrower shall have paid all taxes and all reasonable out-of-pocket costs and expenses incurred by Lender and/or its Servicer in connection with any such release and, in addition, the current reasonable and customary fee being assessed by Lender and/or its Servicer to effect such release or assignment;

(i) Notwithstanding anything to the contrary contained herein or in any other Loan Document, if the Loan is included in a REMIC Trust and the ratio of the unpaid principal

balance of the Loan to the value of the remaining Properties (as determined by Lender in its sole discretion using any commercially reasonable method permitted to a REMIC Trust; and which shall exclude the value of any personal property (other than fixtures) or going concern value, if any) exceeds or would exceed 125% immediately after giving effect to the release of the Release Property, no release will be permitted unless the principal balance of the Loan is prepaid by an amount not less than the greater of (i) the Release Amount or (ii) the least amount that is a “qualified amount” as that term is defined in IRS Revenue Procedure 2010-30, as the same may be amended, replaced, supplemented or modified from time to time, unless Lender receives an opinion of counsel that, if this **Section 2.5(i)** is applicable but not followed or is no longer applicable at the time of such release, the Securitization will not fail to maintain its status as a REMIC Trust as a result of the release of the Release Property; and

(j) The Release Property is a separate legal parcel from the property remaining encumbered by Mortgages.

Section 2.6 Interest Rate Cap Agreement.

2.6.1 Interest Rate Cap Agreement. Prior to or contemporaneously with the Closing Date, Borrower shall have obtained, and thereafter maintain in effect, the Interest Rate Cap Agreement, which shall have a term expiring no earlier than the last day of the Interest Period in which the Stated Maturity Date occurs and have a notional amount which shall not at any time be less than the aggregate Component Outstanding Principal Balances of the Floating Rate Components. The Interest Rate Cap Agreement shall have a strike rate equal to the Strike Price.

2.6.2 Pledge and Collateral Assignment. As security for the full and punctual payment and performance of the Obligations when due (whether upon stated maturity, by acceleration, early termination or otherwise), Borrower, as pledgor, hereby pledges, assigns, hypothecates, transfers and delivers to Lender as collateral and hereby grants to Lender a continuing first priority lien on and security interest in, to and under all of the following whether now owned or hereafter acquired and whether now existing or hereafter arising (the “**Rate Cap Collateral**”): all of the right, title and interest of Borrower in and to (i) the Interest Rate Cap Agreement; (ii) all payments, distributions, disbursements or proceeds due, owing, payable or required to be delivered to Borrower in respect of the Interest Rate Cap Agreement or arising out of the Interest Rate Cap Agreement, whether as contractual obligations, damages or otherwise; and (iii) all of Borrower’s claims, rights, powers, privileges, authority, options, security interests, liens and remedies, if any, under or arising out of the Interest Rate Cap Agreement, in each case including all accessions and additions to, substitutions for and replacements, products and proceeds of any or all of the foregoing.

2.6.3 Covenants.

(a) Borrower shall comply with all of its obligations under the terms and provisions of the Interest Rate Cap Agreement. All amounts paid by the Counterparty under the Interest Rate Cap Agreement to Borrower or Lender shall be deposited immediately into the Collection Account pursuant to **Section 6.1.1**. Subject to terms hereof, provided no Event of Default has occurred and is continuing, Borrower shall be entitled to exercise all rights, powers and privileges of Borrower under, and to control the prosecution of all claims with respect to, the Interest Rate Cap Agreement and the other Rate Cap Collateral. Borrower shall take all actions

reasonably requested by Lender to enforce Borrower's rights under the Interest Rate Cap Agreement in the event of a default by the Counterparty thereunder and shall not waive, amend or otherwise modify any of its rights thereunder.

(b) Borrower shall defend Lender's right, title and interest in and to the Rate Cap Collateral pledged by Borrower pursuant hereto or in which it has granted a security interest pursuant hereto against the claims and demands of all other Persons.

(c) In the event of any downgrade, withdrawal or qualification of the rating of the Counterparty such that it ceases to qualify as an "Approved Counterparty", unless the Counterparty shall have posted collateral on terms acceptable to each Rating Agency, Borrower shall replace the Interest Rate Cap Agreement with a Replacement Interest Rate Cap Agreement not later than ten (10) Business Days following receipt of notice from Lender, Servicer or any other Person of such downgrade, withdrawal or qualification. In the event that the Counterparty is downgraded (i) below BBB+ by S&P or Fitch (or, if such counterparty was an approved counterparty based on its short-term rating by S&P or Fitch, below "A-2" by S&P or "F-2" by Fitch) or (ii) below "Baa1" by Moody's, a Replacement Interest Rate Cap Agreement shall be required regardless of the posting of collateral.

(d) In the event that Borrower fails to purchase and deliver to Lender the Interest Rate Cap Agreement as and when required hereunder, Lender may purchase the Interest Rate Cap Agreement and the cost incurred by Lender in purchasing the Interest Rate Cap Agreement shall be paid by Borrower to Lender with interest thereon at the Default Rate from the date such cost was incurred by Lender until such cost is paid by Borrower to Lender.

(e) Borrower shall not sell, assign, or otherwise dispose of, or mortgage, pledge or grant a security interest in, any of the Rate Cap Collateral or any interest therein, and any sale, assignment, mortgage, pledge or security interest whatsoever made in violation of this covenant shall be a nullity and of no force and effect, and upon demand of Lender, shall forthwith be cancelled or satisfied by an appropriate instrument in writing.

(f) Borrower shall not (i) without the prior written consent of Lender, modify, amend or supplement the terms of the Interest Rate Cap Agreement, (ii) without the prior written consent of Lender, except in accordance with the terms of the Interest Rate Cap Agreement, cause the termination of the Interest Rate Cap Agreement prior to its stated maturity date, (iii) without the prior written consent of Lender, except as aforesaid, waive or release any obligation of the Counterparty (or any successor or substitute party to the Interest Rate Cap Agreement) under the Interest Rate Cap Agreement, (iv) without the prior written consent of Lender, consent or agree to any act or omission to act on the part of the Counterparty (or any successor or substitute party to the Interest Rate Cap Agreement) which, without such consent or agreement, would constitute a default under the Interest Rate Cap Agreement, (v) fail to exercise promptly and diligently each and every material right which it may have under the Interest Rate Cap Agreement, (vi) take or intentionally omit to take any action or intentionally suffer or permit any action to be omitted or taken, the taking or omission of which would result in any right of offset against sums payable under the Interest Rate Cap Agreement or any defense by the Counterparty (or any successor or substitute party to the Interest Rate Cap Agreement) to payment or (vii) fail to give prompt notice to Lender of any notice of default given by or to Borrower under or with respect to the Interest Rate Cap Agreement, together with a complete copy of such notice. If Borrower shall have received written notice that the Securitization shall have occurred, no consent by Lender provided for in this **Section 2.6.3 (f)** shall be given by Lender unless Lender shall have received a Rating Agency Confirmation.

(g) In connection with an Interest Rate Cap Agreement, Borrower shall obtain and deliver to Lender an opinion of counsel from counsel (which counsel may be in-house counsel for the Counterparty) for the Counterparty upon which Lender and its successors and assigns may rely (the “**Counterparty Opinion**”), under New York law and, if the Counterparty is a non-U.S. entity, the applicable foreign law, which shall provide in relevant part, that: (i) the issuer is duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation and has the organizational power and authority to execute and deliver, and to perform its obligations under, the Interest Rate Cap Agreement; (ii) the execution and delivery of the Interest Rate Cap Agreement by the issuer, and any other agreement which the issuer has executed and delivered pursuant thereto, and the performance of its obligations thereunder have been and remain duly authorized by all necessary action and do not contravene any provision of its certificate of incorporation or by-laws (or equivalent organizational documents) or any law, regulation or contractual restriction binding on or affecting it or its property; (iii) all consents, authorizations and approvals required for the execution and delivery by the issuer of the Interest Rate Cap Agreement, and any other agreement which the issuer has executed and delivered pursuant thereto, and the performance of its obligations thereunder have been obtained and remain in full force and effect, all conditions thereof have been duly complied with, and no other action by, and no notice to or filing with any governmental authority or regulatory body is required for such execution, delivery or performance; and (iv) the Interest Rate Cap Agreement, and any other agreement which the issuer has executed and delivered pursuant thereto, has been duly executed and delivered by the issuer and constitutes the legal, valid and binding obligation of the issuer, enforceable against the issuer in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors’ rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

2.6.4 [Reserved] .

2.6.5 Representations and Warranties . Borrower hereby covenants with, and represents and warrants to Lender as of the Closing Date as follows:

(a) The Interest Rate Cap Agreement constitutes the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, subject only to applicable bankruptcy, insolvency and similar laws affecting rights of creditors generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(b) The Rate Cap Collateral is free and clear of all claims or security interests of every nature whatsoever, except such as are created pursuant to this Agreement and the other Loan Documents, and Borrower has the right to pledge and grant a security interest in the same as herein provided without the consent of any other Person other than any such consent that has been obtained and is in full force and effect.

(c) The Rate Cap Collateral has been duly and validly pledged hereunder. All consents and approvals required to be obtained by Borrower for the consummation of the transactions contemplated by this Agreement have been obtained.

(d) Giving effect to the aforesaid grant and assignment to Lender, Lender has, as of the date of this Agreement, and as to Rate Cap Collateral acquired from time to time after such date, shall have, a valid, and upon proper filing, perfected and continuing first priority lien upon and security interest in the Rate Cap Collateral; provided that no representation or warranty is made with respect to the perfected status of the security interest of Lender in the proceeds of Rate Cap Collateral consisting of “cash proceeds” or “non-cash proceeds” as defined in the UCC except if, and to the extent, the provisions of Section 9-306 of the UCC shall be complied with.

(e) Except for financing statements filed or to be filed in favor of Lender as secured party, there are no financing statements under the UCC covering any or all of the Rate Cap Collateral and Borrower shall not, without the prior written consent of Lender, until payment in full of all of the Obligations, execute and file in any public office, any enforceable financing statement or statements covering any or all of the Rate Cap Collateral, except financing statements filed or to be filed in favor of Lender as secured party.

2.6.6 Payments. If Borrower at any time shall be entitled to receive any payments with respect to the Interest Rate Cap Agreement, such amounts shall, immediately upon becoming payable to Borrower, be deposited by Counterparty into the Collection Account.

2.6.7 Remedies. Subject to the provisions of the Interest Rate Cap Agreement, if an Event of Default shall occur and then be continuing:

(a) Lender, without obligation to resort to any other security, right or remedy granted under any other agreement or instrument, shall have the right to, in addition to all rights, powers and remedies of a secured party pursuant to the UCC, at any time and from time to time, sell, resell, assign and deliver, in its sole discretion, any or all of the Rate Cap Collateral (in one or more parcels and at the same or different times) and all right, title and interest, claim and demand therein and right of redemption thereof, at public or private sale, for cash, upon credit or for future delivery, and in connection therewith Lender may grant options and may impose reasonable conditions such as requiring any purchaser to represent that any “securities” constituting any part of the Rate Cap Collateral are being purchased for investment only, Borrower hereby waiving and releasing any and all equity or right of redemption to the fullest extent permitted by the UCC or applicable law. If all or any of the Rate Cap Collateral is sold by Lender upon credit or for future delivery, Lender shall not be liable for the failure of the purchaser to purchase or pay for the same and, in the event of any such failure, Lender may resell such Rate Cap Collateral. It is expressly agreed that Lender may exercise its rights with respect to less than all of the Rate Cap Collateral, leaving unexercised its rights with respect to the remainder of the Rate Cap Collateral, *provided*, *however*, that such partial exercise shall in no way restrict or jeopardize Lender’s right to exercise its rights with respect to all or any other portion of the Rate Cap Collateral at a later time or times.

(b) Lender may exercise, either by itself or by its nominee or designee, in the name of Borrower, all of Lender’s rights, powers and remedies in respect of the Rate Cap Collateral, hereunder and under law.

(c) Borrower hereby irrevocably, in the name of Borrower or otherwise, authorizes and empowers Lender and assigns and transfers unto Lender, and constitutes and appoints Lender its true and lawful attorney-in-fact, and as its agent, irrevocably, with full power of substitution for Borrower and in the name of Borrower, (i) to exercise and enforce every right,

power, remedy, authority, option and privilege of Borrower under the Interest Rate Cap Agreement, including any power to subordinate or modify the Interest Rate Cap Agreement (but not, unless an Event of Default exists and is continuing, the right to terminate or cancel the Interest Rate Cap Agreement), or to give any notices, or to take any action resulting in such subordination, termination, cancellation or modification and (ii) in order to more fully vest in Lender the rights and remedies provided for herein, to exercise all of the rights, remedies and powers granted to Lender in this Agreement, and Borrower further authorizes and empowers Lender, as Borrower's attorney-in-fact, and as its agent, irrevocably, with full power of substitution for Borrower and in the name of Borrower, to give any authorization, to furnish any information, to make any demands, to execute any instruments and to take any and all other action on behalf of and in the name of Borrower which in the opinion of Lender may be necessary or appropriate to be given, furnished, made, exercised or taken under the Interest Rate Cap Agreement, in order to comply therewith, to perform the conditions thereof or to prevent or remedy any default by Borrower thereunder or to enforce any of the rights of Borrower thereunder. These powers-of-attorney are irrevocable and coupled with an interest, and any similar or dissimilar powers heretofore given by Borrower in respect of the Rate Cap Collateral to any other Person are hereby revoked.

(d) Lender may, without notice to, or assent by, Borrower or any other Person (to the extent permitted by law), but without affecting any of the Obligations, in the name of Borrower or in the name of Lender, notify the Counterparty, or if applicable, any other counterparty to the Interest Rate Cap Agreement, to make payment and performance directly to Lender; extend the time of payment and performance of, compromise or settle for cash, credit or otherwise, and upon any terms and conditions, any obligations owing to Borrower, or claims of Borrower, under the Interest Rate Cap Agreement; file any claims, commence, maintain or discontinue any actions, suits or other proceedings deemed by Lender necessary or advisable for the purpose of collecting upon or enforcing the Interest Rate Cap Agreement; and execute any instrument and do all other things deemed necessary and proper by Lender to protect and preserve and realize upon the Rate Cap Collateral and the other rights contemplated hereby.

(e) Pursuant to the powers-of-attorney provided for above, Lender may take any action and exercise and execute any instrument which it may deem necessary or advisable to accomplish the purposes hereof; *provided, however*, that Lender shall not be permitted to take any action pursuant to said power-of-attorney that would conflict with any limitation on Lender's rights with respect to the Rate Cap Collateral. Without limiting the generality of the foregoing, Lender, after the occurrence of an Event of Default, shall have the right and power to receive, endorse and collect all checks and other orders for the payment of money made payable to Borrower representing: (i) any payment of obligations owed pursuant to the Interest Rate Cap Agreement, (ii) interest accruing on any of the Rate Cap Collateral or (iii) any other payment or distribution payable in respect of the Rate Cap Collateral or any part thereof, and for and in the name, place and stead of Borrower, to execute endorsements, assignments or other instruments of conveyance or transfer in respect of any property which is or may become a part of the Rate Cap Collateral hereunder.

(f) Lender may exercise all of the rights and remedies of a secured party under the UCC.

(g) Without limiting any other provision of this Agreement or any of Borrower's rights hereunder, and without waiving or releasing Borrower from any obligation or

default hereunder, Lender shall have the right, but not the obligation, to perform any act or take any appropriate action, as it, in its reasonable judgment, may deem necessary to protect the security of this Agreement, to cure such Event of Default or to cause any term, covenant, condition or obligation required under this Agreement or the Interest Rate Cap Agreement to be performed or observed by Borrower to be promptly performed or observed on behalf of Borrower. All amounts advanced by, or on behalf of, Lender in exercising its rights under this **Section 2.6.7(g)** (including, but not limited to, reasonable legal expenses and disbursements incurred in connection therewith), together with interest thereon at the Default Rate from the date of each such advance, shall be payable by Borrower to Lender upon demand and shall be secured by this Agreement.

2.6.8 Sales of Rate Cap Collateral. No demand, advertisement or notice, all of which are, to the fullest extent permitted by law, hereby expressly waived by Borrower, shall be required in connection with any sale or other disposition of all or any part of the Rate Cap Collateral, except that Lender shall give Borrower at least thirty (30) Business Days' prior written notice of the time and place of any public sale or of the time when and the place where any private sale or other disposition is to be made, which notice Borrower hereby agrees is reasonable, all other demands, advertisements and notices being hereby waived. To the extent permitted by law, Lender shall not be obligated to make any sale of the Rate Cap Collateral if it shall determine not to do so, regardless of the fact that notice of sale may have been given, and Lender may without notice or publication adjourn any public or private sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. Upon each private sale of the Rate Cap Collateral of a type customarily sold in a recognized market and upon each public sale, unless prohibited by any applicable statute which cannot be waived, Lender (or its nominee or designee) may purchase any or all of the Rate Cap Collateral being sold, free and discharged from any trusts, claims, equity or right of redemption of Borrower, all of which are hereby waived and released to the extent permitted by law, and may make payment therefor by credit against any of the Obligations in lieu of cash or any other obligations. In the case of all sales of the Rate Cap Collateral, public or private, Borrower shall pay all reasonable costs and expenses of every kind for sale or delivery, including brokers' and attorneys' fees and disbursements and any tax imposed thereon. However, the proceeds of sale of Rate Cap Collateral shall be available to cover such costs and expenses, and, after deducting such costs and expenses from the proceeds of sale, Lender shall apply any residue to the payment of the Obligations in the order of priority as set forth in this Agreement.

2.6.9 Public Sales Not Possible. Borrower acknowledges that the terms of the Interest Rate Cap Agreement may prohibit public sales, that the Rate Cap Collateral may not be of the type appropriately sold at public sales, and that such sales may be prohibited by law. In light of these considerations, Borrower agrees that private sales of the Rate Cap Collateral shall not be deemed to have been made in a commercially unreasonable manner by mere virtue of having been made privately.

2.6.10 Receipt of Sale Proceeds. Upon any sale of the Rate Cap Collateral by Lender hereunder (whether by virtue of the power of sale herein granted, pursuant to judicial process or otherwise), the receipt by Lender or the officer making the sale or the proceeds of such sale shall be a sufficient discharge to the purchaser or purchasers of the Rate Cap Collateral so sold, and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to Lender or such officer or be answerable in any way for the misapplication or non-application thereof.

2.6.11 Replacement Interest Rate Cap Agreement. If, in connection with Borrower's exercise of any Extension Option pursuant to **Section 2.7**, Borrower delivers a Replacement Interest Rate Cap Agreement, all the provisions of this **Section 2.6** applicable to the Interest Rate Cap Agreement delivered on the Closing Date shall be applicable to the Replacement Interest Rate Cap Agreement.

Section 2.7 Extension Options.

2.7.1 Extension Options. Borrower shall have the option (the "**First Extension Option**"), by written notice (the "**First Extension Notice**") delivered to Lender (which notice may be revoked) no later than thirty (30) days prior to the Stated Maturity Date, to extend the Maturity Date to December 9, 2017 (the "**First Extended Maturity Date**"). In the event Borrower shall have exercised the First Extension Option, Borrower shall have the option (the "**Second Extension Option**"), by written notice (the "**Second Extension Notice**") delivered to Lender (which notice may be revoked) no later than thirty (30) days prior to the First Extended Maturity Date, to extend the First Extended Maturity Date to December 9, 2018 (the "**Second Extended Maturity Date**"). In the event Borrower shall have exercised the Second Extension Option, Borrower shall have the option (the "**Third Extension Option**"), by written notice (the "**Third Extension Notice**") delivered to Lender (which notice may be revoked) no later than thirty (30) days prior to the Second Extended Maturity Date, to extend the Second Extended Maturity Date to December 9, 2019 (the "**Third Extended Maturity Date**"). Borrower's right to so extend the applicable Maturity Date shall be subject to the satisfaction of the following conditions precedent prior to each extension hereunder:

(a) (i) no Event of Default shall have occurred and be continuing on the applicable Extension Date;

(b) Borrower shall (i) obtain and deliver to Lender not later than the first day of the term of the Loan as extended, one or more Replacement Interest Rate Cap Agreements from an Approved Counterparty, in a notional amount equal to the aggregate Component Outstanding Principal Balances of the Floating Rate Components, which Replacement Interest Rate Cap Agreement(s) shall be (A) effective for the period commencing on the Business Day immediately following the then applicable Maturity Date (prior to giving effect to the applicable Extension Option) and ending on the last day of the Interest Period in which the applicable extended Maturity Date occurs and (B) otherwise on same terms set forth in **Section 2.6** and at the applicable Strike Price and (ii) execute and deliver an Acknowledgment with respect to each such Replacement Interest Rate Cap Agreement;

(c) Borrower shall deliver a Counterparty Opinion with respect to the Replacement Interest Rate Cap Agreement and the related Acknowledgment and shall deliver to Lender an executed Collateral Assignment of Interest Rate Protection Agreement;

(d) All amounts due and payable by Borrower and any other Person pursuant to this Agreement or the other Loan Documents as of the Stated Maturity Date, the First Extended Maturity Date, and the Second Extended Maturity Date, as applicable, and all reasonable, out-of-pocket costs and expenses of Lender, including fees and expenses of Lender's counsel, in connection with the Loan and/or the applicable extension of the Term shall have been paid in full.

(e) If Borrower is unable to satisfy all of the foregoing conditions within the applicable time frames for each, Lender shall have no obligation to extend the Maturity Date hereunder.

2.7.2 Extension Documentation. As soon as practicable following an extension of the Maturity Date pursuant to this **Section 2.7**, Borrower shall, if requested by Lender, execute and deliver an amendment of and/or restatement of the Note and shall, if requested by Lender, enter into such amendments to the related Loan Documents as may be necessary or appropriate to evidence the extension of the Maturity Date as provided in this **Section 2.7**; *provided, however*, that no failure by Borrower to enter into any such amendments and/or restatements shall affect the rights or obligations of Borrower or Lender with respect to the extension of the Maturity Date.

Section 2.8 Spread Maintenance Premium. Upon any repayment or prepayment of the Loan (including in connection with an acceleration of the Loan but excluding in connection with any mandatory prepayment pursuant to **Section 2.4.3(a)** (except where such prepayment arises as a result of a Voluntary Action) or **Section 2.4.3(c)**) made prior to the Spread Maintenance Date, Borrower shall pay to Lender on the date of such repayment or prepayment (or acceleration of the Loan) the Spread Maintenance Premium applicable thereto. All Spread Maintenance Premium payments hereunder shall be deemed to be earned by Lender upon the funding of the Loan.

Section 2.9 Increased Costs. If as a result of any Regulatory Change or compliance of Lender therewith, the basis of taxation of payments to Lender or any company in Control of Lender of the principal of or interest on the Loan is changed or Lender or the company in Control of Lender shall be subject to (i) any Tax (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (d) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or (ii) any reserve, special deposit or similar requirements relating to any extensions of credit or other assets of, or any deposits with or other liabilities, of Lender or any company in Control of Lender is imposed, modified or deemed applicable; or (iii) any other condition (other than Taxes) affecting loans to borrowers subject to LIBOR-based interest rates is imposed on Lender or any company in Control of Lender and Lender determines that, by reason thereof, the cost to Lender or any company in Control of Lender of making, maintaining or extending the Loan to Borrower is increased, or any amount receivable by Lender or any company in Control of Lender hereunder in respect of any portion of the Loan to Borrower is reduced, in each case by an amount deemed by Lender in good faith to be material (such increases in cost and reductions in amounts receivable being herein called “**Increased Costs**”), then Lender shall provide notice thereof to Borrower and Borrower agrees that it will pay to Lender upon Lender’s written request such additional amount or amounts as will compensate Lender or any company in Control of Lender for such Increased Costs to the extent Lender determines that such Increased Costs are allocable to the Loan. If Lender requests compensation under this **Section 2.9**, Lender shall, if requested by notice by Borrower to Lender, furnish to Borrower a statement setting forth the basis for requesting such compensation and the method for determining the amount thereof.

Section 2.10 Taxes.

2.10.1 Defined Terms. For purposes of this *Section 2.10*, the term “applicable law” includes FATCA.

2.10.2 Payments Free of Taxes. Any and all payments by or on account of any obligation of Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of Borrower) requires the deduction or withholding of any Tax from any such payment by Borrower, then Borrower shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this *Section 2.10*) Lender receives an amount equal to the sum it would have received had no such deduction or withholding been made.

2.10.3 Payment of Other Taxes by Borrower. Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law any Other Taxes.

2.10.4 Indemnification by the Loan Parties. Borrower shall indemnify Lender, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this *Section 2.10*) payable or paid by Lender or required to be withheld or deducted from a payment to Lender and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by Lender shall be conclusive absent manifest error.

2.10.5 Evidence of Payments. As soon as practicable after any payment of Taxes by Borrower to a Governmental Authority pursuant to this *Section 2.10*, Borrower shall deliver to Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Lender.

2.10.6 Status of Lender.

(a) If Lender is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document then Lender shall deliver to Borrower, at the time or times reasonably requested by Borrower, such properly completed and executed documentation reasonably requested by Borrower as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, Lender, if reasonably requested by Borrower, shall deliver such other documentation prescribed by applicable law or reasonably requested by Borrower as will enable Borrower to determine whether or not Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in *Section 2.10.6(b)(i), (b)(ii) and (b)(iv)* below) shall not be required if in Lender’s reasonable judgment such completion, execution or submission would subject Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of Lender.

(b) Without limiting the generality of the foregoing,

(i) If Lender is a U.S. Person it shall deliver to Borrower (in such number of copies as shall be reasonably requested by Borrower) on or prior to the date on which such Lender becomes the Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), executed originals of IRS Form W-9 certifying that Lender is exempt from U.S. federal backup withholding tax;

(ii) If Lender is a Foreign Lender it shall, to the extent it is legally entitled to do so, deliver to Borrower (in such number of copies as shall be reasonably requested by Borrower) on or prior to the date on which it becomes the Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), whichever of the following is applicable:

(A) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN (in the case of an individual) or W-8BEN-E (in the case of an entity) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN (in the case of an individual) or W-8BEN-E (in the case of an entity) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such tax treaty;

(B) executed originals of IRS Form W-8ECI;

(C) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) or 871(h) of the Code, (x) a certificate substantially in the form of Exhibit F-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “**U.S. Tax Compliance Certificate**”) and (y) executed originals of IRS Form W-8BEN (in the case of an individual) or W-8BEN-E (in the case of an entity); or

(D) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN (in the case of an individual) or W-8BEN-E (in the case of an entity), a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-2 or Exhibit F-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-4 on behalf of each such direct and indirect partner;

(iii) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower (in such number of copies as shall be reasonably requested by Borrower) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit Borrower to determine the withholding or deduction required to be made; and

(iv) if a payment made to Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), Lender shall deliver to Borrower at the time or times prescribed by law and at such time or times reasonably requested by Borrower such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Borrower as may be necessary for Borrower to comply with its obligations under FATCA and to determine that Lender has complied with Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (iv), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrower in writing of its legal inability to do so.

2.10.7 Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this **Section 2.10** (including by the payment of additional amounts pursuant to this **Section 2.10**), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this **Section 2.10.7** (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this **Section 2.10.7**, in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this **Section 2.10.7** the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This **Section 2.10.7** shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

2.10.8 Survival. Each party's obligations under this **Section 2.10** shall survive any assignment of rights by, or the replacement of, a Lender and the repayment, satisfaction or discharge of all obligations under any Loan Document.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

Section 3.1 General Representations. Borrower represents and warrants to Lender as of the Closing Date that, except to the extent (if any) disclosed on *Schedule III* with reference to a specific subsection of this *Section 3.1* :

3.1.1 Organization; Special Purpose. Each Loan Party and each SPC Party has been duly organized and is validly existing with requisite power and authority to own its properties and to transact the businesses in which it is now engaged. Each Loan Party and each SPC Party is duly qualified to do business and in good standing in each jurisdiction where it is required to be so qualified in connection with its properties, businesses and operations, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect. Each Loan Party and each SPC Party possesses all rights, licenses, permits and authorizations, governmental or otherwise, necessary to entitle it to own its properties and to transact the businesses in which it is now engaged, except to the extent that failure to do so could not in the aggregate reasonably be expected to have a Material Adverse Effect. The sole business of Borrower is the acquisition, ownership, maintenance, sale, transfer, refinancing, management, leasing and operation of the Properties; the sole business of Borrower GP is acting as the sole general partner of Borrower, including, providing the Borrower GP Guaranty and the Borrower GP Security Agreement; and the sole business of Equity Owner is acting as the sole limited partner of Borrower and the sole member of Borrower GP, including, providing the Equity Owner Guaranty and the Equity Owner Security Agreement. Each Loan Party and each SPC Party is a Special Purpose Bankruptcy Remote Entity.

3.1.2 Proceedings; Enforceability. Each Loan Party has taken all necessary action to authorize the execution, delivery and performance of this Agreement and each of the other Loan Documents to which it is a party. This Agreement and the other Loan Documents have been duly authorized, executed and delivered by or on behalf of each Loan Party party thereto and constitute legal, valid and binding obligations of each Loan Party party thereto, enforceable against each such Loan Party party thereto in accordance with their respective terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law). The Loan Documents are not subject to any right of rescission, set-off, counterclaim or defense by any Loan Party including the defense of usury, nor would the operation of any of the terms of the Loan Documents, or the exercise of any right thereunder, render the Loan Documents unenforceable, and no Loan Party has asserted any right of rescission, set-off, counterclaim or defense with respect thereto.

3.1.3 No Conflicts. The execution, delivery and performance of this Agreement and the other Loan Documents by each Loan Party party thereto (i) will not contravene such Loan Party's Constituent Documents, (ii) will not result in any violation of the provisions of any Legal Requirement of any Governmental Authority having jurisdiction over any Loan Party or any of each Loan Party's properties or assets, (iii) with respect to each Loan Party, will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under the terms of any indenture, mortgage, deed of trust, deed to secure debt, loan agreement, management agreement or other agreement or instrument to which any Loan Party is a party or to, which any of each Loan Party's property or assets is subject, that would be reasonably expected to have a Material Adverse Effect and (iv) with respect to each Loan Party, except for Liens created under the Loan Documents, result in or require the creation or imposition of any Lien upon or with respect to any of the assets of any Loan Party. Any consent, approval, authorization, order, registration or qualification of or with any such Governmental Authority required for the execution, delivery and performance by each Loan Party of this Agreement or any other Loan Documents to which it is a party has been obtained and is in full force and effect.

3.1.4 Litigation. There are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other entity now pending or, to the actual knowledge of a Responsible Officer of Manager or any Loan Party, threatened, against or affecting any Loan Party or any SPC Party or Manager, as applicable, which actions, suits or proceedings (i) involve this Agreement, the Mortgage Documents, the Loan Documents or the transactions contemplated thereby or (ii) if adversely determined, would reasonably be expected to have a Material Adverse Effect. There are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other entity that resulted in a judgment against any Loan Party or any SPC Party that has not been paid in full that would otherwise constitute an Event of Default under **Section 8.1**.

3.1.5 Agreements. No Loan Party is a party to any agreement or instrument or subject to any restriction which would reasonably be expected to have a Material Adverse Effect. No Loan Party is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party which default would be expected to have a Material Adverse Effect. Other than the Loan Documents, no Loan Party has a material financial obligation under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which any Loan Party is a party other than, with respect to Borrower, the Management Agreement.

3.1.6 Consents. No consent, approval, authorization or order of any court or Governmental Authority is required for the execution, delivery and performance by any Loan Party of, or compliance by any Loan Party with, this Agreement or the other Loan Documents or the consummation of the transactions contemplated hereby and thereby, other than those which have been obtained by the applicable Loan Party.

3.1.7 Solvency. Each Loan Party and each SPC Party has (a) not entered into the transaction contemplated by this Agreement nor executed any Loan Document with the actual intent to hinder, delay or defraud any creditor and (b) received reasonably equivalent value in exchange for its obligations under the Loan Documents. After giving effect to the Loans, each Loan Party and each SPC Party is Solvent. No petition in bankruptcy has been filed against any Loan Party or any SPC Party in the last seven (7) years, and no Loan Party in the last seven (7) years has made an assignment for the benefit of creditors or taken advantage of any insolvency

act for the benefit of debtors. No Loan Party or SPC Party is contemplating either the filing of a petition by it under any state or federal bankruptcy or insolvency laws or the liquidation of all or a major portion of such Person's assets or property, and to the actual knowledge of any Loan Party, no Person is contemplating the filing of any such petition against any Loan Party or SPC Party.

3.1.8 Employee Benefit Matters .

(b) Assuming no portion of the assets used by Lender to fund the Loan constitutes the assets of an ERISA Plan, the assets of each Loan Party do not constitute "plan assets" of (a) any "employee benefit plan" (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, (b) any "plan" (as defined in Section 4975 of the Code) that is subject to Section 4975 of the Code or (c) any employee benefit plan or plan that is not subject to Title I of ERISA or Section 4975 of the Code but is subject to any law, rule or regulation applicable to such Loan Party which is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code (each of (a), (b) and (c), an "**ERISA Plan** ") with the result that the transactions contemplated by this Agreement, including, but not limited to, the exercise by Lender of any rights under the Loan Documents will constitute a non-exempt prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code. No Loan Party or any of its ERISA Affiliates sponsors, maintains or contributes to any Plans or Foreign Plans. None of Equity Owner GP, any Loan Party or any of their respective Subsidiaries has any employees.

(c) Each Plan (and each related trust, insurance contract or fund) is in compliance in all material respects with its terms and will all applicable laws, including without limitation ERISA and the Code. Each Plan that is intended to be qualified under Section 401(a) of the Code as currently in effect has been determined by the IRS to be so qualified, and each trust related to any such Plan has been determined to be exempt from federal income tax under Section 501(a) of the Code as currently in effect, and no event has taken place which could reasonably be expected to cause the loss of such qualified status and exempt status. With respect to each Plan of a Loan Party, each Loan Party and all of its ERISA Affiliates have satisfied the minimum funding standard under Section 412(a) of the Code and Section 302(a) of ERISA and paid all required minimum contributions and all required installments on or before the due dates under Section 430(j) of the Code and Section 303(j) of ERISA. Neither any Loan Party nor any of its ERISA Affiliates has filed, pursuant to Section 412(c) of the Code or Section 302(c) of ERISA, an application for a waiver of the minimum funding standard. Neither any Loan Party nor any of its ERISA Affiliates has incurred any liability to the PBGC which remains outstanding other than the payment of premiums, and there are no premium payments which have become due which are unpaid. No Plan is in "at risk" status within the meaning of Section 430(i) of the Code or Section 303(j) of ERISA. There are no existing, pending or threatened claims (other than routine claims for benefits in the normal course), sanctions, actions, lawsuits or other proceedings or investigation involving any Plan to which any Loan Party or any of its ERISA Affiliates has incurred or otherwise has or could have an obligation or any liability. With respect to each Multiemployer Plan to which any Loan Party or any of its ERISA Affiliates is required to make a contribution, each Loan Party and all of its ERISA Affiliates have satisfied all required contributions and installments on or before the applicable due dates and have not incurred a complete or partial withdrawal under Section 4203 or 4205 of ERISA. No Plan Termination Event has or is reasonably expected to occur.

(d) Each Foreign Plan is in compliance in all material respects with all laws, regulations and rules applicable thereto and the respective requirements of the governing documents for such plan. The aggregate of the liabilities to provide all of the accrued benefits under each Foreign Plan does not exceed the current fair market value of the assets held in the trust or other funding vehicle for such plan. There are no actions, suits or claims (other than routine claims for benefits) pending or threatened against any Loan Party or any of its ERISA Affiliates with respect to any Foreign Plan.

3.1.9 Compliance with Legal Requirements. Each Loan Party is in compliance with all applicable Legal Requirements, except to the extent that any noncompliance would not reasonably be expected to have a Material Adverse Effect. No Loan Party is in default or violation of any order, writ, injunction, decree or demand of any Governmental Authority, except for any default or violation that would not reasonably be expected to have a Material Adverse Effect.

3.1.10 Perfection Representations .

(a) The Borrower Security Agreement, the Equity Owner Security Agreement and the Borrower GP Security Agreement create valid and continuing security interests (as defined in the applicable UCC) in the personal property Collateral in favor of Lender, which security interests are prior to all other Liens arising under the UCC, subject to Permitted Liens, and are enforceable as such against creditors of each Loan Party, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity);

(b) All appropriate financing statements have been filed in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest granted to Lender hereunder in the Collateral that may be perfected by filing a financing statement;

(c) Other than the security interest granted to Lender pursuant to Borrower Security Agreement, the Equity Owner Security Agreement and the Borrower GP Security Agreement, no Loan Party has pledged, assigned, collaterally assigned, sold, granted a security interest in, or otherwise conveyed any of the Collateral except to the extent expressly permitted by the terms hereof. No Loan Party has authorized the filing of and is not aware of any financing statements against any Loan Party that include a description of the Collateral other than any financing statement relating to the security interest granted to Lender hereunder or that has been terminated.

(d) No instrument or document that constitutes or evidences any Collateral has any marks or notations indicating that they have been pledged, assigned or otherwise conveyed to any Person other than Lender.

(e) The grant of the security interest in the Collateral by each Loan Party to Lender, pursuant to Borrower Security Agreement, the Equity Owner Security Agreement and the Borrower GP Security Agreement is in the ordinary course of business for each Loan Party and is not subject to the bulk transfer or any similar statutory provisions in effect in any applicable jurisdiction.

(f) The chief executive office and the location of each Loan Party's records regarding the Collateral are listed on **Schedule VII**. Except as otherwise disclosed to Lender in writing, each Loan Party's legal name is as set forth in this Agreement, each Loan Party has not changed its name since its formation. Except as otherwise listed on **Schedule VII**, each Loan Party does not have trade names, fictitious names, assumed names or "doing business as" names and each Loan Party's federal employer identification number and organizational identification number is set forth on **Schedule VII**.

(g) Borrower is a limited partnership, and the jurisdiction in which Borrower is organized is Delaware. Borrower's Tax I.D. number is 47-1301556 and Borrower's Delaware Organizational I.D. number is 5557660.

3.1.11 Business. Since its formation, no Loan Party has conducted any business other than entering into and performing its obligations under the Loan Documents to which it is a party and as described on **Schedule IV**. Since the date of formation of each Loan Party, no event has occurred which would reasonably be expected to have a Material Adverse Effect. As of the date hereof, no Loan Party owns or holds, directly or indirectly (i) any capital stock or equity security of, or any equity interest in, any Person other than a Loan Party, except as set forth on **Schedule VIII** or (ii) any debt security or other evidence of indebtedness of any Person, except for Permitted Investments and as otherwise contemplated by the Loan Documents. Borrower does not have any subsidiaries.

3.1.12 Management. The ownership, leasing, management and collection practices used by each Loan Party and Manager with respect to the Properties have been, to the actual knowledge of the Responsible Officers of the Manager and each Loan Party, in compliance with all applicable Legal Requirements, and all necessary licenses, permits and regulatory requirements pertaining thereto have been obtained and remain in full force and effect, except to the extent that failure to obtain would not reasonably be expected to have a Material Adverse Effect.

3.1.13 Financial Information. All financial data that have been delivered to Lender in connection with the Loan (i) are true, complete and correct in all material respects (or, to the extent that any such financial data was incorrect in any material respect when delivered, the same has been corrected by financial data subsequently delivered to Lender prior to the date hereof), (ii) accurately represent the financial condition of the Properties as of the date of such reports, and (iii) have been prepared in accordance with GAAP throughout the periods covered, except as disclosed therein. The foregoing representation shall not apply to any such financial data that constitutes projections, *provided* that Borrower represents and warrants that such projections were made in good faith and that Borrower has no reason to believe that such projections were materially inaccurate. Borrower does not have any contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments that are known to Borrower and reasonably likely to have a materially adverse effect on the Properties or the operation thereof, except as referred to or reflected in said financial statements. Borrower has no liabilities or other obligations that arose or accrued prior to the date hereof that would reasonably be expected to have a Material Adverse Effect. Borrower has no known contingent liabilities.

3.1.14 Insurance. Borrower has obtained and delivered to Lender certificates evidencing the Policies required to be maintained under **Section 5.1.1**. All such Policies are in

full force and effect, with all premiums prepaid thereunder. No claims have been made that are currently pending, outstanding or otherwise remain unsatisfied under any such Policies that would reasonably be expected to have a Material Adverse Effect. With respect to any insurance policy, neither Borrower nor, to Borrower's or Manager's knowledge, any other Person, has done, by act or omission, anything which would impair the coverage of any of the Policies in any material respect.

3.1.15 Tax Filings. Each Loan Party has filed, or caused to be filed, on a timely basis all Tax returns (including, without limitation, all foreign, federal, state, local and other Tax returns) required to be filed by it, is not liable for Non-Property Taxes payable by any other Person and has paid or made adequate provisions for the payment of all Non-Property Taxes (to the extent such Taxes, assessment and other governmental charges exceed \$100,000 in the aggregate) payable by such Loan Party except as permitted by **Section 4.1.3 or 4.4.7**. All material recording or other similar taxes required to be paid by any Loan Party under applicable Legal Requirements currently in effect in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Loan Documents have been paid.

3.1.16 Federal Reserve Regulations. No part of the proceeds of the Loan will be used for the purpose of purchasing or acquiring any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System ("**Margin Stock**") or for any other purpose which would be inconsistent with such Regulation U or any other Regulations of such Board of Governors, or for any purposes prohibited by Legal Requirements in any material respects or by the terms and conditions of this Agreement or the other Loan Documents. None of the Collateral is comprised of Margin Stock and less than 25% of the assets of each Loan Party are comprised of Margin Stock.

3.1.17 Organizational Chart. The organizational chart attached as **Schedule II**, relating to the Loan Parties and certain Affiliates and other parties, is true, complete and correct on and as of the date hereof. No Person other than those Persons shown on **Schedule II** has any ownership interest in, or right of control, directly or indirectly, in Borrower or any other Loan Party.

3.1.18 Bank Holding Company. Borrower is not a "bank holding company" or a direct or indirect subsidiary of a "bank holding company" as defined in the Bank Holding Company Act of 1956, as amended, and Regulation Y thereunder of the Board of Governors of the Federal Reserve System.

3.1.19 FIRPTA. No Loan Party is a "foreign person" within the meaning of Section 1445(f)(3) of the Code.

3.1.20 Investment Company Act. No Loan Party or any Person controlling such Loan Party, including Sponsor, is required to register as an "investment company" under the Investment Company Act of 1940, as amended.

3.1.21 Fiscal Year. Each fiscal year of Borrower commences on January 1.

3.1.22 Other Debt; Liens. No Loan Party has any Indebtedness other than, with respect to Borrower, Permitted Indebtedness, and with respect to each Guarantor, Guarantor Permitted Indebtedness.

3.1.23 Contracts.

(a) Borrower has not entered into, and is not bound by, any Major Contract which continues in existence, except those previously disclosed in writing to Lender.

(b) Each of the Major Contracts is in full force and effect, there are no material defaults by Borrower thereunder and, to the knowledge of Borrower and Manager, there are no monetary or other material defaults thereunder by any other party thereto. None of Borrower, Manager, any Affiliate of Borrower or any other Person acting on Borrower's behalf has given or received any notice of default under any of the Major Contracts that remains uncured or in dispute.

(c) Borrower has delivered copies of the Major Contracts (including all amendments and supplements thereto) to Lender that are true, correct and complete in all material respects.

(d) Except for the Manager under the Management Agreement, no Major Contract has as a party an Affiliate of Borrower. All fees and other compensation for services previously performed under the Management Agreement have been paid in full.

3.1.24 Full and Accurate Disclosure. All information, reports, financial statements, exhibits and schedules furnished in writing by or on behalf of each Loan Party to Lender in connection with the negotiation, preparation or delivery of this Agreement and the other Loan Documents or included herein or therein or delivered pursuant hereto or thereto (but excluding any projections, forward looking statements, budgets, estimates and general market data as to which each Loan Party only represents and warrants that such information was prepared in good faith based upon assumptions believed by it to be reasonable at the time), when taken as a whole, as of the date furnished, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not materially misleading.

3.1.25 Illegal Activity. None of the Properties has been or will be purchased with proceeds of any illegal activity.

3.1.26 Patriot Act. No Loan Party nor any owner of a direct or indirect interest in any Loan Party (i) is listed on any Government Lists, (ii) is a person who has been determined by competent authority to be subject to the prohibitions contained in Presidential Executive Order No. 13224 (Sept. 23, 2001) or any other similar prohibitions contained in the rules and regulations of OFAC or in any enabling legislation or other Presidential Executive Orders in respect thereof, (iii) has been previously indicted for or convicted of any felony involving a crime or crimes of moral turpitude or for any Patriot Act Offense, or (iv) is currently under investigation by any Governmental Authority for alleged criminal activity. For purposes hereof, the term "**Patriot Act Offense**" means any violation of the criminal laws of the United States of America or of any of the several states, or that would be a criminal violation if committed within the jurisdiction of the United States of America or any of the several states, relating to terrorism or the laundering of monetary instruments, including any offense under (A) the criminal laws against terrorism; (B) the criminal laws against money laundering, (C) the Bank Secrecy Act, as amended, (D) the Money Laundering Control Act of 1986, as amended, or (E) the Patriot Act. "Patriot Act Offense" also includes the crimes of conspiracy to commit, or aiding and abetting another to commit, a Patriot Act Offense.

(a) (b) At the time Borrower first entered into a Lease with each Tenant (excluding any Tenant who occupied a Property pursuant to an in-place Lease when such Property was acquired by Borrower's Affiliate), no such Tenant was listed on either of the Government Lists described in **Section 4.1.17**.

Section 3.2 Property Representations. Borrower represents and warrants to Lender with respect to each Property as follows:

3.2.1 Property/Title.

(a) Borrower has good and marketable fee simple legal and equitable title to the real property comprising the Property, subject to Permitted Liens. The Mortgage Documents, when properly recorded and/or filed in the appropriate records, will create (i) a valid, first priority, perfected Lien on Borrower's interest in the Property, subject only to the Permitted Liens, and (ii) perfected security interests in and to, and perfected collateral assignments of, all personality (including the Leases), all in accordance with the terms thereof, in each case subject only to the Permitted Liens.

(b) All transfer taxes, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid under applicable Legal Requirements in connection with the transfer of the Property to Borrower have been paid or are being paid simultaneously herewith. All mortgage, mortgage recording, stamp, intangible or other similar tax required to be paid under applicable Legal Requirements in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Mortgage Documents with respect to such Property, including the Mortgages, have been paid or are being paid simultaneously herewith. All taxes and governmental assessments due and owing in respect of the Property have been paid, or an escrow of funds in an amount sufficient to cover such payments has been established hereunder or are insured against by the Title Insurance Policy and the Title Insurance Owner's Policy for such Property.

(c) Each Property is comprised of one (1) or more parcels which constitute separate tax lots and do not constitute a portion of any other tax lot not a part of such Property. Each Property is comprised of one (1) or more separate legal parcels and no portion of any Property constitutes a portion of any legal parcel not a part of such Property.

3.2.2 Adverse Claims. Borrower's ownership of the Property is free and clear of any Liens other than Permitted Liens.

3.2.3 Title Insurance Owner's Policy. The Property File for the Property includes either (i) a Title Insurance Owner's Policy insuring fee simple ownership of such Property by Borrower in an amount equal to or greater than the initial Allocated Loan Amount of the Property, issued by a Qualified Title Insurance Company with no title exceptions other than Permitted Liens or (ii) a marked or initialed binding commitment that is effective as a Title Insurance Owner's Policy in respect of such Property in an amount equal to or greater than the initial Allocated Loan Amount of the Property, issued by a Qualified Title Insurance Company with no title exceptions other than Permitted Liens, which commitment shall be accompanied by such other affidavits, transfer declarations and other documents as are necessary for the recordation of the deed for such Property and issuance of such Title Insurance Owner's Policy.

3.2.4 Deed. The Property File for such Property includes a deed for such Property conveying the Property to Borrower, with vesting in the actual name of Borrower with a certification from Borrower that such Property's deed has been recorded or presented to and accepted for recording by the applicable Qualified Title Insurance Company issuing the related Title Insurance Owner's Policy or binding commitment referred to in **Section 3.2.3**, with all fees, premiums and deed stamps and other transfer taxes paid.

3.2.5 Mortgage File Required Documents. The Property File for the Property includes (a) either (i) certified or file stamped (in each case by the applicable land registry) original executed Mortgage Documents or (ii) a copy of the Mortgage Documents in recordable form that have been submitted by the title insurance company for recording in the jurisdiction in which such Property is located (with Lender and Borrower acknowledging that the Mortgage Documents delivered on the Closing Date consist solely of Mortgages (which include Assignments of Leases and Rents and Fixture Filings as a part thereof), and that no separate Assignments of Leases and Rents or Fixture Filings are included as part of the Mortgage Documents delivered at the Closing Date), (b) an opinion of counsel admitted to practice in the state in which such Property is located in form and substance reasonably satisfactory to Lender in respect of the enforceability of such Mortgage Documents and an opinion of counsel in form and substance reasonably satisfactory to Lender stating that the Mortgage Documents were duly authorized, executed and delivered by Borrower and that the execution and delivery of such Mortgage Loan Documents and the performance by Borrower of its obligations thereunder will not cause a breach of, or a default under, any agreement, document or instrument to which Borrower is a party or to which it or such Property is bound, (c) either (x) a Title Insurance Policy insuring the Lien of the Mortgage encumbering such Property, or (y) a marked or initialed binding commitment that is effective as a Title Insurance Policy in respect of such Property, in each case, issued by a Qualified Title Insurance Company with no title exceptions other than Permitted Liens, which commitment shall be accompanied by such other affidavits, transfer declarations and other documents specified in such commitment as necessary for the issuance of such Title Insurance Policy, and (d) evidence that all taxes, fees and other charges payable in connection therewith have been paid in full.

3.2.6 Property File. The Property File for such Property has been delivered to Lender and there is no Deficiency with respect to such Property File.

3.2.7 Property Taxes and Other Charges. There are no delinquent Property Taxes or Other Charges outstanding with respect to the Property, other than Property Taxes or Other Charges that may exist in accordance with **Section 4.4.8**. As of the Closing Date, there are no pending or, to Borrower's or Manager's knowledge, proposed, special or other assessments for homeowner's or condominium owner's association improvements affecting the Property that would reasonably be expected to have an Individual Material Adverse Effect with respect to the Property.

3.2.8 Compliance with Renovation Standards. Each Vacant Property was previously subject to an Eligible Lease. With respect to each Property then subject to an Eligible Lease and each Vacant Property previously subject to an Eligible Lease, at the commencement of such Eligible Lease, such Property satisfied the Renovation Standards and all renovations thereto were conducted in accordance with applicable Legal Requirements, in all material respects.

3.2.9 Physical Condition. With respect to each Property then subject to an Eligible Lease and each Vacant Property previously subject to an Eligible Lease, at the commencement of such Eligible Lease, such Property was (and to Borrower's knowledge continues to be) in a good, safe and habitable condition and repair, and free of and clear of any damage or waste that has an Individual Material Adverse Effect on the Property.

3.2.10 Brokers. There is no commission or other compensation payable to any broker or finder in connection with the purchase of the Property by Borrower or its Affiliate that has not been paid or is being contested in good faith by Borrower.

3.2.11 Leasing. As of the Cut Off Date, unless such Property is a Vacant Property, or, in case of any Substitute Property, as of the date such Property becomes a Substitute Property, the Property was leased by Borrower pursuant to an Eligible Lease and each such lease was in full force and effect and was not in default in any material respect. No Person (other than the Borrower) has any possessory interest in the Property or right to occupy the same except any Tenant under and pursuant to the provisions of the applicable Lease and any Person claiming rights through any such Tenant. The copy of such Eligible Lease in the Property File is true and complete in all material respects and there are no material oral agreements with respect thereto. No Rent (or security deposits) has been paid more than one (1) month in advance of its due date. As of the date hereof, any payments, free rent, partial rent, rebate of rent or other payments, credits, allowances or abatements required to be given by Borrower to the relevant Tenant has already been provided to such Tenant. The leasing of the Properties has complied in all material respects with Borrower's internal leasing guidelines.

3.2.12 Insurance. The Property is covered by property, casualty, liability, business interruption, windstorm, flood, earthquake and other applicable insurance policies as and to the extent, and in compliance with the applicable requirements of **Section 5.1.1** and Neither Borrower or Manager has taken (or omitted to take) any action that would impair or invalidate the coverage provided by any such policies. As of the date hereof, no claims have been made that are currently pending, outstanding or otherwise remain unsatisfied under any such policies and would reasonably be expected to have an Individual Material Adverse Effect with respect to the Property.

3.2.13 Lawsuits, Etc. As of the date hereof, there are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other entity pending or to the actual knowledge of Borrower or Manager, threatened against or affecting the Property, which actions, suits or proceedings would reasonably be expected to have an Individual Material Adverse Effect on such Property.

3.2.14 Orders, Injunctions, Etc. There are no orders, injunctions, decrees or judgments outstanding with respect to the Property that would reasonably be expected to have an Individual Material Adverse Effect on such Property. **Agreements Relating to the Properties**. Borrower is not a party to any agreement or instrument or subject to any restriction of record which would reasonably be expected to have an Individual Material Adverse Effect on such Property. Borrower has not received notice of a default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions

contained in any agreement or instrument to which the Property is bound. Borrower does not have a material financial obligation under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument by which the Property is bound, other than obligations under the Loan Documents. Borrower is not in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Permitted Lien with respect to any Property. Neither the Property nor any part thereof are subject to any purchase options, rights of first refusal, rights of first offer or other similar rights in favor of any Tenant or other third parties.

3.2.16 Accuracy of Information Regarding Property. The Property is not a condominium. All material information with respect to the Property included in the Property File and the Properties Schedule is true, complete and accurate in all material respects. With respect to the Properties located in Nevada, (i) *Schedule XIV* hereof is a true, complete and accurate list of all of the homeowner's or condominium owner's associations (if any) affecting such Properties and (ii) the notice address of each association included in *Schedule XIV* hereof (as may be updated by Borrower from time to time by written notice to Lender) are true, complete, and accurate in all respects.

3.2.17 Compliance with Legal Requirements. The Property (including the leasing and intended use thereof) complies with all applicable Legal Requirements, including, without limitation, building and zoning ordinances and codes and all certifications, permits, licenses and approvals, including without limitation, certificates of completion and occupancy permits, required for the legal leasing, use, occupancy, habitability and operation of such Property, except as would not reasonably be expected to have an Individual Material Adverse Effect with respect to the Property. There is no consent, approval, permit, license, order or authorization of, and no filing with or notice to, any court or Governmental Authority related to the operation, use or leasing of the Property that has not been obtained, except as would not reasonably be expected to have an Individual Material Adverse Effect with respect to the Property. There has not been committed by Borrower or by any other Person in occupancy of or involved with the operation, use or leasing of the Property any act or omission affording any Governmental Authority the right of forfeiture as against the Property or any part thereof.

3.2.18 Environmental Laws. The Property is in material compliance with all Environmental Laws. No Loan Party nor any Affiliate of any Loan Party has caused or has knowledge of any discharge, spill, uncontrolled loss or seepage of any Hazardous Substance onto any property comprising or adjoining any location of the Property, and no Loan Party nor any Affiliate of any Loan Party nor, to the actual knowledge of Borrower or Manager, any tenant or occupant of all or part of the Property, is now or has been involved in operations at any Property which would reasonably be expected to lead to environmental liability for any Loan Party or any Affiliate of a Loan Party or the imposition of a Lien (other than a Permitted Lien) on the Property under any Environmental Law. There is no condition presently existing and no event has occurred or failed to occur prior to the date hereof, concerning the Property relating to any Hazardous Substance or other hazardous or toxic materials or condition, asbestos, mold or other environmental or similar matters which would reasonably be expected to have an Individual Material Adverse Effect on the Property.

3.2.19 Utilities and Public Access. The Property has rights of access to public ways and is served by water, sewer or septic system, and storm drain facilities adequate to service the Property for its intended uses and all public utilities necessary or convenient to the

full use and enjoyment of the Property are located either in the public right-of-way abutting the Property (which are connected so as to serve the Property without passing over other property) or in recorded easements serving the Property and such easements are set forth in and insured by the applicable Title Insurance Owner's Policy and Title Insurance Policy and all roads necessary for the use of the Property for its intended purposes have been completed, except as would not reasonably be expected to have an Individual Material Adverse Effect with respect to the Property.

3.2.20 Eminent Domain. As of the date hereof, there is no proceeding pending or, to Borrower's or Manager's knowledge, threatened, for the total or partial condemnation or taking of the Property by eminent domain or for the relocation of roadways resulting in a failure of access to the Property on public roads.

3.2.21 Flood Zone. The Property is not located in an area identified by the Federal Emergency Management Agency as a special flood hazard area, or, if so located the flood insurance required pursuant to **Section 5.1.1(a)** is in full force and effect with respect to the Property.

3.2.22 Specified Liens. The Property is not subject to any Specified Lien at any time on or after the first anniversary of the Closing Date.

Section 3.3 Survival of Representations. The representations and warranties set forth in this **Article III** and elsewhere in this Agreement and the other Loan Documents shall (i) survive until the Debt has been paid in full and (ii) be deemed to have been relied upon by Lender notwithstanding any investigation heretofore or hereafter made by Lender or on its behalf.

ARTICLE 4

COVENANTS

Section 4.1 Affirmative Covenants. Borrower shall comply with the following covenants:

4.1.1 Compliance with Laws, Etc. Borrower shall and shall cause each other Loan Party to do or cause to be done all things necessary to preserve, renew and keep in full force and effect its rights, licenses and permits and to comply with all Legal Requirements applicable to it and the Properties (and the use thereof), including, without limitation, building and zoning ordinances and codes and certificates of occupancy, except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect. Any Loan Party, at such Loan Party's expense, may contest by appropriate legal proceeding promptly initiated and conducted in good faith and with due diligence, the validity of any Legal Requirement, the applicability of any Legal Requirement to a Loan Party or any Property or any alleged violation of any Legal Requirement; *provided* that (i) such proceeding shall be permitted under and be conducted in accordance with the provisions of any instrument to which a Loan Party is subject and shall not constitute a default thereunder and such proceeding shall be conducted in accordance with all applicable Legal Requirements; (ii) no Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost; and (iii) the Loan Party shall promptly upon final determination thereof comply with any such Legal

Requirement determined to be valid or applicable or cure any violation of any Legal Requirement, except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect.

4.1.2 Preservation of Existence. Borrower shall and shall cause each other Loan Party and each SPC Party to (i) observe all procedures required by its Constituent Documents and preserve and maintain its corporate existence, rights, franchises and privileges in the jurisdiction of its organization, and (ii) qualify and remain qualified in good standing (where relevant) as a foreign limited liability company or limited partnership, as applicable, in each other jurisdiction where the nature of its business requires such qualification and to the extent such concept exists in such jurisdiction and where, in the case of clause (ii), except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect.

4.1.3 Non-Property Taxes. Borrower shall and shall cause each other Loan Party and each SPC Party to file, cause to be filed or obtain an extension of the time to file, all Tax returns for Non-Property Taxes and reports required by law to be filed by it and to promptly pay or cause to be paid all Non-Property Taxes now or hereafter levied, assessed or imposed on it as the same become due and payable; provided that, after prior notice to Lender, such Loan Party or such SPC Party may contest by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity of any such Non-Property Taxes and, in such event, may permit the Non-Property Taxes so contested to remain unpaid during any period, including appeals, when a Loan Party or SPC Party is in good faith contesting the same so long as (i) no Event of Default has occurred and remains uncured, (ii) such proceeding shall be permitted under and be conducted in accordance with all applicable Legal Requirements, (iii) no Property or other Collateral nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, canceled or lost, (iv) the applicable Loan Party or SPC Party has set aside on its books adequate reserves in accordance with GAAP, and the non-payment or non-discharge of such Non-Property Taxes would not reasonably be expected to have a Material Adverse Effect, (v) enforcement of the contested Non-Property Taxes is effectively stayed for the entire duration of such contest and no Lien is imposed on any Property or other Collateral, (vi) any Non-Property Taxes determined to be due, together with any interest or penalties thereon, is promptly paid as required after final resolution of such contest, (vii) to the extent such Non-Property Taxes (when aggregated with all other Taxes that any Loan Party or SPC Party is then contesting under this **Section 4.1.3** or **Section 4.4.8** and for which Borrower has not delivered to Lender any Contest Security) exceed \$1,000,000, Borrower shall deliver to Lender either (A) cash, or other security as may be approved by Lender, in an amount sufficient to insure the payment of any such Non-Property Taxes, together with all interest and penalties thereon or (B) a payment and performance bond in an amount equal to one hundred percent (100%) of the contested amount from a surety acceptable to Lender in its reasonable discretion, (viii) failure to pay such Non-Property Taxes will not subject Lender to any civil or criminal liability, (ix) such contest shall not affect the ownership, use or occupancy of any Property or other Collateral, and (x) Borrower shall, upon request by Lender, give Lender prompt notice of the status of such proceedings and/or confirmation of the continuing satisfaction of the conditions set forth in clauses (i) through (ix) of this **Section 4.1.3**. Notwithstanding the foregoing, Borrower shall and shall cause each other Loan Party and each SPC Party to pay any contested Non-Property Taxes (or, if cash or other security has been provided, Lender may pay over any such cash or other security held by Lender to the claimant entitled thereto) if, in the Lender's reasonable judgment, any Property or other Collateral (or any part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, cancelled or lost or there shall be any danger of the Lien of any Collateral Document being primed by any related Lien.

4.1.4 Access to Properties. Subject to the rights of Tenants, Borrower shall permit agents, representatives and employees of Lender to inspect the Properties or any part thereof at reasonable hours upon reasonable advance notice.

4.1.5 Perform Loan Documents. Borrower shall and shall cause each other Loan Party to, in a timely manner, observe, perform and satisfy all the terms, provisions, covenants and conditions of the Loan Documents executed and delivered by, or applicable to, the Loan Party, and shall pay when due all costs, fees and expenses of Lender, to the extent required under the Loan Documents executed and delivered by, or applicable to, the Loan Party.

4.1.6 Awards and Insurance Benefits. Borrower shall cooperate with Lender, in accordance with the relevant provisions of this Agreement, to enable Lender to receive the benefits of any Awards or Insurance Proceeds lawfully or equitably payable in connection with any Property, and Lender shall be reimbursed for any expenses incurred in connection therewith (including reasonable attorneys' fees and disbursements, and the payment by the Loan Parties of the reasonable expense of an appraisal on behalf of Lender in case of Casualty or Condemnation affecting any Property or any part thereof) out of such Insurance Proceeds.

4.1.7 Security Interest; Further Assurances. Borrower shall and shall cause each other Loan Party to take all necessary action to establish and maintain, in favor of Lender a valid and perfected first priority security interest in all Collateral to the full extent contemplated herein, free and clear of any Liens (including the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Lender's security interest in the Collateral). Borrower shall and shall cause each other Loan Party to, at the Loan Party's sole cost and expense execute any and all further documents, financing statements, agreements, affirmations, waivers and instruments, and take all such further actions (including the filing and recording of financing statements) that may be required under any applicable Legal Requirement, or that Lender deems necessary or advisable, in order to grant, preserve, protect and perfect the validity and priority of the security interests created or intended to be created hereby or by the Collateral Documents or the enforceability of any guaranty or other Loan Document. Such financing statements may describe as the collateral covered thereby "all assets of the debtor, whether now owned or hereafter acquired" or words to that effect.

4.1.8 Keeping of Records and Books of Account. Borrower shall and shall cause each other Loan Party to maintain and implement administrative and operating procedures (including an ability to recreate records regarding the Properties in the event of the destruction of the originals thereof) and keep and maintain on a calendar year basis, in accordance with the requirements for a Special Purpose Bankruptcy Remote Entity set forth herein, as applicable, GAAP, and, to the extent required under **Section 9.1**, the requirements of Regulation AB, proper and accurate documents, books, records and other information reasonably necessary for the collection of all Rents and other Collections and payments of its obligations. Such books and records shall include, without limitation, records adequate to permit the identification of each Property and all items of income and expense in connection with the operation of each Property. Lender shall have the right from time to time (but, in any event, not more than twice in any calendar year (unless an Event of Default shall have occurred and be continuing, in which case

no such restriction shall apply)) during normal business hours upon reasonable notice (which may be given verbally) to Borrower to examine such books, records, accounts, agreements, leases, instruments and other documents and the collection systems of the Loan Parties and Manager at the offices of the Loan Parties or any other Person maintaining such books, records and accounts and to make such copies or extracts thereof as Lender shall desire. Borrower shall pay any reasonable out-of-pocket costs and expenses incurred by Lender in any such examination.

4.1.9 Special Purpose Bankruptcy Remote Entity/Separateness

(a) Borrower shall and shall cause each other Loan Party and each SPC Party to be and continue to be a Special Purpose Bankruptcy Remote Entity.

(b) Borrower shall and shall cause each other Loan Party to comply in all material respects with all of the stated facts and assumptions made with respect to the Loan Parties in each Insolvency Opinion. Each entity other than a Loan Party with respect to which an assumption is made or a fact stated in an Insolvency Opinion will comply in all material respects with all of the assumptions made and facts stated with respect to it in such Insolvency Opinion.

4.1.10 Location of Records. Borrower shall and shall cause each other Loan Party to keep its chief place of business and chief executive office and the offices where it keeps the Records at the address(es) referred to on *Schedule VII* or upon thirty (30) days' prior written notice to Lender, at any other location in the United States where all actions reasonably requested by Lender to protect and perfect the interests of Lender in the Collateral have been taken and completed.

4.1.11 Business and Operations. Borrower shall and shall cause each other Loan Party to, directly or through the Manager or subcontractors of the Manager (subject to *Section 4.2.1*), continue to engage in the businesses presently conducted by it as and to the extent the same are necessary for the ownership, maintenance, sale, management, leasing and operation of the Properties. Borrower shall and shall cause each other Loan Party to qualify to do business and will remain in good standing under the laws of each jurisdiction as and to the extent the same are required for the ownership, maintenance, management and operation of the Properties, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect. Each Borrower shall, at all times during the term of the Loan, continue to own or lease all equipment, fixtures and personal property which are necessary to operate the Properties.

4.1.12 Leasing Matters. Borrower shall (i) observe and perform the obligations imposed upon the lessor under the Leases for its Properties in a commercially reasonable manner; and (ii) enforce the terms, covenants and conditions contained in such Leases upon the part of the Tenant thereunder to be observed or performed in a commercially reasonable manner except in each case to the extent that the failure to do so would not reasonably be expected to have an Individual Material Adverse Effect with respect to a Property. No Rent may be collected under any Lease for the Properties more than one (1) month in advance of its due date.

4.1.13 Property Management

(a) Borrower shall (i) cause Manager to manage the Properties in accordance with the Management Agreement, (ii) diligently perform and observe all of the terms, covenants

and conditions of the Management Agreement on the part of Borrower to be performed and observed, (iii) promptly notify Lender of any default under the Management Agreement of which it is aware, (iv) promptly deliver to Lender a copy of each financial statement, business plan, capital expenditures plan, report and estimate received by it under the Management Agreement, and (v) promptly enforce the performance and observance of all of the covenants required to be performed and observed by Manager under the Management Agreement in a commercially reasonable manner. If Borrower shall default in the performance or observance of any material term, covenant or condition of the Management Agreement on the part of Borrower to be performed or observed, then, without limiting Lender's other rights or remedies under this Agreement or the other Loan Documents, and without waiving or releasing Borrower from any of its Obligations hereunder or under the Management Agreement, Lender shall have the right, but shall be under no obligation, to pay any sums and to perform any act as may be appropriate to cause all the material terms, covenants and conditions of the Management Agreement on the part of Borrower to be performed or observed. In no event shall the fee payable to Manager for any Interest Period exceed the Management Fee Cap for such Interest Period and in no event shall Borrower pay or become obligated to pay to Manager, any transition or termination costs or expenses, termination fees, or their equivalent in connection with the Transfer of a Property or the termination of the Management Agreement.

(b) If any one or more of the following events occurs: (i) the occurrence of an Event of Default, (ii) Manager shall be in material default under the Management Agreement beyond any applicable notice and cure period (including as a result of any gross negligence, fraud, willful misconduct or misappropriation of funds), or (iii) Manager shall become insolvent or a debtor in any bankruptcy or insolvency proceeding, then Lender shall have the right to require Borrower to replace the Manager and enter into a Replacement Management Agreement with (x) a Qualified Manager selected by Borrower that is not an Affiliate of Borrower or (y) another property manager chosen by Borrower and approved by Lender; *provided*, that such approval shall be conditioned upon Borrower delivering a Rating Agency Confirmation as to such property manager. If Borrower fails to select a new Qualified Manager or a replacement Manager that satisfies the conditions described in the foregoing *clause (y)* and enter into a Replacement Management Agreement with such Person within sixty (60) days of Lender's demand to replace the Manager, then Lender may choose the replacement property manager provided that such replacement property manager is a Qualified Manager or satisfies the conditions set forth in the foregoing *clause (y)*.

4.1.14 Property Files. Borrower will deliver to Lender all Property Files in an electronic format reasonably agreed by Lender and Borrower.

4.1.15 Security Deposits.

(a) All security deposits of Tenants, whether held in cash or any other form, shall be deposited into one or more Eligible Accounts (each, a "*Security Deposit Account*") established and maintained by Borrower at a local bank which shall be an Eligible Institution, held in compliance with all Legal Requirements, and identified on *Schedule XIII*, as such schedule may be updated from time to time by delivery of written notice by the Borrower to the Lender, and shall not be commingled with any other funds of Borrower. Borrower shall cause all security deposits received by Borrower or Manager after the Closing Date to be deposited into a Security Deposit Account, the Collection Account or a Rent Deposit Account within three (3) Business Days of receipt. Borrower shall, no less frequently than once each month, transfer into

a Security Deposit Account any security deposits previously received and deposited into the Collection Account or a Rent Deposit Account. The security deposits shall be disbursed by Borrower in accordance with the terms of the applicable Leases and all Legal Requirements. In the event the Tenant under any Lease defaults such that the applicable security deposit may be drawn upon on account of such default, the proceeds of such draw shall constitute Collections and Borrower shall immediately deposit the proceeds thereof into a Rent Deposit Account or the Collection Account. Borrower shall pay for all expenses of opening and maintaining the Security Deposit Accounts. So long as the Debt is outstanding, except as otherwise provided in this **Section 4.1.15(a)**, Borrower shall not (and shall not permit Manager or any other Person to) open any other accounts for the deposit of security deposits other than the Security Deposit Accounts.

(b) Any bond or other instrument which Borrower is permitted to hold in lieu of cash security deposits under any applicable Legal Requirements (i) shall be maintained in full force and effect in the full amount of such deposits unless replaced by cash deposits as herein above described, (ii) shall be issued by an institution reasonably satisfactory to Lender, (iii) shall, if permitted pursuant to any Legal Requirements, name Lender as payee or mortgagee thereunder (or at Lender's option, be fully assignable to Lender), and (iv) shall in all respects comply with any applicable Legal Requirements and otherwise be satisfactory to Lender. Borrower shall, upon request, provide Lender with evidence reasonably satisfactory to Lender of Borrower's compliance with the foregoing.

(c) (i) Upon Lender's written request following the occurrence and during the continuance of an Event of Default, Borrower shall deliver (or cause to be delivered) to Lender (or Servicer) or to one or more accounts designated by Lender (or Servicer) the security deposits, and (ii) upon a foreclosure of any Property or action in lieu thereof, Borrower shall deliver to Lender (or Servicer) or to an account designated by Lender (or Servicer) the security deposit applicable to the Lease with respect to such Property, except, in each case, to the extent any such security deposits were previously deposited into a Rent Deposit Account or the Collection Account in accordance with **Section 4.1.15(a)** following a default by the Tenant under the applicable Lease. Any security deposits delivered to Lender (or Servicer) pursuant to this **Section 4.1.15(c)** will be held by Lender (or Servicer) for the benefit of the applicable Tenants in accordance with the terms of the Leases and applicable law.

4.1.16 Anti-Money Laundering. Borrower shall and shall cause each other Loan Party to comply in all material respects with all applicable anti-money laundering laws and regulations to the extent applicable, including without limitation, the Patriot Act (collectively, the "**Anti-Money Laundering Laws**") and shall provide notice to Lender, within two (2) Business Days, of any Anti-Money Laundering Law regulatory notice or action involving any Loan Party.

4.1.17 OFAC.

(a) Borrower shall (i) prior to entering into a Lease with a Tenant, confirm that such Tenant (excluding any Tenant who occupied a Property pursuant to an in-place Lease when such Property was acquired by Borrower's Affiliate) is not a Person (A) that is listed in the Annex to, or is otherwise subject to the provisions of EO13224 or (B) whose name appears on OFAC's most current list of "Specifically Designated National and Blocked Persons" (which list may be published from time to time in various mediums including, but not limited to, the OFAC website, <http://www.treas.gov/ofac/downloads/t11sdn.pdf>) and (ii) not enter into a Lease with a Tenant that is listed on either of the lists described in clause (i) hereof.

(b) Notwithstanding the foregoing, if a Responsible Officer of a Loan Party or Manager obtains knowledge that a Tenant is on one of the lists described in **Section 4.1.17(a)**, it shall promptly provide notice of such determination to Lender, within two (2) Business Days.

4.1.18 Cooperate in Legal Proceedings. Borrower shall cooperate fully with Lender with respect to any proceedings before any court, board or other Governmental Authority which may in any way affect the rights of Lender hereunder or any rights obtained by Lender under any of the other Loan Documents and, in connection therewith, permit Lender, at its election, to participate in any such proceedings.

4.1.19 Further Assurances. Borrower shall and shall cause each other Loan Party to, at Borrower's sole cost and expense:

(a) furnish to Lender all instruments, documents, certificates, title and other insurance reports and agreements, and each and every other document, certificate, agreement and instrument required to be furnished by Borrower pursuant to the terms of the Loan Documents or which are reasonably requested by Lender in connection therewith.

(b) cure any defects in the execution and delivery of the Loan Documents and execute and deliver, or cause to be executed and delivered, to Lender such documents, instruments, certificates, assignments and other writings, and do such other acts necessary or desirable, to correct any omissions in the Loan Documents, to evidence, preserve and/or protect the Collateral at any time securing or intended to secure the Obligations, as Lender may reasonably require; and

(c) do and execute all and such further lawful and reasonable acts, conveyances and assurances for the better and more effective carrying out of the intents and purposes of this Agreement and the other Loan Documents, as Lender may reasonably require from time to time.

4.1.20 Costs and Expenses.

(a) Except as otherwise expressly set forth herein or in any of the other Loan Documents, Borrower shall pay or, if Borrower fails to pay, reimburse Lender upon receipt of notice from Lender, for all costs and expenses (including reasonable attorneys' fees and disbursements) incurred by Lender in connection with (i) the Relevant Parties' ongoing performance of and compliance with Borrower's agreements and covenants contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date, including confirming compliance with environmental and insurance requirements (except to the extent expressly set forth in **Section 10.20**); (ii) Lender's ongoing performance of and compliance with all agreements and covenants contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date (except to the extent expressly set forth in **Section 10.20**); (iii) the negotiation, preparation, execution and delivery of any consents, amendments, waivers or other modifications to this Agreement and the other Loan Documents and any other documents or matters requested by any Relevant Party; (iv) filing and recording of any Loan Documents; (v) title insurance, surveys, inspections, Broker Price Opinions and broker opinions of market rent; (vi) the creation, perfection or protection of Lender's Liens in the Collateral (including fees and expenses for title and lien searches, intangibles taxes, personal property taxes, mortgage recording taxes, due diligence expenses,

travel expenses, accounting firm fees, environmental reports and Lender's diligence consultant); (vii) enforcing or preserving any rights in response to third party claims or the prosecuting or defending of any action or proceeding or other litigation, in each case against, under or affecting any Relevant Party, the Loan Documents, any Property, or any other security given for the Loan; (viii) fees charged by Servicer (except to the extent expressly set forth in **Section 10.20**) and, if a Securitization has occurred, the Rating Agencies in connection with the Loan or any modification thereof; and (ix) enforcing any Obligations of or collecting any payments due from any Relevant Party under this Agreement, the other Loan Documents or with respect to any Property or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "work-out" or of any insolvency or bankruptcy proceedings; *provided, however*, that Borrower shall not be liable for the payment of any such costs and expenses to the extent the same arise by reason of the active gross negligence, illegal acts, fraud or willful misconduct of Lender; provided, further, that this **Section 4.1.20** shall not apply with respect to Taxes other than any Taxes that represent losses or damages arising from any non-Tax claim.

(b) In addition, in connection with any Rating Agency Confirmation, Review Waiver or other Rating Agency consent, approval or review requested or required hereunder (other than the initial review of the Loan by the Rating Agencies in connection with a Securitization), Borrower shall pay all of the costs and expenses of Lender, Servicer and each Rating Agency in connection therewith, and, if applicable, shall pay any fees imposed by any Rating Agency in connection therewith.

(c) Any costs and expenses due and payable by Borrower hereunder which are not paid by Borrower within ten (10) days after demand may be paid from any amounts in the Collection Account, with notice thereof to Borrower. The obligations and liabilities of Borrower under this **Section 4.1.20** shall (i) become part of the Obligations, (ii) be secured by the Loan Documents and (iii) survive the Term and the exercise by Lender of any of its rights or remedies under the Loan Documents.

4.1.21 Indemnity. Borrower shall indemnify, defend and hold harmless Lender from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the reasonable fees and disbursements of counsel for Lender in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not Lender shall be designated a party thereto), that may be imposed on, incurred by, or asserted against Lender in any manner relating to or arising out of (i) any breach by any Relevant Party of its Obligations under, or any material misrepresentation by Borrower contained in, this Agreement or the other Loan Documents; and (ii) the use or intended use of the proceeds of the Loan (collectively, the "**Indemnified Liabilities**"); *provided, however*, that Borrower shall not have any obligation to Lender hereunder to the extent that such Indemnified Liabilities arise from the gross negligence, illegal acts, fraud or willful misconduct of Lender. To the extent that the undertaking to indemnify, defend and hold harmless set forth in the preceding sentence may be unenforceable because it violates any law or public policy, Borrower shall pay the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by Lender.

4.1.22 ERISA Matters. Each Loan Party shall and shall cause each of its ERISA Affiliates to establish, maintain and operate all Plans to comply in all material respects with the

provisions of ERISA, the Code and all applicable laws, the regulations and interpretation thereunder and the respective requirements of the governing documents for such Plans. Each Loan Party shall and shall cause each of its ERISA Affiliates to establish, maintain and operate all Foreign Plans to comply in all material respects with all laws, regulations and rules applicable thereto and the respective requirements of the governing documents for such plans.

Section 4.2 Negative Covenants. Borrower shall comply with the following covenants:

4.2.1 Prohibition Against Termination or Modification. Borrower shall not (i) surrender, terminate, cancel, modify, renew or extend the Management Agreement, *provided*, that Borrower may, without Lender's consent, replace Manager so long as the replacement manager is a Qualified Manager pursuant to a Replacement Management Agreement, (ii) enter into any other agreement relating to the management or operation of a Property with Manager or any other Person, *provided*, that Borrower may permit Manager to enter into sub-management agreements with third-party service providers to perform all or any portion of the services by Manager so long as (x) the fees and charges payable under any such sub-management agreements shall be the sole responsibility of Manager, (y) Borrower shall have no liabilities or obligations under any such sub-management agreements, and (z) any such sub-management agreements will be terminable without penalty upon the termination of the Management Agreement, (iii) consent to the assignment by the Manager of its interest under the Management Agreement, or (iv) waive or release any of its rights and remedies under the Management Agreement, in each case without the express consent of Lender, which consent shall not be unreasonably withheld. If at any time Lender consents to the appointment of a new property manager or a Qualified Manager is appointed, such new property manager (including a Qualified Manager) shall execute a Replacement Management Agreement.

4.2.2 Liens Against Collateral. Borrower shall not and shall cause each other Loan Party not to create or suffer to exist any Liens upon or with respect to, any Collateral except for Liens permitted under the Loan Documents (including, without limitation, Permitted Liens).

4.2.3 Transfers. Borrower acknowledges that Lender has examined and relied on the experience of Borrower and its Affiliates, and their principals in owning and operating properties such as the Properties in agreeing to make the Loan, and will continue to rely on Borrower's ownership of the Properties as a means of maintaining the value of the Properties in connection with the repayment of the Debt and the performance of the Other Obligations. Borrower acknowledges that Lender has a valid interest in maintaining the value of the Properties so as to ensure that, should Borrower default in the repayment of the Debt or the performance of the Other Obligations, Lender can recover the Debt by a sale of the Properties or Borrower's Equity Interests. Therefore, without the prior written consent of Lender, but, in each instance, subject to the provisions of *Article 7*, neither Borrower nor any Loan Party nor any other Person having a direct or indirect ownership or beneficial interest in Borrower or any Loan Party shall sell, convey, mortgage, grant, bargain, encumber, pledge, assign or transfer the Properties or Collateral or any part thereof, or any interest, direct or indirect, in Borrower or any Loan Party, whether voluntarily or involuntarily and whether directly or indirectly, by operation of law or otherwise (a "*Transfer*"). A Transfer within the meaning of this *Section 4.2.3* shall be deemed to include (i) an installment sales agreement wherein Borrower agrees to sell a Property or any part thereof for a price to be paid in installments; (ii) an agreement by Borrower for the leasing of all or a substantial part of the Property for any purpose other than the actual occupancy by a

space Tenant thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Borrower's right, title and interest in and to any Leases or any Rents; (iii) if Borrower, Guarantor or any general partner, managing member or controlling shareholder of Borrower or Guarantor is a corporation, the voluntary or involuntary sale, conveyance or transfer of such corporation's stock (or the stock of any corporation directly or indirectly controlling such corporation by operation of law or otherwise) or the creation or issuance of new stock; (iv) if Borrower, any Loan Party, any Guarantor or any general partner, managing member or controlling shareholder of Borrower, any Loan Party, or any Guarantor is a limited or general partnership, joint venture or limited liability company, the change, removal, resignation or addition of a general partner, managing partner, limited partner, joint venturer or member or the transfer of the partnership interest of any general partner, managing partner or limited partner or the transfer of the interest of any joint venturer or member; and (v) any pledge, hypothecation, assignment, transfer or other encumbrance of any direct or indirect ownership interest in Borrower or any Loan Party.

4.2.4 Change in Business. Borrower shall not enter into any line of business other than the acquisition, renovation, rehabilitation, ownership, management and operation of the Properties (and any businesses ancillary or related thereto), or make any material change in the scope or nature of its business objectives, purposes or operations, or undertake or participate in activities other than the continuance of its present business. Except as provided in the Loan Documents, Borrower shall cause (i) Equity Owner to not engage in any activity other than acting as the limited partner of Borrower and the sole member of Borrower GP, (ii) Borrower GP to not engage in any activity other than acting as the sole general partner of Borrower and (iii) Equity Owner GP to not engage in any activity other than acting as the sole general partner of Equity Owner.

4.2.5 Changes to Accounts. Borrower shall not and shall cause each other Loan Party not to (i) open or permit to remain open any cash, securities or other account with any bank, custodian or institution other than the Collection Account, the Accounts, the Security Deposit Accounts and Property Accounts that are subject to a Property Account Control Agreement, (ii) change or permit to change any account number of the Collection Account, the Accounts or any Property Account, (iii) open or permit to remain open any sub-account of the Collection Account (except any Account), the Accounts or any Property Account, (iv) permit any funds of Persons other than Borrower to be deposited or held in any of the Collection Account, the Accounts or the Property Accounts or (v) permit any Collections or other proceeds of any Properties to be deposited or held in Borrower's Operating Account other than cash that is distributed to Borrower pursuant to **Section 6.8.1(i)** .

4.2.6 Dissolution, Merger, Consolidation, Etc Borrower shall not and shall cause each other Loan Party not to (i) engage in any dissolution, liquidation or consolidation or merger with or into any other business entity, (ii) engage in any business activity other than the business activity of such Loan Party described on **Schedule IV** or otherwise herein, (iii) transfer, lease or sell, in one transaction or any combination of transactions, the assets or all or substantially all of the properties or assets of any Loan Party except to the extent permitted by the Loan Documents, (iv) modify, amend, waive or terminate its Constituent Documents or its qualification and good standing in any jurisdiction or (v) cause or permit any SPC Party to (x) dissolve, wind up or liquidate or take any action, or omit to take an action, as a result of which such SPC Party would be dissolved, wound up or liquidated in whole or in part, or (y) amend, modify, waive or terminate the Constituent Documents of such SPC Party, in each case, without obtaining the prior written consent of Lender.

4.2.7 ERISA Matters. None of the Loan Parties or their ERISA Affiliates shall establish or be a party to any employee benefit plan within the meaning of Section 3(2) of ERISA that is a defined benefit pension plan that is subject to Part III of Subchapter D, Chapter 1, Subtitle A of the Code.

4.2.8 Indebtedness. Borrower shall not create, incur, assume or suffer to exist any indebtedness other than (i) the Debt and (ii) unsecured trade payables incurred in the ordinary course of business relating to the ownership and operation of the Properties, which in the case of such unsecured trade payables (A) are not evidenced by a note, (B) do not exceed, at any time, a maximum aggregate amount of three percent (3%) of the original principal amount of the Loan and (C) are paid within sixty (60) days of the date incurred (collectively, “**Permitted Indebtedness**”). Borrower shall cause each Guarantor and each other SPC Party not to create, incur, assume or suffer to exist any indebtedness other than indebtedness incurred under the Equity Owner Guaranty, the Borrower GP Guaranty, this Agreement and the other Loan Documents to which Guarantors are a party and unsecured trade payables incurred in the ordinary course of business related to the ownership of (x) with respect to Equity Owner, its limited partnership interest in Borrower and limited liability company interest in Borrower GP, (y) with respect to Borrower GP, its general partnership interest in Borrower and (z) with respect to Equity Owner GP, its general partnership interest in Equity Owner, in each case (A) do not exceed at any one time \$10,000.00, and (B) are paid within sixty (60) days after the date incurred (collectively, the “**Guarantor’s Permitted Indebtedness**”). Nothing contained herein shall be deemed to require Borrower or Guarantor to pay any unsecured trade payables so long as such Borrower or Guarantor, as applicable, is in good faith at its own expense, and by proper legal proceedings, diligently contesting the validity, amount or application thereof, provided that in each case, at the time of commencement of any such action or proceeding, and during the pendency of such action or proceeding (1) no Event of Default is continuing, (2) no Property nor any material part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost and (3) such contest operates to suspend collection or enforcement, as the case may be, of the contested amount.

4.2.9 Limitation on Transactions with Affiliates. Borrower shall not and shall cause each other Loan Party and each SPC Party not to enter into, or be a party to any transaction with any Affiliate of the Loan Parties, except for: (i) the Loan Documents; (ii) capital contributions by (x) Sponsor to Equity Owner and Equity Owner GP or (y) Equity Owner and Borrower GP to Borrower; (iii) Restricted Junior Payments which are in compliance with **Section 4.2.12**; (iv) the Management Agreement; and (v) to the extent not otherwise prohibited under this Agreement, other transactions upon fair and reasonable terms materially no less favorable to the Loan Parties than would be obtained in a comparable arm’s-length transaction with a Person not an Affiliate.

4.2.10 Loan Documents. Borrower shall not and shall cause each other Loan Party not to terminate, amend or otherwise modify any Loan Document, or grant or consent to any such termination, amendment, waiver or consent, except in accordance with the terms thereof.

4.2.11 Limitation on Investments. Borrower shall not and shall cause each other Loan Party and each SPC Party not to make or suffer to exist any loans or advances to, or extend any credit to, purchase any property or asset or make any investment (by way of transfer of property,

contributions to capital, purchase of stock or securities or evidences of indebtedness, acquisition of the business or assets, or otherwise) in, any Affiliate or any other Person except for acquisition of the Properties and related Collateral and Permitted Investments.

4.2.12 Restricted Junior Payments. Borrower shall not and shall cause each other Loan Party and each SPC Party not to make any Restricted Junior Payment; *provided*, that the Loan Parties may make Restricted Junior Payments so long as (i) no Default or Event of Default shall then exist or would result therefrom, (ii) such Restricted Junior Payments have been approved by all necessary action on the part of the Loan Parties or SPC Parties, as applicable, and in compliance with all applicable laws and (iii) such Restricted Junior Payments are paid from Unrestricted Cash.

4.2.13 Limitation on Issuance of Equity Interests. Borrower shall not and shall cause each other Loan Party and each SPC Party not to issue or sell or enter into any agreement or arrangement for the issuance and sale of any Equity Interests.

4.2.14 Principal Place of Business. Borrower shall not and shall cause each other Loan Party and each SPC Party not to change its principal place of business from the address set forth on the first page of this Agreement without first giving Lender thirty (30) days prior written notice.

4.2.15 Change of Name, Identity or Structure. Borrower shall not and shall cause each other Loan Party and each SPC Party not to change its name, identity (including its trade name or names) or change its organizational structure without notifying Lender of such change in writing at least thirty (30) days prior to the effective date of such change and without first obtaining the prior written consent of Lender, such consent not to be unreasonably withheld, conditioned or delayed. Borrower shall not and shall cause each other Loan Party and each SPC Party not to change its jurisdiction of organization. Prior to or contemporaneously with the effective date of any such change, Borrower shall deliver to Lender any financing statement or financing statement change required by Lender to establish or maintain the validity, perfection and priority of the security interest granted herein. At the request of Lender, Borrower shall and shall cause each other Loan Party and each SPC Party to execute a certificate in form satisfactory to Lender listing the trade names under which such Loan Party or SPC Party intends to operate its business, and representing and warranting that such Loan Party or SPC Party does business under no other trade name.

4.2.16 No Embargoed Persons. At all times throughout the term of the Loan, including after giving effect to any Transfers permitted pursuant to the Loan Documents, Borrower shall ensure that (a) none of the funds or other assets of any Loan Party or any SPC Party shall constitute property of, or shall be beneficially owned, directly or indirectly, by any Person subject to trade restrictions under United States law, including, but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder, with the result that the investment in Borrower or Guarantors, as applicable (whether directly or indirectly), would be prohibited by law (each, an “**Embargoed Person**”), or the Loan made by Lender would be in violation of law, (b) no Embargoed Person shall have any interest of any nature whatsoever in any Loan Party or SPC Party with the result that the investment in any Loan Party (whether directly or indirectly), would be prohibited by law or the Loan would be in violation of law, and (c) none of the funds of any Loan Party or SPC Party shall be derived

from any unlawful activity with the result that the investment in such Loan Party or SPC Party (whether directly or indirectly), would be prohibited by law or the Loan would be in violation of law.

4.2.17 Special Purpose Bankruptcy Remote Entity. Borrower shall not and shall cause each other Loan Party and each SPC Party not to directly or indirectly make any change, amendment or modification to its Constituent Documents, or otherwise take any action, which could result in Borrower or any other Loan Party or SPC Party not being a Special Purpose Bankruptcy Remote Entity.

Section 4.3 Reporting Covenants. Borrower shall, unless Lender shall otherwise consent in writing, furnish or cause to be furnished to Lender the following reports, notices and other documents:

4.3.1 Financial Reporting. Borrower shall furnish the following financial reports to Lender:

(a) As soon as available and in any event within forty-five (45) days after the end of the first three calendar quarters of each year and within ninety (90) days after the end of the fourth calendar quarter of each year commencing with the first calendar quarter ending after the Closing Date, consolidated balance sheets, statements of operations and retained earnings, and statements of cash flows of Borrower, in each case, as at the end of such quarter and for the period commencing at the end of the immediately preceding calendar year and ending with the end of such quarter, setting forth in each case in comparative form the figures for the corresponding date or period of the immediately preceding calendar year (if any), all in reasonable detail and prepared in accordance with GAAP. Such financial statements shall contain such other information as shall be reasonably requested by Lender for purposes of calculations to be made by Lender pursuant to the terms hereof.

(b) As soon as available, and in any event (i) within ninety (90) days after the end of each calendar year, unaudited copies, and (ii) within 120 days following the end of each calendar year, audited copies, of a balance sheet, statements of operations and retained earnings, and statement of cash flows of Borrower, in each case, as at the end of such calendar year, setting forth in each case in comparative form the figures for the immediately preceding calendar year (if any), all in reasonable detail and prepared in accordance with GAAP and the inclusion of footnotes to the extent required by GAAP, such audited financial statements to be accompanied by a report and an unqualified opinion, prepared in accordance with generally accepted auditing standards, of an Independent Accountant selected by Borrower that is reasonably acceptable to Lender (which opinion on such consolidated information shall be without (1) any qualification as to the scope of such audit or (2) a "going concern" or like qualification (other than a going concern qualification that relates solely to the near term maturity of the Loans hereunder)), together with a written statement of such accountants (A) to the effect that, in making the examination necessary for their certification of such financial statements, they have not obtained any knowledge of the existence of an Event of Default or a Default and (B) if such accountants shall have obtained any knowledge of the existence of an Event of Default or such Default, describing the nature thereof.

(c) As soon as available, and in any event within forty-five (45) days after the end of each calendar month (i) an operating statement in respect of such calendar month and a

calendar year-to-date operating statement for Borrower, (ii) a statement for each Property showing (A) rent roll in respect of such calendar month and calendar year-to-date, (B) expiration date of the related Lease, (C) vacancy status, (D) security deposits maintained, (E) Tenant payment status, (G) Capital Expenditures and repairs and (H) known violations of any Legal Requirements; provided that any of the foregoing items may be excluded from such statements if they are included in the Properties Schedule, (iii) an Officer's Certificate certifying that such operating statement and Property statements are true, correct and complete in all material respects as of their respective dates, and (iv) upon Lender's request, other information maintained by Borrower in the ordinary course of business that is reasonably necessary and sufficient to fairly represent the financial position, ongoing maintenance and results of operation of the Properties (on a combined basis) during such calendar month;

(d) Simultaneously with the delivery of the financial statements of Borrower required by clauses (a) and (b) above an Officer's Certificate certifying (i) that such statements fairly represent the financial condition and results of operations of Borrower as of the end of such quarter or calendar year (as applicable) and the results of operations and cash flows of Borrower for such quarter or calendar year (as applicable), in accordance with GAAP applied in a manner consistent with that of the most recent audited financial statements of Borrower furnished to Lender, subject to normal year-end adjustments and the absence of footnotes, (ii) stating that such Responsible Officer has reviewed the provisions of this Agreement and the other Loan Documents and has made or caused to be made under his or her supervision a review of the condition and operations of the Relevant Parties with a view to determining whether the Relevant Parties are in compliance with the provisions the Loan Documents to the extent applicable to them, and that such review has not disclosed, and such Responsible Officer has no knowledge of, the existence of an Event of Default or Default or, if an Event of Default or Default exists, describing the nature and period of existence thereof and the action which the Relevant Parties propose to take or have taken with respect thereto and (iii) that as of the date of each Officer's Certificate, no litigation exists involving Borrower or any Property or Properties in which the amount involved is \$500,000 (in the aggregate) or more or in which all or substantially all of the potential liability is not covered by insurance, or, if so, specifying such litigation and the actions being taking in relation thereto.

(e) Simultaneously with the delivery of the financial statements required by clauses (a) and (b) above, a reconciliation for the relevant period of net income to Underwritten Net Cash Flow;

(f) Simultaneously with the delivery of the financial statements required by clause (a) above, a duly completed Compliance Certificate, with appropriate insertions, containing the data and calculations set forth on **Exhibit C** ;

(g) Simultaneously with the delivery of the financial statements required by clause (a) above, a certificate executed by a Responsible Officer of Borrower certifying (i) the current Property Tax assessment amounts and Other Charges payable in respect of each Property, (ii) the payment of all Property Taxes and Other Charges prior to the date such Property Taxes or Other Charges become delinquent, subject to any contest conducted in accordance with **Section 4.4.8** and (iii) if an Acceptable Blanket Policy is not in place with respect to all Properties, the monthly cost of the insurance required under in **Section 5.1.1** ;

(h) Simultaneously with the delivery of the financial statements required by clause (a) above, a report setting forth a quarterly summary of any and all Capital Expenditures made at each Property during the prior calendar quarter.

4.3.2 Reporting on Adverse Effects. Promptly and in no event more than two (2) Business Days after any Responsible Officer of any Loan Party obtains knowledge of any matter or the occurrence of any event concerning any Loan Party which would reasonably be expected to have a Material Adverse Effect, written notice thereof.

4.3.3 Litigation. Prompt written notice to Lender of any litigation or governmental proceedings pending or to the actual knowledge of a Responsible Officer of any Loan Party or Manager, threatened in writing against any Loan Party, any SPC Party or against Manager with respect to any Property, which would reasonably be expected to have a Material Adverse Effect or an Individual Material Adverse Effect with respect to any Property.

4.3.4 Event of Default. Promptly after any Responsible Officer of any Loan Party or Manager obtains knowledge of the occurrence of each Event of Default or Default (if such Default is continuing on the date of such notice), a statement of a Responsible Officer of Manager setting forth the details of such Event of Default or Default and the action which such Loan Party is taking or proposes to take with respect thereto.

4.3.5 Other Defaults. Promptly and in no event more than two (2) Business Days after any Responsible Officer of any Loan Party or Manager obtains actual knowledge of any default by any Loan Party or SPC Party under any agreement other than the Loan Documents to which such Loan Party or SPC Party is a party which would reasonably be expected to have a Material Adverse Effect, the statement of a Responsible Officer of Manager setting forth the details of such default and the action which such Loan Party or SPC Party is taking or proposes to take with respect thereto.

4.3.6 Properties Schedule. Borrower shall deliver to Lender no later than the tenth (10th) Business Day of each calendar month (i) an updated Properties Schedule containing each of the data fields set forth on *Schedule I.B.* (other than those under the caption “BPO Values”); *provided* that the information under the caption “Underwritten Net Cash Flow” need only be updated in the Properties Schedule that is delivered for the months of March, June, September and December of each year and (ii) a calculation of the monthly turnover rate for the Properties for the prior calendar month, which shall be equal to the number of Properties that became vacant during such calendar month divided by the daily average number of Properties during such calendar month. The foregoing information shall be delivered together with a certificate of a Responsible Officer of Borrower certifying that it is true, correct and complete (i) with respect to the information in the Properties Schedule other than Underwritten Net Cash Flow data, as of the last day of the preceding calendar month, (ii) with respect to the Underwritten Net Cash Flow data in the Properties Schedule, for the calendar quarter ended on the last day of the preceding calendar month and (iii) with respect to the turnover rate of the Properties, for the prior calendar month. In addition, the Borrower shall deliver to Lender no later than sixty (60) days after the end of the first three calendar quarters and within ninety (90) days of the fourth calendar quarter of each year, (i) quarterly supplements to the Properties Schedule which includes the information set forth on *Schedule I.C.* (the “*Supplemental Quarterly Properties Information*”) and the information set forth on *Schedule I.D.* (the “*Quarterly Investor Rollup Report*”), (ii) following a Sponsor Public Listing or a Sponsor Public

Sale (notice of which shall be provided by the Borrower to the Lender), an updated Properties Schedule containing each of the data fields set forth on **Schedule I.E.**, updated to reflect the data as of the last day of the related calendar quarter or for the applicable calendar quarter and (iii) a calculation of the quarterly turnover rate for the Properties for the prior calendar quarter, which shall be equal to the number of Properties that became vacant during such calendar quarter divided by the daily average number of Properties during such calendar quarter. The foregoing information shall be delivered together with a certificate of a Responsible Officer of Borrower certifying that it is true, correct and complete (i) with respect to the information in the Properties Schedule, as of the last day of the preceding quarter and (ii) with respect to the turnover rate of the Properties, for the prior calendar quarter.

4.3.7 Disqualified Properties. Promptly and in no event more than ten (10) Business Days after any Responsible Officer of Borrower or Manager obtains actual knowledge that any Property fails to comply with the Property Representations or the Property Covenants, written notice thereof and the action that Borrower is taking or proposes to take with respect thereto.

4.3.8 Security Deposits.

(a) Within five (5) days of the last day of each calendar month, written notice of the aggregate amount of security deposits deposited into the Security Deposit Account during such month, which notice shall include (i) the identity of each applicable Security Deposit Account (including, the name and identification number of the applicable Security Deposit Account, the name, address and wiring instructions of the financial institution which maintains the Security Deposit Account, and the name of the Person to contact at such financial institution) and (ii) amount of each security deposit allocable to such Security Deposit Account.

(b) Within ten (10) Business Days of Lender's request therefore, a written accounting of all security deposits held in connection with the Leases, including the name and identification number of the accounts in which such security deposits are held, the name and address of the financial institutions in which such security deposits are held and the name of the Person to contact at such financial institution, along with any authority or release necessary for Lender to obtain information regarding such accounts directly from such financial institutions.

4.3.9 ERISA Matters.

(a) As soon as reasonably possible, and in any event within thirty (30) days after the occurrence of any ERISA Event, written notice of, and any requested information relating to such ERISA Event.

(b) As soon as reasonably possible after the occurrence of a Plan Termination Event, written notice of any action that any Loan Party or any of its ERISA Affiliates proposes to take with respect thereto, along with a copy of any notices received from or filed with the PBGC, the IRS or any Multiemployer Plan with respect to such Plan Termination Event, as applicable.

(c) As soon as reasonably possible, and in any event within thirty (30) days after a Responsible Officer of any Loan Party has actual knowledge of, or with respect to any Plan or Multiemployer Plan to which such Loan Party or any of its ERISA Affiliates makes direct contributions has reason to believe, that any of the events or conditions specified below

with respect to any Plan or Multiemployer Plan has occurred or exists, a statement signed by a Responsible Officer of Borrower setting forth details respecting such event or condition and the action, if any, that the applicable Loan Party or any of its ERISA Affiliates proposes to take with respect thereto (and a copy of any report or notice required to be filed with or given to PBGC by any such Loan Party or any of its ERISA Affiliates with respect to such event or condition):

(i) any Reportable Event with respect to a Plan, as to which the PBGC has not by regulation or otherwise waived the requirement of Section 4043(a) of ERISA that it be notified within thirty (30) days of the occurrence of such event (provided that a failure to meet the minimum funding standard of Section 412 of the Code or Section 302 of ERISA, including the failure to make on or before its due date a required installment under Section 412(m) of the Code or Section 302(e) of ERISA, shall be a Reportable Event regardless of the issuance of any waivers in accordance with Section 412(d) of the Code); and any request for a waiver under Section 412(d) of the Code for any Plan;

(ii) the distribution under Section 404(c) of ERISA of a notice of intent to terminate any Plan or any action taken by any Loan Party or any of its ERISA Affiliates to terminate any Plan;

(iii) the institution by the PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by Equity Owner GP, any Loan Party or any of their ERISA Affiliates of a notice from a Multiemployer Plan that such action has been taken by PBGC with respect to such Multiemployer Plan;

(iv) the complete or partial withdrawal from a Multiemployer Plan by any Loan Party or any of its ERISA Affiliates, as applicable, that results in liability under Section 4201 or 4204 of ERISA (including the obligation to satisfy secondary liability as a result of a purchaser default) or the receipt by any Loan Party or any of its ERISA Affiliates, as applicable, of notice from a Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA;

(v) the institution of a proceeding by a fiduciary of any Multiemployer Plan against any Loan Party or any of its ERISA Affiliates, as applicable, to enforce Section 515 of ERISA; and

(vi) failure to satisfy Section 436 of the Code.

4.3.10 Periodic Rating Agency Information. Borrower shall, or shall cause the Manager to, deliver to the Rating Agencies the information and reports set forth on *Schedule X* (the “*Periodic Rating Agency Information*”) at the times set forth therein.

4.3.11 Other Reports. Borrower shall deliver to Lender, within ten (10) Business Days of the receipt thereof by Borrower, a copy of all material reports prepared by Manager pursuant to the Management Agreement, including, without limitation, the Annual Budget.

(b) Borrower shall deliver to Lender, within ten (10) Business Days of Lender’s request therefore, copies of any requested Property Tax, Other Charge or insurance bills, statements or invoices received by Borrower or any Loan Party with respect to the Properties.

(c) Borrower shall, as soon as reasonably practicable after request by Lender furnish or cause to be furnished to Lender in such manner and in such detail as may be reasonably requested by Lender, such additional information, documents, records or reports as may be reasonably requested with respect to the Property or the conditions or operations, financial or otherwise, of the Relevant Parties.

4.3.12 HOA Reporting.

(a) The Borrower shall deliver to Lender, within twenty-eight days (28) days after the end of each calendar month, a report (the “**Monthly HOA Report**”) containing the following information:

(i) With respect to each Property located in an Applicable HOA State and subject to a home owners or condominium association (a “**HOA**”), a data tape of such Properties containing the following data fields: (x) the data fields set forth on **Schedule I** under the captions “Property ID”, “YardiCode”, “Property Name”, “Address (Street)”, “City”, “County”, “State”, “Closest MSA”, and “Zip Code”, (y) the number of HOAs applicable to each such Property, and (z) for each such HOA, the HOA type, HOA name, the frequency with which payments are due to the HOA, the date payments to the HOA begin, the last HOA payment due date, the next HOA payment due date, the amount owed on the last HOA payment due date, the amount paid on the last HOA payment due date, the amount owed on the next HOA payment due date and estimated annual payments to the HOA; and

(ii) With respect to each Property subject to an HOA, a data tape of such Properties containing the following data fields: (x) the data fields set forth on **Schedule I** under the captions “Property ID”, “Address (Street)”, “City”, “County”, “State”, and “Zip Code”, (y) the number of HOAs applicable to each such Property, and (z) for each such HOA, the HOA type, HOA name, HOA address and HOA phone number.

(b) Borrower shall deliver to Lender, within ten (10) Business Days after the end of each calendar quarter commencing with the first calendar quarter ending after the Closing Date an Officer’s Certificate, certifying that the Monthly HOA Reports delivered for the preceding calendar quarter are true, correct and complete in all material respects as of their respective dates.

(c) Subject to the remainder of this subsection (c), Borrower shall deliver to Lender, within twenty (20) Business Days after the end of each calendar quarter of each year, one or more legal opinions (which may be in the form of a bring-down or date-down opinion with respect to an earlier delivered opinion, including, without limitation, the Closing Date HOA Opinion) from a nationally recognized law firm (or one with prominent standing in the applicable state) specifying with respect to each state in which a Property is located whether such state is an Applicable HOA State (as defined under clause (a) of the definition thereof). Any opinion required to be delivered pursuant to this **Section 4.3.12(c)** may be aggregated with any other opinion required to be delivered to Lender (or Servicer on behalf of Lender) so long as all

the states in which Properties are located are included in such opinion or opinions and such opinion or opinions specifically reference this Agreement and otherwise meet the requirements of this **Section 4.3.12(c)** . If, with respect to any state in which a Property is located, (i) Borrower fails to deliver to Lender an opinion pursuant to this **Section 4.3.12(c)** , the Lender may in its sole and absolute discretion designate such state an Applicable HOA State by written notice to Borrower or (ii) any opinion delivered to Lender pursuant to this **Section 4.3.12(c)** shall not be satisfactory to Lender in its sole and absolute discretion, Lender may request in writing that Borrower obtain a second opinion from a nationally recognized law firm (or one with prominent standing in the applicable state) and deliver such opinion to Lender within twenty (20) Business Days of such written request and (1) if Borrower fails to deliver such an opinion to Lender, the Lender may in its sole and absolute discretion designate such state an Applicable HOA State by written notice to Borrower or (2) if any such opinion delivered to Lender shall not be satisfactory to Lender in its sole and absolute discretion and Lender believes in good faith that such state is an Applicable HOA State (as defined under clause (a) of the definition thereof), Lender may designate such state an Applicable HOA State by written notice to Borrower. On the Closing Date, Lender acknowledges based on the Closing Date HOA Opinion that Nevada is the sole Applicable HOA State.

Section 4.4 Property Covenants. Borrower shall comply with the following covenants with respect to each Property:

4.4.1 Ownership of the Property. Borrower shall take all necessary action to retain title to the Property and the related Collateral irrevocably in Borrower, free and clear of any Liens other than Permitted Liens. Borrower shall warrant and defend the title to the Property and every part thereof, subject only to Permitted Liens, in each case against the claims of all Persons whomsoever.

4.4.2 Liens Against the Property. Borrower shall not create, incur, assume or permit to exist any Lien on any direct or indirect interest in any Property, except for the Permitted Liens.

4.4.3 Title Insurance for the Property. If a Title Insurance Policy or a Title Insurance Owner's Policy provided in the Property File with respect to the Property initially consists of a marked or initialed binding commitment, then Borrower shall post a copy to the Property File of a fully issued Title Insurance Policy or Title Insurance Owner's Policy, as applicable, for such Property in the form and with the coverages and endorsements as provided in such marked or initialed binding commitment within one hundred eighty (180) days following the date hereof.

4.4.4 Deeds. If a deed provided in the Property File with respect to the Property does not initially consist of a certified copy of the original conforming recorded deed from the applicable recording office, then Borrower shall post a copy such a deed to the Property File within three hundred sixty (360) days following the date hereof.

4.4.5 Mortgage Documents. If any Mortgage Documents provided in the Property File with respect to the Property initially consists of a copy of such Mortgage Documents in recordable form that have been submitted by the title insurance company for recording in the jurisdiction in which the Property is located, then Borrower shall post a copy to the Property File of a certified or file stamped (in each by the applicable land registry) executed original of such Mortgage Documents within one hundred eighty (180) days following the date hereof.

4.4.6 Condition of the Property. Except if the Property has suffered a Casualty and is in the process being restored in accordance with *Section 5.4*, Borrower shall keep and maintain in all material respects the Property in a good, safe and habitable condition and repair and free of and clear of any damage or waste, and from time to time make, or cause to be made, in all material respects, all reasonably necessary repairs, renewals, replacements, betterments and improvements thereto, all in compliance with the Renovation Standards and applicable Legal Requirements in all material respects.

4.4.7 Compliance with Legal Requirements. The Property (including the leasing and intended use thereof) shall comply in all material respects with all applicable Legal Requirements, including, without limitation, building and zoning ordinances and codes and all certifications, permits, licenses and approvals, including without limitation, certificates of completion and occupancy permits, required for the legal leasing, use, occupancy, habitability and operation of the Property, all such certifications, permits, licenses and approvals shall be maintained in full force and effect, except as would not reasonably be expected to have an Individual Material Adverse Effect on the Property. Borrower shall obtain and maintain in full force and effect all consents, approvals, orders, certifications, permits, licenses and authorizations of, and make all filings with or notices to, any court or Governmental Authority related to the operation, use or leasing of the Property except where the failure to obtain would not reasonably be expected to have an Individual Material Adverse Effect with respect to the Property. Borrower shall not and shall not permit any other Loan Party, any Manager or any other Person in occupancy of or involved with the operation, use or leasing of the Property to commit any act or omission affording any Governmental Authority the right of forfeiture as against the Property or any part thereof.

4.4.8 Property Taxes and Other Charges. Borrower shall promptly pay or cause to be paid all Property Taxes and Other Charges now or hereafter levied, assessed or imposed on it as the same become due and payable and shall furnish to Lender receipts for the payment of the Property Taxes and Other Charges prior to the date the same shall become delinquent, and shall promptly pay for all utility services provided to the Property as the same become due and payable (other than any such utilities which are, pursuant to the terms of any Lease, required to be paid by the Tenant thereunder directly to the applicable service provider); provided that, after prior notice to Lender, such Loan Party may contest by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity of any such Property Taxes and Other Charges and, in such event, may permit the Property Taxes and Other Charges so contested to remain unpaid during any period, including appeals, when a Loan Party is in good faith contesting the same so long as (i) no Event of Default has occurred and remains uncured, (ii) such proceeding shall be permitted under and be conducted in accordance with all applicable Legal Requirements, (iii) no Property or other Collateral nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, canceled or lost, (iv) the applicable Loan Party has set aside on its books adequate reserves in accordance with GAAP, and the non-payment or non-discharge of such Property Taxes and Other Charges would not reasonably be expected to have an Individual Material Adverse Effect on the applicable Property, (v) enforcement of the contested Property Taxes and Other Charges is effectively stayed for the entire duration of such contest and no Lien is imposed on any Property or other Collateral which is reasonably expected to have an Individual Material Adverse Effect, (vi) any Property Taxes and Other Charges determined to be due, together with any interest or penalties thereon, is promptly paid as required after final resolution of such contest, (vii) to the extent such Property

Taxes and Other Charges (when aggregated with all other Taxes that any Loan Party is then contesting under this **Section 4.4.8** or **Section 4.1.3** and for which Borrower has not delivered to Lender any Contest Security) exceed \$2,500,000, Borrower shall deliver to Lender either (A) cash, or other security as may be approved by Lender, in an amount sufficient to insure the payment of any such Property Taxes and Other Charges, together with all interest and penalties thereon or (B) a payment and performance bond in an amount equal to one hundred percent (100%) of the contested amount from a surety acceptable to Lender in its reasonable discretion, (viii) failure to pay such Property Taxes and Other Charges will not subject Lender to any civil or criminal liability, (ix) such contest shall not affect the ownership, use or occupancy of any Property, and (x) Borrower shall, upon request by Lender, give Lender prompt notice of the status of such proceedings and/or confirmation of the continuing satisfaction of the conditions set forth in clauses (i) through (ix) of this **Section 4.4.8**. Notwithstanding the foregoing, Borrower shall pay any contested Property Taxes and Other Charges (or, if cash or other security has been provided, Lender may pay over any such cash or other security held by Lender to the claimant entitled thereto) if, in the Lender's reasonable judgment, any Property or other Collateral (or any part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, cancelled or lost or there shall be any danger of the Lien of any Collateral Document being primed by any related Lien.

4.4.9 Compliance with Agreements Relating to the Properties. Borrower shall not enter into any agreement or instrument or become subject to any restriction which would reasonably be expected to have an Individual Material Adverse Effect on any Property. Borrower shall not default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which any Property is bound. Borrower shall not have a material financial obligation under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument by which any Property is bound, other than obligations under the Loan Documents. Borrower shall not default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Permitted Lien with respect to any Property. No Property nor any part thereof shall be subject to any purchase options, rights of first refusal, rights of first offer or other similar rights in favor of any Tenant or other third parties.

4.4.10 Leasing. Borrower shall not enter into any Lease (including any renewals or extensions of any existing Lease) for any Property unless such Lease is an Eligible Lease.

4.4.11 Verification of HOA Payments. Borrower shall deliver to Lender, within twenty-eight days (28) days after the end of each calendar month, with respect to each Property located in an Applicable HOA State and subject to an HOA, proof of payment of the paid HOA Fees identified in the corresponding Monthly HOA Report (whether in the form of cancelled checks, receipts, ACH confirmations, confirmation of electronic payments or other evidence of such payment reasonably satisfactory to Lender) unless such proof of payment has previously been delivered (e.g. quarterly prepayments) and evidence that as of the end of such calendar month no other amounts (except HOA Fees that may be contested in accordance with **Section 4.4.8**) remain then due and payable by Borrower or that Borrower has prepaid or otherwise has a positive credit balance (whether in the form of invoices, payment coupons, account statements, assessment letters, estoppels, receipts or other evidence reasonably satisfactory to Lender).

ARTICLE 5

INSURANCE, CASUALTY AND CONDEMNATION

Section 5.1 Insurance.

5.1.1 Insurance Policies.

(a) Borrower, at its sole cost and expense, shall obtain and maintain during the entire Term, or cause to be maintained, insurance policies for Borrower and the Properties providing at least the following coverages:

(i) comprehensive “all risk” or special causes of loss form insurance, as is available in the insurance market as of the Closing Date, including, but not limited to, loss caused by any type of windstorm (including hail) on the Properties (A) in an amount equal to one hundred percent (100%) of the “full replacement cost”, which for purposes of this Agreement shall mean actual replacement value of the Properties, subject to a loss limit equal to \$50,000,000 per occurrence; (B) containing an agreed amount endorsement with respect to the Improvements and personal property at any Property waiving all co-insurance provisions or to be written on a no co-insurance form and (C) providing for no deductible in excess of \$25,000 (it being understood that, so long as no Default or Event of Default has occurred and is continuing (1) Borrower may utilize a \$5,000,000 aggregate deductible stop loss subject to a \$25,000 per occurrence deductible and a \$25,000 maintenance deductible following the exhaustion of the aggregate, (2) the aggregate stop loss does not contain any losses arising from named windstorm, earthquake or flood, (3) the perils of named windstorm or flood shall be permitted to have a per occurrence deductible of fifteen percent (15%) of the total insurable value of the Properties subject to a loss (with a minimum deductible of \$250,000 per occurrence for any and all locations), (4) the peril of earth movement including but not limited to earthquake shall be permitted to have a per occurrence deductible of fifteen percent (15%) of the total insurable value of the Properties subject to a loss (with a minimum deductible of \$250,000 per occurrence for any and all locations) and (5) the peril of “other wind and hail” shall be permitted to have a per occurrence deductible of fifteen percent (15%) of the total insurable value of the Properties subject to a loss (with a minimum deductible of \$250,000 per occurrence for any and all locations)). In addition, Borrower shall obtain (x) if any portion of a Property is currently or at any time in the future located in a federally designated “special flood hazard area”, flood hazard insurance in an amount equal to the maximum amount of such insurance available under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each may be amended, plus excess amounts as Lender shall require, (y) named storm insurance in an amount equal to or greater than \$25,000,000 in all states other than Florida and \$160,000,000 in Florida, provided that such coverage amount shall be increased if a higher coverage amount is indicated (and may be decreased if lower coverage amount is indicated) based upon a storm risk analysis on a 475 year event Probable Maximum Loss (*PML*) or Scenario Expected Limit (SEL) (such analysis to be secured by the applicable Borrower utilizing a third-party engineering firm qualified to perform such storm risk analysis using the most current RMS software, or its equivalent, to include consideration of storm surge, if applicable and loss amplification, at the expense of the applicable Borrower at least two

times per year or more frequently as may reasonably be requested by Lender and shared with Lender presented by the Properties located in areas prone to named storm activity); and (z) earthquake insurance in an amount equal to or greater than \$35,000,000 in all states other than California and Washington and \$70,000,000 in California and Washington, provided that such coverage amount shall be increased if a higher coverage amount is indicated (and may be decreased if lower coverage amount is indicated) based upon a seismic risk analysis on a 475 year event Probable Maximum Loss (PML) or Scenario Expected Limit (SEL) (such analysis to be secured by the applicable Borrower utilizing a third-party engineering firm qualified to perform such seismic risk analysis using the most current RMS software, or its equivalent, to include consideration of loss amplification, at the expense of the applicable Borrower at least two times per year or more frequently as may reasonably be requested by Lender and shared with Lender presented by the Properties located in areas prone to seismic activity); *provided* that the insurance pursuant to **subclauses (x), (y) and (z)** hereof shall be on terms consistent with the comprehensive all risk insurance policy required under this **Section 5.1.1(a)(i)** ;

(ii) business income or rental loss insurance, written on an “Actual Loss Sustained Basis” (A) with loss payable to Lender for the benefit of Lenders; (B) covering all risks required to be covered by the insurance provided for in **Section 5.1.1(a)(i), (ii), (iv) and (viii)** ; (C) in an amount equal to one hundred percent (100%) of the aggregate projected net income from the operation of the Properties for a period of at least twelve (12) months after the date of the Casualty; and (D) containing an extended period of indemnity endorsement which provides that after the physical loss to the Improvements and personal property at a Property has been repaired, the continued loss of income will be insured until such income either returns to the same level it was at prior to the loss, or the expiration of thirty (30) days from the date that the applicable Property is repaired or replaced and operations are resumed, whichever first occurs, and notwithstanding that the policy may expire prior to the end of such period. The amount of such business income or rental loss insurance shall be determined prior to the Closing Date and at least once each year thereafter based on Borrower’s reasonable estimate of the net income from each Property for the succeeding twelve (12) month period. All proceeds payable to Lender pursuant to this subsection shall be held by Lender and shall be applied in Lender’s sole discretion to (x) the Obligations or (y) Operating Expenses approved by Lender in its sole discretion; *provided, however* , that nothing herein contained shall be deemed to relieve Borrower of their obligation to pay the Obligations on the respective dates of payment provided for in this Agreement and the other Loan Documents except to the extent such amounts are actually paid out of the proceeds of such business income insurance;

(iii) at all times during which structural construction, repairs or renovations are being made with respect to any Property, and only if each of the property coverage form and the liability insurance coverage form does not otherwise apply, (A) owner’s contingent or protective liability insurance, otherwise known as Owner Contractor’s Protective Liability (or its equivalent), covering claims not covered by or under the terms or provisions of the above mentioned commercial general liability insurance policy, (B) the insurance provided for in **Section 5.1.1(a)** written in a so-called builder’s risk completed value form including coverage for all insurable hard and soft costs of construction (x) on a non-reporting basis, (y) against all risks insured against

pursuant to **Section 5.1.1(a)(i)** , **(iii)** , **(iv)** and **(viii)** , (z) including permission to occupy such Property and (C) with an agreed amount endorsement waiving co-insurance provisions;

(iv) commercial general liability insurance against claims for personal injury, bodily injury, death or property damage occurring upon, in or about any Property, such insurance (A) to be on the so-called “occurrence” form with a combined limit of not less than One Million and No/100 Dollars (\$1,000,000.00) per occurrence; Two Million and No/100 Dollars (\$2,000,000.00) in the aggregate “per location” and overall \$20,000,000.00 in the aggregate; (B) to continue at not less than the aforesaid limit until required to be changed by Lender in writing by reason of changed economic conditions making such protection inadequate and (C) to cover at least the following hazards: (1) premises and operations; (2) products and completed operations on an “if any” basis; (3) independent contractors; (4) blanket contractual liability for all insured contracts and (5) contractual liability covering the indemnities contained in any Loan Document to the extent the same is available;

(v) automobile liability coverage for all owned and non-owned vehicles, including rented and leased vehicles containing minimum limits per occurrence of One Million and No/100 Dollars (\$1,000,000.00);

(vi) if applicable, worker’s compensation subject to the worker’s compensation laws of the applicable state, and employer’s liability in amounts reasonably acceptable to Lender;

(vii) umbrella and excess liability insurance in an amount not less than Fifty Million and No/100 Dollars (\$50,000,000.00) per occurrence and in the aggregate on terms consistent with the commercial general liability insurance policy required under **Section 5.1.1(a)(iv)** , and including employer liability and automobile liability, if required; and

(viii) upon sixty (60) days’ written notice, such other reasonable insurance, and in such reasonable amounts as Lender from time to time may reasonably request against such other insurable hazards which at the time are commonly insured against for properties similar to the Properties located in or around the region in which Properties are located.

(b) All insurance provided for in **Section 5.1.1(a)** shall be obtained under valid and enforceable policies (collectively, the “**Policies**” or in the singular, the “**Policy**”) and shall be placed per the requirements of Lender as to form and substance, including insurance companies, amounts, deductibles, loss payees and insureds and evidence that the Properties are specifically covered by such policies. Certificates of insurance evidencing the Policies shall be delivered to Lender on the Closing Date with respect to the current Policies in place on the Closing Date. Not less than ten (10) days prior to the expiration dates of the Policies theretofore furnished to Lender, certificates of insurance evidencing the Policies (and, upon the written request of Lender, copies of such Policies) accompanied by evidence satisfactory to Lender of payment of the premiums then due thereunder (the “**Insurance Premiums**”), shall be delivered by Borrower to Lender.

(c) Any blanket insurance Policy shall otherwise provide the same protection as would a separate Policy insuring only the Properties in compliance with the provisions of **Section 5.1.1(a)** (any such blanket policy, an “**Acceptable Blanket Policy**”).

(d) All Policies of insurance provided for or contemplated by **Section 5.1.1(a)**, except for the Policy referenced in **Section 5.1.1(v)**, shall name Borrower as the insured and Lender and its successors and/or assigns as mortgagee and loss payee, as its interests may appear, and in the case of property damage, boiler and machinery, windstorm, flood and earthquake insurance, shall contain a so-called New York standard non-contributing mortgagee clause in favor of Lender providing that the loss thereunder shall be payable to Lender unless below the threshold for Borrower to handle such claim without Lender intervention as provided in **Section 5.2**. Additionally, if Borrower obtains property insurance coverage in addition to or in excess of that required by **Section 5.1.1(i)**, then such insurance policies shall also contain a so-called New York standard non-contributing mortgagee clause in favor of Lender providing that the loss thereunder shall be payable to Lender.

(e) All Policies of insurance provided for in **Section 5.1.1(a)**, except for the Policies referenced in **Section 5.1.1(vi)**, shall contain clauses or endorsements to the effect that:

(i) no act or negligence of Borrower, or anyone acting for Borrower, or of any Tenant or other occupant, or failure to comply with the provisions of any Policy, which might otherwise result in a forfeiture of the insurance or any part thereof, shall in any way affect the validity or enforceability of the insurance insofar as Lender is concerned;

(ii) the Policy shall not be canceled without at least thirty (30) days’ written notice to Lender and any other party named therein as an additional insured (other than in the case of non-payment in which case only ten days prior notice, or the shortest time allowed by applicable Legal Requirement (whichever is longer), will be required) and shall not be materially changed (other than to increase the coverage provided thereby) without such a thirty (30) day notice;

(iii) Lender shall not be liable for any Insurance Premiums thereon or subject to any assessments thereunder; and

(iv) the issuers thereof shall give notice to Lender if a Policy has not been renewed ten (10) days prior to its expiration; and

(f) If at any time Lender is not in receipt of written evidence that all insurance required hereunder is in full force and effect, Lender shall have the right, without notice to Borrower, to take such action as Lender deems necessary to protect its interest in the Properties, including the obtaining of such insurance coverage as Lender in its sole discretion deems appropriate and all premiums incurred by Lender in connection with such action or in obtaining such insurance and keeping it in effect shall be paid by Borrower to Lender upon demand and until paid shall be secured by the Collateral Documents and shall bear interest at the Default Rate.

(g) In the event of foreclosure of the pledge of the Equity Interests of Borrower pursuant to Borrower Security Agreement the Policies shall remain in full force and effect.

5.1.2 Insurance Company. All Policies required pursuant to **Section 5.1.1** shall (i) be issued by financially sound and responsible insurance companies authorized to do business in the states where the applicable Properties are located and having a rating of "A3" or better by Moody's or, if Moody's does not provide a rating of an applicable insurance company, a rating of "A-" or better by S&P or Fitch, *provided, however*, that if Borrower elects to have its insurance coverage provided by a syndicate of insurers, then, if such syndicate consists of five (5) or more members, (A) at least sixty percent (60%) of the insurance coverage (or seventy-five percent (75%) if such syndicate consists of four (4) or fewer members) and one hundred (100%) of the first layer of such insurance coverage shall be provided by insurance companies having a rating of "A3" or better by Moody's or, if Moody's does not provide a rating of an applicable insurance company, a rating of "A-" or better by S&P or Fitch and (B) the remaining forty percent (40%) of the insurance coverage (or the remaining twenty-five percent (25%) if such syndicate consists of four (4) or fewer members) shall be provided by insurance companies having a rating of "Baa2" by Moody's or, if Moody's does not provide a rating of an applicable insurance company, a rating of "BBB" or better by S&P or Fitch; (ii) shall, with respect to all property insurance policies, name Lender and its successors and/or assigns as their interest may appear; (iii) shall, with respect to all property insurance policies and rental loss and/or business interruption insurance policies, contain a Lender's Loss Payable Endorsement, or their equivalents, naming Lender as the person to whom all payments made by such insurance company shall be paid; (iv) shall, with respect to all liability policies, name Lender and its successors and/or assigns as an additional insured; (v) shall contain a waiver of subrogation against Lender; (vi) shall contain such provisions as Lender deems reasonably necessary or desirable to protect its interest including endorsements providing (A) that neither Borrower, Lender nor any other party shall be a co-insurer under said Policies, (B) that Lender shall receive at least thirty (30) days prior written notice of any modification, reduction or cancellation, and (C) for a deductible per loss of an amount not more than that which is customarily maintained by prudent owners of properties with a standard of operation and maintenance comparable to and in the general vicinity of the Properties, but in no event in excess of an amount reasonably acceptable to Lender; and (vii) shall be satisfactory in form and substance to Lender and shall be approved by Lender as to amounts, form, risk coverage, deductibles, loss payees and insureds. In addition to the insurance coverages described in **Section 5.1.1**, Borrower shall obtain such other insurance as may from time to time be reasonably required by Lender in order to protect its interests. Certified copies of the Policies shall be delivered to Lender at the address below (or to such other address or Person as Lender shall designate from time to time by notice to Borrower) on the date hereof with respect to the current Policies and within thirty (30) days after the effective date thereof with respect to all renewal Policies:

GERMAN AMERICAN CAPITAL CORPORATION
60 Wall Street, 10th Floor
New York, NY 10005
Attn: Mary Brundage

Borrower shall pay the Insurance Premiums annually in advance as the same become due and payable and shall furnish to Lender evidence of the renewal of each of the Policies with receipts

for the payment of the Insurance Premiums or other evidence of such payment reasonably satisfactory to Lender (*provided, however*, that Borrower shall not be required to pay such Insurance Premiums nor furnish such evidence of payment to Lender in the event that the amounts required to pay such Insurance Premiums have been deposited into the Insurance Account pursuant to **Section 6.3**). Within thirty (30) days after request by Lender, Borrower shall obtain such increases in the amounts of coverage required hereunder as may be reasonably requested by Lender, taking into consideration changes in the value of money over time, changes in liability laws, changes in prudent customs and practices.

5.1.3 Special Insurance Reserve. Notwithstanding anything in this **Section 5.1** to the contrary, Borrower shall be permitted to obtain and maintain insurance policies with deductibles in excess of the amounts specified in this **Section 5.1**, so long as Borrower shall have deposited into and maintains at all times in the Special Insurance Reserve Account an amount equal to the difference between such higher deductible and the applicable deductible specified in this **Section 5.1** (such amount, the “**Excess Deductible**”).

Section 5.2 Casualty. If a Property is damaged or destroyed, in whole or in part, by fire or other casualty (a “**Casualty**”), Borrower shall give prompt notice thereof to Lender. Lender may, but shall not be obligated to make proof of loss if not made promptly by Borrower. In addition, Lender may participate in any settlement discussions with any insurance companies (and shall approve any final settlement) (i) if an Event of Default is continuing or (ii) with respect to any Casualty in which the Net Proceeds or the costs of completing the Restoration are reasonably expected to be equal to or greater than the Casualty Threshold Amount and Borrower shall deliver to Lender all instruments required by Lender to permit such participation. Any Insurance Proceeds in connection with any Casualty (whether or not Lender elects to settle and adjust the claim or Borrower settles such claim) shall be due and payable solely to Lender and held by Lender in accordance with the terms of this Agreement. If Borrower or any party other than Lender receives any Insurance Proceeds or Condemnation Proceeds, Borrower shall immediately deliver such proceeds to Lender and shall endorse, and cause all such third parties to endorse, check payable therefor to the order of Lender. Borrower hereby irrevocably appoints Lender as its attorney-in-fact, coupled with an interest, to endorse any such check payable to the order of Lender. Borrower hereby releases Lender from any and all liability with respect to the settlement and adjustment by Lender of any claims in respect of any Casualty.

Section 5.3 Condemnation. Borrower shall promptly give Lender notice of the actual or threatened commencement of any proceeding for the Condemnation of all or any portion of a Property and shall deliver to Lender copies of any and all papers served in connection with such proceedings. Lender may participate in any such proceedings, and Borrower shall from time to time deliver to Lender all instruments requested by it to permit such participation. Borrower shall, at its expense, diligently prosecute any such proceedings, and shall consult with Lender, its attorneys and experts, and cooperate with them in the carrying on or defense of any such proceedings which is reasonably expected to involve an Award of an amount greater than the Casualty Threshold Amount. Notwithstanding any taking by any public or quasi-public authority through Condemnation or otherwise (including, but not limited to, any transfer made in lieu of or in anticipation of the exercise of such taking), Borrower shall continue to pay the Debt at the time and in the manner provided for its payment in the Note and in this Agreement and the Debt shall not be reduced until any Condemnation Proceeds shall have been actually received and applied by Lender, after the deduction of expenses of collection, to the reduction or

discharge of the Debt. If Borrower or any party other than Lender receives any Condemnation Proceeds, Borrower shall immediately deliver such proceeds to Lender and shall endorse, and cause all such third parties to endorse, a check payable therefore to the order of Lender. Lender shall not be limited to the interest paid on the Award by the condemning authority but shall be entitled to receive out of the Award interest at the rate or rates provided herein or in the Note. Net Proceeds from a Condemnation shall be applied as follows:

(a) If a partial Condemnation of a Property does not interfere with the use of such Property as a residential rental property, then the Net Proceeds paid by the condemning authority shall be applied to the prepayment of the Debt in accordance with **Section 2.4.3(c)**.

(b) If a partial Condemnation of a Property does interfere with the use of such Property as a residential rental property or if there occurs a complete Condemnation of a Property (each, a “**Fully Condemned Property**”), then (i) if no Event of Default shall have occurred and be continuing and, within thirty (30) days of the date of the occurrence of such Condemnation, Borrower delivers to Lender a written undertaking to substitute the Fully Condemned Property with a Substitute Property in accordance with the requirements of **Section 2.4.3(a)**, then (A) if Net Proceeds are paid by the condemning authority directly to Borrower subsequent to such substitution, such Net Proceeds may be retained by Borrower (for the avoidance of doubt, Net Proceeds received by Borrower prior to such substitution shall be immediately paid to Lender as required by **Section 5.2**), (B) if Net Proceeds are paid by the condemning authority to Lender, such Net Proceeds will be disbursed by Lender to Borrower upon the consummation of such substitution and (C) Borrower shall provide a Substitute Property within ten (10) Business Days of the date of such undertaking in accordance with the requirements of **Section 2.4.3(a)** and (ii) if an Event of Default shall have occurred and be continuing or Borrower fails to deliver such an undertaking to Lender, then (A) Lender may retain any Net Proceeds received by it, (B) Borrower shall immediately deliver to Lender any Net Proceeds paid to Borrower, (C) Net Proceeds shall be applied to the prepayment of the Debt in accordance with **Section 2.4.3(c)** and (D) Borrower shall prepay the Loan in an amount equal to the positive difference between such Net Proceeds and the Allocated Loan Amount for the Fully Condemned Property, together with all interest and other amounts required to be paid in connection therewith under **Section 2.4.5** (collectively, the “**Fully Condemned Property Prepayment Amounts**”). Following Borrower’s written request after either (1) the substitution of a Substitute Property for such Fully Condemned Property in accordance with the conditions set forth above or (2) receipt by Lender of the Net Proceeds and payment by Borrower of the Fully Condemned Property Prepayment Amounts, Lender shall release the Fully Condemned Property from the applicable Mortgage Documents and related Lien, provided, that (x) Borrower has delivered to Lender a draft release (and, in the event the Mortgage and the Assignment of Leases and Rents applicable to the Fully Condemned Property encumbers other Property(ies) in addition to the Fully Condemned Property, such release shall be a partial release that relates only to the Fully Condemned Property and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such Fully Condemned Property is located and shall contain standard provisions protecting the rights of Lender and (y) Borrower shall pay all costs, taxes and expenses associated with such release (including, without limitation, cost to file and record the release and Lender’s reasonable attorneys’ fees).

Section 5.4 Restoration. The following provisions shall apply in connection with the Restoration of Properties affected by a Casualty:

(a) If the Net Proceeds reasonably expected to be received in connection with any single Casualty event is less than the Casualty Threshold Amount, then, (i) if no Event of Default shall have occurred and be continuing and, within sixty (60) days of the date of the occurrence of such Casualty, Borrower delivers to Lender a written undertaking to expeditiously commence and to satisfactorily complete with due diligence the Restoration of the affected Properties in accordance with the terms of this Agreement, then (A) if Net Proceeds are paid by the insurance company directly to Borrower subsequent to delivering such undertaking, such Net Proceeds may be retained by Borrower (for the avoidance of doubt, Net Proceeds received by Borrower prior to delivering such undertaking shall be immediately paid to Lender as required by **Section 5.2**), (B) if Net Proceeds are paid by the insurance company to Lender, such Net Proceeds will be disbursed by Lender to Borrower and (C) Borrower shall conduct the Restoration of the affected Properties in accordance with the terms of **Section 5.4(e)** and (ii) if an Event of Default shall have occurred and be continuing or Borrower fails to deliver such an undertaking to Lender, then (A) Lender may retain any Net Proceeds received by it, (B) Borrower shall immediately deliver to Lender any Net Proceeds paid to Borrower as required by **Section 5.2**, (C) such Net Proceeds shall be applied to the prepayment of the Debt in accordance with **Section 2.4.3(c)**, (D) Borrower shall prepay the Loan in an amount equal to the positive difference between such Net Proceeds and the Allocated Loan Amount for the affected Properties, together with all interest and other amounts required to be paid in connection therewith under **Section 2.4.5**, and (E) following Borrower's written request and receipt by Lender of the Net Proceeds and payment by Borrower of the amounts set forth in clause (D) above, Lender shall release the affected Properties from the applicable Mortgage Documents and related Liens, provided, that (x) Borrower has delivered to Lender draft releases (and, in the event any of the Mortgages and the Assignments of Leases and Rents applicable to any of the affected Properties encumber other Property(ies) in addition to the affected Properties, such release shall be a partial release that relates only to the affected Property(ies) and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such affected Properties are located and shall contain standard provisions protecting the rights of Lender and (y) Borrower shall pay all costs, taxes and expenses associated with such release (including, without limitation, cost to file and record the release and Lender's reasonable attorneys' fees).

(b) If the Net Proceeds reasonably expected to be received in connection with any single Casualty event is greater than the Casualty Threshold Amount, then, (i) if no Event of Default shall have occurred and be continuing and, within sixty (60) days of the date of the occurrence of such Casualty, Borrower delivers to Lender a written undertaking to expeditiously commence and to satisfactorily complete with due diligence the Restoration of the affected Properties in accordance with the terms of this Agreement, then (A) Borrower shall immediately deliver to Lender any Net Proceeds paid to Borrower as required by **Section 5.2** and (B) Borrower shall conduct the Restoration of the affected Properties in accordance with the terms of and subject to the conditions of **Section 5.4(d)** and (ii) if an Event of Default shall have occurred and be continuing or Borrower fails to deliver such an undertaking to Lender, then (A) Lender may retain any Net Proceeds received by it, (B) Borrower shall immediately deliver to Lender any Net Proceeds paid to Borrower as required by **Section 5.2**, (C) such Net Proceeds shall be applied to the prepayment of the Debt in accordance with **Section 2.4.3(c)**, (D) Borrower shall

prepay the Loan in an amount equal to the positive difference between such Net Proceeds and the Allocated Loan Amount for the affected Properties, together with all interest and other amounts required to be paid in connection therewith under **Section 2.4.5**, and (E) following Borrower's written request and receipt by Lender of the Net Proceeds and payment by Borrower of the amounts set forth in clause (D) above, Lender shall release the affected Properties from the applicable Mortgage Documents and related Liens, provided, that (x) Borrower has delivered to Lender draft releases (and, in the event any of the Mortgages and the Assignments of Leases and Rents applicable to any of the affected Properties encumber other Property(ies) in addition to the affected Properties, such release shall be a partial release that relates only to the affected Property(ies) and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such affected Properties are located and shall contain standard provisions protecting the rights of Lender and (y) Borrower shall pay all costs, taxes and expenses associated with such release (including, without limitation, cost to file and record the release and Lender's reasonable attorneys' fees).

(c) If Borrower elects to undertake the Restoration a Property or Properties pursuant to **Section 5.4(a)**, (i) Borrower shall commence the Restoration as soon as reasonably practicable (but in no event later than ninety (90) days after such Casualty occurs) and shall diligently pursue the same to satisfactory completion; (ii) Borrower shall cause the affected Property and the use thereof after the Restoration to be in compliance with and permitted under all applicable Legal Requirements and such Property, after Restoration, shall be of the same character as prior to such damage or destruction; (iii) the Restoration shall be done and completed by Borrower in an expeditious and diligent fashion and in compliance with all applicable Legal Requirements and the Renovation Standards and (iv) Borrower shall deliver, or cause to be delivered, to Lender a signed detailed budget approved in writing by Borrower's architect or engineer stating the entire cost of completing the Restoration, which budget shall be reasonably acceptable to Lender.

(d) If Borrower elects to undertake the Restoration of a Property or Properties pursuant to **Section 5.4(b)**, the following provisions shall apply:

(i) the Net Proceeds shall be made available to Borrower for Restoration upon the determination of Lender that the following conditions are met: (i) Borrower shall commence the Restoration as soon as reasonably practicable (but in no event later than ninety (90) days after such Casualty occurs) and shall diligently pursue the same to satisfactory completion; (ii) Lender shall be satisfied that any operating deficits, including all scheduled payments of principal and interest under the Note, which will be incurred with respect to the Properties as a result of the occurrence of the Casualty, whichever the case may be, will be covered out of (1) the Net Proceeds, (2) the insurance coverage referred to in **Section 5.1.1(a)(ii)**, if applicable, or (3) by other funds of Borrower; (iii) Lender shall be satisfied that the Restoration will be completed on or before the earliest to occur of (1) the date six (6) months prior to the Stated Maturity Date, as extended pursuant to **Section 2.7**, (2) the earliest date required for such completion under the terms of any Lease, (3) such time as may be required under applicable Legal Requirements or (4) six (6) months prior to the expiration of the insurance coverage referred to in **Section 5.1.1(a)(ii)**; (iv) Borrower shall cause the affected Property and the use thereof after the Restoration to be in compliance with and permitted under all applicable Legal Requirements and such Property, after Restoration,

shall be of the same character as prior to such damage or destruction; (v) the Restoration shall be done and completed by Borrower in an expeditious and diligent fashion and in compliance with all applicable Legal Requirements and the Renovation Standards; (vi) Borrower shall deliver, or cause to be delivered, to Lender a signed detailed budget approved in writing by Borrower's architect or engineer stating the entire cost of completing the Restoration, which budget shall be reasonably acceptable to Lender and (vii) the Net Proceeds together with any cash or cash equivalent deposited by Borrower with Lender are sufficient in Lender's discretion to cover the cost of the Restoration.

(ii) The Net Proceeds shall be held by Lender in the Casualty and Condemnation Account and, until disbursed in accordance with the provisions of this **Section 5.4(d)**, shall constitute additional security for the Debt and other obligations under the Loan Documents. The Net Proceeds shall be disbursed by Lender to, or as directed by, Borrower from time to time during the course of the Restoration, upon receipt of evidence satisfactory to Lender that (A) all materials installed and work and labor performed (except to the extent that they are to be paid for out of the requested disbursement) in connection with the Restoration have been paid for in full, and (B) there exist no notices of pendency, stop orders, mechanic's or materialman's liens or notices of intention to file same, or any other liens or encumbrances of any nature whatsoever on the Properties which have been fully bonded to the satisfaction of Lender and discharged of record or in the alternative fully insured to the satisfaction of Lender by the title company issuing the Title Insurance Policy.

(iii) All plans and specifications required in connection with the Restoration shall be subject to the prior approval of Lender and an independent consulting engineer selected by Lender (the "**Casualty Consultant**"). Lender shall have the use of the plans and specifications and all permits, licenses and approvals required or obtained in connection with the Restoration. The identity of the contractors, subcontractors and materialmen engaged in the Restoration, as well as the contracts under which they have been engaged, shall be subject to the approval of Lender and the Casualty Consultant. All costs and expenses incurred by Lender in connection with recovering, holding and advancing the Net Proceeds for the Restoration including, without limitation, reasonable attorneys' fees and disbursements and the Casualty Consultant's fees and disbursements, shall be paid by Borrower.

(iv) In no event shall Lender be obligated to make disbursements of the Net Proceeds in excess of an amount equal to the costs actually incurred from time to time for work in place as part of the Restoration, as certified by the Casualty Consultant, less the Casualty Retainage. The term "**Casualty Retainage**" shall mean, as to each contractor, subcontractor or materialman engaged in the Restoration, an amount equal to ten percent (10%) of the costs actually incurred for work in place as part of the Restoration, as certified by the Casualty Consultant, until the Restoration has been completed. The Casualty Retainage shall in no event, and notwithstanding anything to the contrary set forth above in this **Section 5.4(d)**, be less than the amount actually held back by Borrower from contractors, subcontractors and materialmen engaged in the Restoration. The Casualty Retainage shall not be released until the Casualty Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this **Section 5.4(b)** and that all approvals necessary for the re-occupancy

and use of the Property have been obtained from all appropriate Governmental Authorities, and Lender receives evidence satisfactory to Lender that the costs of the Restoration have been paid in full or will be paid in full out of the Casualty Retainage; provided, however, that Lender will release the portion of the Casualty Retainage being held with respect to any contractor, subcontractor or materialman engaged in the Restoration as of the date upon which (x) the Casualty Consultant certifies to Lender that such contractor, subcontractor or materialman has satisfactorily completed all work and has supplied all materials in accordance with the provisions of such contractor's, subcontractor's or materialman's contract, (y) the contractor, subcontractor or materialman delivers the lien waivers and evidence of payment in full of all sums due to the contractor, subcontractor or materialman as may be reasonably requested by Lender or by the title company issuing the Title Insurance Policy, and (z) Lender receives an endorsement to the Title Insurance Policy insuring the continued priority of the Lien of the Mortgage and evidence of payment of any premium payable for such endorsement. If required by Lender, the release of any such portion of the Casualty Retainage shall be approved by the surety company, if any, which has issued a payment or performance bond with respect to the contractor, subcontractor or materialman.

(v) Lender shall not be obligated to make disbursements of the Net Proceeds more frequently than once every calendar month.

(vi) If at any time the Net Proceeds or the undisbursed balance thereof shall not, in the opinion of Lender in consultation with the Casualty Consultant, be sufficient to pay in full the balance of the costs which are estimated by the Casualty Consultant to be incurred in connection with the completion of the Restoration, Borrower shall deposit the deficiency (the "**Net Proceeds Deficiency**") with Lender (for deposit into the Casualty and Condemnation Account) before any further disbursement of the Net Proceeds shall be made. The Net Proceeds Deficiency deposited with Lender shall be deposited by Lender into the Casualty and Condemnation Account and shall be disbursed for costs actually incurred in connection with the Restoration on the same conditions applicable to the disbursement of the Net Proceeds, and until so disbursed pursuant to this **Section 5.4(d)** shall constitute additional security for the Obligations.

(vii) The excess, if any, of the Net Proceeds and the remaining balance, if any, of the Net Proceeds Deficiency deposited with Lender after the Casualty Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this **Section 5.4(d)**, and the receipt by Lender of evidence satisfactory to Lender that all costs incurred in connection with the Restoration have been paid in full, shall be remitted by Lender to Borrower, provided no Event of Default shall have occurred and shall be continuing.

(e) All reasonable out-of-pocket costs and expenses incurred by Lender in connection with any Restoration including, without limitation, reasonable attorneys' fees and disbursements, shall be paid by Borrower.

(f) Notwithstanding anything to the contrary set forth in this Agreement, including the provisions of **Section 5.3** or **Section 5.4**, if the Loan is included in a REMIC Trust and, immediately following a release of any portion of the Lien of a Mortgage following a Casualty or Condemnation of a Property (but taking into account any proposed Restoration of the

remaining portion of such Property), the ratio of the unpaid principal balance of the Loan to the value of the remaining Properties is greater than 125% (such value to be determined, in Lender's sole discretion, by any commercially reasonable method permitted to a REMIC Trust; and which shall exclude the value of personal property (other than fixtures) or going concern value, if any), the Outstanding Principal Balance must be paid down (by application of the Net Proceeds or Award, as applicable, or if such amounts are not sufficient, by Borrower) by a "qualified amount" as that term is defined in the IRS Revenue Procedure 2010-30, as the same may be amended, replaced, supplemented or modified from time to time, unless Lender receives an opinion of counsel that if such amount is not paid, the applicable Securitization will not fail to maintain its status as a REMIC Trust as a result of the related release of such portion of the Lien of such Mortgage. If and to the extent the preceding sentence applies, only such amount of the net Award or net Insurance Proceeds (as applicable), if any, in excess of the amount required to pay down the principal balance of the Loan may be released for purposes of Restoration or released to Borrower as otherwise expressly provided in **Section 5.3** or **Section 5.4**.

(g) In the event of foreclosure of a Mortgage, or other transfer of title to a Property or Properties in extinguishment in whole or in part of the Debt all right, title and interest of Borrower in and to the Policies that are not blanket Policies then in force concerning such Property or Properties and all proceeds payable thereunder shall thereupon vest in the purchaser at such foreclosure or Lender or other transferee in the event of such other transfer of title.

ARTICLE 6

CASH MANAGEMENT AND RESERVE FUNDS

Section 6.1 Cash Management Arrangements.

6.1.1 Rent Deposit Account and Collection Account. Borrower shall establish and maintain one or more trust accounts for the purpose of collecting Rents (each, a "**Rent Deposit Account**") at a local bank selected by Borrower and reasonably approved by Lender which shall be an Eligible Institution (the "**Rent Deposit Bank**"). The Rent Deposit Accounts shall be subject to a Property Account Control Agreement and Borrower and Manager shall have access to and may make withdrawals from any Rent Deposit Account for the sole purpose of making refunds of partial payments of Rents to preserve rights of eviction (as provided below) until the occurrence of an Event of Default, after which Lender may exercise sole control and dominion over each Rent Deposit Account and neither Borrower nor Manager shall have the right of withdrawal from or access to the Rent Deposit Accounts; *provided* that, for the avoidance of doubt, no Property Account Control Agreement shall be required with respect to Security Deposit Accounts. Borrower shall cause all Rents which are paid to or received by Borrower or Manager to be deposited into a Rent Deposit Account or the Collection Account, provided that all Rents are deposited into the Collection Account within three (3) Business Days after receipt thereof by Borrower or Manager. Borrower shall (or instruct Manager to) cause all funds on deposit in a Rent Deposit Account to be deposited into the Collection Account every third (3rd) Business Day (or more frequently in Borrower's discretion), *provided*, that so long as no Event of Default exists, Borrower may cause Rent Deposit Bank to retain a reasonable amount of funds in the Rent Deposit Accounts (the "**Rent Deposit Account Retained Amount**") with respect to anticipated overdrafts, charge-backs and refunds of partial payments of Rents to preserve rights of eviction, provided in no event shall the Rent Deposit Account Retained Amount exceed 2.5% of the total Rents deposited into the Rent Deposit

Accounts during the immediately prior calendar month. Borrower shall cause any Rents which are paid to Borrower or Manager via wire or other electronic means to be deposited directly into a Rent Deposit Account or the Collection Account and, without limitation of the foregoing, Borrower shall notify and advise each current and future Tenant to send all payments of Rent pursuant to an instruction letter in the form of **Exhibit D** attached hereto (a “**Tenant Direction Letter**”). Without the consent of Lender, neither Borrower nor Manager shall terminate, amend, revoke or modify any Tenant Direction Letter in any manner whatsoever, or direct or cause any Tenant to pay any amount in any manner other than as provided in the related Tenant Direction Letter. In the event of any Transfer of any Property, Borrower shall (or shall cause the Manager or the closing title company or escrow agent, as applicable, to) deposit directly into the Collection Account the Net Transfer Proceeds for allocation in accordance with the terms of this Agreement. In addition, Borrower shall, and shall cause Manager to, deposit any other Collections received by or on behalf of Borrower directly into the Collection Account within three (3) Business Days following receipt thereof. Without in any way limiting the foregoing, any Rents and other Collections received by Borrower or Manager shall be deemed to be collateral for the Obligations and shall be held in trust for the benefit, and as the property, of Lender, and such amounts shall not be commingled with any other funds or property of Borrower or Manager. Lender may also establish subaccounts of the Collection Account which shall at all times be Eligible Accounts (and may be ledger or book entry accounts and not actual accounts) (such subaccounts are referred to herein as “**Accounts**”). The Collection Account and all other Accounts shall be subject to the Blocked Account Control Agreement and shall be under the sole control and dominion of Lender, and Borrower shall have no right of withdrawal therefrom. Neither Borrower nor Manager shall have the right of withdrawal with respect to the Collection Account or any Accounts except with the prior written consent of Lender, and neither Borrower, Manager, nor any Person claiming on or behalf of or through Borrower or Manager shall have any right or authority to give instructions with respect to the Collection Account or the Accounts. Borrower acknowledges and agrees that Collection Account Bank shall comply with (i) the instructions originated by Lender with respect to the disposition of funds in the Collection Account and the Accounts without the further consent of Borrower or Manager or any other Person and (ii) all “entitlement orders” (as defined in Section 8-102(a)(8) of the UCC) and instructions originated by Lender directing the transfer or redemption of any financial asset relating to the Collection Account or any Account without further consent by Borrower or any other Person. The Collection Account and each Account is and shall be treated either as a “securities account”, as such term is defined in Section 8-501(a) of the UCC, or a “deposit account”, as defined in Section 9-102(a)(29) of the UCC.

6.1.2 Investment of Funds in Collection Account, Accounts, and Rent Deposit Account. Sums on deposit in the Collection Account and the Accounts may be invested in Permitted Investments. Lender shall have the right to direct Collection Account Bank to invest sums on deposit in the Collection Account and the Accounts in Permitted Investments. The Collection Account shall be assigned the federal tax identification number of Borrower. Sums on deposit in the Rent Deposit Accounts shall not be invested in Permitted Investments and shall be held solely in cash. The amount of actual losses sustained on a liquidation of a Permitted Investment in the Collection Account or an Account shall be deposited into the Collection Account or the applicable Account, as applicable, by Borrower no later than one (1) Business Day following such liquidation. Borrower shall be responsible for payment of any federal, state or local income or other tax applicable to income earned from Permitted Investments.

6.1.3 Borrower's Operating Account. Borrower shall establish and maintain an account (the "*Borrower's Operating Account*") at a local bank selected by Borrower and reasonably approved by Lender which shall be an Eligible Institution. Borrower may also establish and maintain subaccounts of Borrower's Operating Account (which may be ledger or book entry accounts and not actual accounts). Borrower's Operating Account (and any subaccounts thereof) shall be subject to a Property Account Control Agreement in which Borrower and Manager shall have access to and may make withdrawals from Borrower's Operating Account until the occurrence of an Event of Default, after which Lender may exercise sole control and dominion over Borrower's Operating Account (and any subaccounts thereof) and neither Borrower nor Manager shall have the right of withdrawal from or access to Borrower's Operating Account (and any subaccounts thereof).

6.1.4 General. Borrower shall pay for all expenses of opening and maintaining the Collection Account (and the Accounts) and the Property Accounts. There are no other accounts maintained by Borrower or Manager or any other Person other than the Rent Deposit Accounts and the Collection Account into which Rents or any other Collections shall be deposited. So long as the Debt is outstanding, Borrower shall not (and shall not permit Manager or any other Person to) open any other account for the deposit of Rents or any other Collections.

Section 6.2 Tax Funds; HOA Funds.

6.2.1 Deposits of Tax Funds. Borrower shall deposit with Lender (i) on the Closing Date, an amount equal to \$4,946,795.74 and (ii) on each Monthly Payment Date, an amount equal to one-twelfth of the Property Taxes that Lender estimates will be payable during the next ensuing twelve (12) months (initially, \$989,359.15), in order to accumulate sufficient funds to pay all such Property Taxes prior to their respective due dates, which amounts shall be transferred into an Account (the "*Tax Account*"). Amounts deposited from time to time into the Tax Account pursuant to this **Section 6.2.1** are referred to herein as the "*Tax Funds*". If at any time Lender reasonably determines that the Tax Funds will not be sufficient to pay the Property Taxes, Lender shall notify Borrower of such determination and, commencing with the first Monthly Payment Date following Borrower's receipt of such written notice, the monthly deposits for Property Taxes shall be increased by the amount that Lender estimates is sufficient to make up the deficiency at least ten (10) days prior to the respective due dates for the Property Taxes; *provided*, that if Borrower receives notice of any deficiency after the date that is ten (10) days prior to the date that Property Taxes are due, Borrower will deposit with or on behalf of Lender such amount within one (1) Business Day after its receipt of such notice.

6.2.2 Release of Tax Funds. Provided no Event of Default is continuing, Lender shall apply Tax Funds in the Tax Account to reimburse Borrower for payments of Property Taxes made by Borrower after delivery by Borrower to Lender of evidence of such payment reasonably acceptable to Lender. If the amount of the Tax Funds shall exceed the amounts due for Property Taxes, Lender shall, in its sole discretion, return any excess to Borrower or credit such excess against future payments to be made to the Tax Funds. Any Tax Funds remaining in the Tax Account after the Obligations have been paid in full shall be returned to Borrower. Provided no Default or Event of Default exists, the Tax Funds reserved for any Property will be released upon a permitted sale and release of such Property in accordance with the terms hereof.

6.2.3 Deposits of HOA Funds. Borrower shall deposit with Lender on the Closing Date an amount equal to the HOA Fees that Lender estimates will be payable with respect to all HOAs in Applicable HOA States during the next ensuing twelve (12) months (initially, \$27,819.04) which amounts shall be transferred into an Account (the “*HOA Account*”). Amounts deposited from time to time into the HOA Account pursuant to this **Section 6.2.3** are referred to herein as the “*HOA Funds*”. If at any time Lender reasonably determines that the HOA Funds will not be sufficient to pay the HOA Fees for all HOAs in Applicable HOA States for the next ensuing twelve (12) months, Lender shall notify Borrower of such determination and within thirty (30) days following Borrower’s receipt of such written notice, Borrower shall deposit with Lender for transfer into the HOA Account an amount that Lender estimates is sufficient to make up the deficiency.

6.2.4 Release of HOA Funds. If at any time Lender believes in good faith that HOA Fees due and payable to an HOA in an Applicable HOA State have become delinquent, Lender may in its sole and absolute discretion apply the HOA Funds to pay such HOA Fees. If the amount of the HOA Funds shall exceed the HOA Fees that Lender estimates will be payable with respect to all HOAs in Applicable HOA States during the next ensuing twelve (12) months, Lender shall, in its sole discretion, return any excess to Borrower or credit such excess against future payments to be made to the HOA Funds. Any HOA Funds remaining in the HOA Account after the Obligations have been paid in full shall be returned to Borrower. Provided no Default or Event of Default is continuing, the HOA Funds reserved for any Property will be released upon a permitted sale and release of such Property in accordance with the terms hereof.

Section 6.3 Insurance Funds.

6.3.1 Deposits of Insurance Funds. Borrower shall deposit with or on behalf of Lender on each Monthly Payment Date, an amount equal to one-twelfth of the Insurance Premiums that Lender estimates will be payable for the renewal of the coverage afforded by the Policies upon the expiration thereof, in order to accumulate sufficient funds to pay all such Insurance Premiums prior to the expiration of the Policies, which amounts shall be transferred into an Account established at the Collection Account Bank to hold such funds (the “*Insurance Account*”). Amounts deposited from time to time into the Insurance Account pursuant to this **Section 6.3.1** are referred to herein as the “*Insurance Funds*”. If at any time Lender reasonably determines that the Insurance Funds will not be sufficient to pay the Insurance Premiums, Lender shall notify Borrower of such determination and the monthly deposits for Insurance Premiums shall be increased by the amount that Lender estimates is sufficient to make up the deficiency at least thirty (30) days prior to expiration of the Policies.

6.3.2 Release of Insurance Funds. Provided no Event of Default is continuing, Lender shall apply Insurance Funds in the Insurance Account to timely pay, or reimburse Borrower for payments of, Insurance Premiums. If the amount of the Insurance Funds shall exceed the amounts due for Insurance Premiums, Lender shall, in its sole discretion, return any excess to Borrower or credit such excess against future payments to be made to the Insurance Funds. Any Insurance Funds remaining in the Insurance Account after the Obligations have been paid in full shall be returned to Borrower. Provided no Default or Event of Default exists, the Insurance Funds reserved for any Property will be released upon a permitted sale and release of such Property in accordance with the terms hereof.

6.3.3 Acceptable Blanket Policy. Notwithstanding anything to the contrary contained in **Section 6.3.1**, in the event that an Acceptable Blanket Policy is in effect with respect to the Policies required pursuant to **Section 5.1.1**, deposits into the Insurance Account required for Insurance Premiums pursuant to **Section 6.3.1** shall be suspended to the extent that Insurance Premiums relate to such Acceptable Blanket Policy. As of the date hereof, an Acceptable Blanket Policy is in effect with respect to the Policies required as of the Closing Date pursuant to **Section 5.1.1**.

Section 6.4 Capital Expenditure Funds.

6.4.1 Deposits of Capital Expenditure Funds. Borrower shall deposit with or on behalf of Lender on each Monthly Payment Date, an amount equal to one-twelfth of the product of (i) \$450 multiplied by (ii) the number of Properties to which the Loan is applicable, in order to accumulate sufficient funds, for annual Capital Expenditures, which amounts shall be transferred into an Account (the “**Capital Expenditure Account**”). Amounts deposited from time to time into the Capital Expenditure Account pursuant to this **Section 6.4.1** are referred to herein as the “**Capital Expenditure Funds**”.

6.4.2 Release of Capital Expenditure Funds. Provided no Event of Default is continuing, Lender shall disburse Capital Expenditure Funds out of the Capital Expenditure Account to pay for Capital Expenditures or to reimburse Borrower for Capital Expenditures actually paid for by Borrower, provided that: (i) such disbursement is for an Approved Capital Expenditure, (ii) the request for disbursement is accompanied by (A) an Officer’s Certificate from Borrower (1) stating that the items to be funded by the requested disbursement are Approved Capital Expenditures, and a description thereof, (2) stating that all Approved Capital Expenditures to be funded by the requested disbursement have been completed (or completed to the extent of the requested disbursement) in a good and workmanlike manner and in accordance with all applicable Legal Requirements and the Renovation Standards and, (3) stating that the Approved Capital Expenditures to be funded from the disbursement in question have not been the subject of a previous disbursement have been paid for by Borrower and (iii) for any individual expenditure greater than \$25,000, Borrower has delivered to Lender copies of any invoices, bills or statements related to such Approved Capital Expenditures that are requested by Lender. For the avoidance of doubt, Borrower shall not be entitled to receive a distribution of Capital Expenditure Funds for expenses related to the refurbishment or repair of a Property to the extent that Borrower has been or will be entitled to reimbursement for such expenses from a Tenant’s security deposit.

Section 6.5 Special Insurance Reserve Account.

(a) Deposit of Special Insurance Reserve Funds . If pursuant to **Section 5.1.3** Borrower elects maintain insurance policies with deductibles in excess of the amounts required by **Section 5.1.1**, Borrower shall deposit into and maintain in an Account (the “**Special Insurance Reserve Account**”) an aggregate amount equal to the difference between deductibles in respect of insurance policies maintained by Borrower that are in excess of the levels required by **Section 5.1.1**. Amounts deposited from time to time into the Special Insurance Reserve Account pursuant to this **Section 6.5** are referred to herein as the “**Special Insurance Reserve Funds**”.

(b) Release of Special Insurance Reserve Funds. Provided no Event of Default is continuing, in the event of a Casualty, Lender shall disburse to Borrower Special Insurance Reserve Funds in the amount of the applicable Excess Deductible within five (5) Business Days of receipt by Lender of written request therefor by Borrower; *provided* that if Borrower continues to maintain insurance policies with Excess Deductibles, then no disbursement shall be made to the extent such disbursement would result in the Special Insurance Reserve Funds on deposit in the Special Insurance Reserve Account to be less than the aggregate amount of the Excess Deductibles.

Section 6.6 Casualty and Condemnation Account. Borrower shall pay, or cause to be paid, to Lender all Insurance Proceeds or Awards due to any Casualty or Condemnation in accordance with the provisions of **Section 5.2** and **Section 5.3**, which amounts shall be transferred into an Account (the “**Casualty and Condemnation Account**”). Amounts deposited from time to time into the Casualty and Condemnation Account pursuant to this **Section 6.6** are referred to herein as the “**Casualty and Condemnation Funds**”. All Casualty and Condemnation Funds shall be held, disbursed and/or applied in accordance with the provisions of **Section 5.3** or **Section 5.4**, as applicable.

Section 6.7 Cash Collateral Reserve.

6.7.1 Cash Collateral Account. If a Trigger Period shall be continuing, all Available Cash (after payment of the Monthly Budgeted Amount and any Approved Extraordinary Operating Expenses in accordance with **Section 6.8.1**) shall be paid to Lender, which amounts shall be transferred by Lender into an Account (the “**Cash Collateral Account**”) to be held by Lender as cash collateral for the Debt. Amounts on deposit from time to time in the Cash Collateral Account pursuant to this **Section 6.7** are referred to as the “**Cash Collateral Funds**”. Lender shall have the right, but not the obligation, at any time during the continuance of an Event of Default, in its sole and absolute discretion to apply any and all Cash Collateral Funds then on deposit in the Cash Collateral Account to the Debt, in such order and in such manner as Lender shall elect in its sole and absolute discretion, including to make a prepayment of principal to cause the Debt Yield to meet the Low Debt Yield Trigger (together with the applicable Spread Maintenance Premium, if any, applicable thereto) or any other amounts due hereunder.

6.7.2 Withdrawal of Cash Collateral Funds. Provided no Default or an Event of Default hereunder is continuing and there is an amount exceeding Five Million Dollars (\$5,000,000) on deposit in the Cash Collateral Account (the “**Cash Collateral Floor**”), Lender shall make disbursements from the Cash Collateral Account of Cash Collateral Funds in excess of the Cash Collateral Floor to pay costs and expenses in connection with the ownership, management and/or operation of the Properties to the extent such amounts are not otherwise paid pursuant to **Section 6.8.1** or by Manager pursuant to the Management Agreement for the following items: (i) Operating Expenses including Management Fees (subject to discretionary Operating Expenses being within a five percent (5%) variation of an Approved Annual Budget), (ii) emergency repairs and/or life-safety items (including applicable Capital Expenditures for such purpose), (iii) Capital Expenditures set forth in an Approved Annual Budget (subject to a five percent (5%) variation for Capital Expenditures in such Approved Annual Budget), (iv) legal, audit and accounting costs associated with the Properties or Borrower, excluding legal fees incurred in connection with the enforcement of Borrower’s rights pursuant to the Loan Documents, (v) payment of Debt Service on the Loan, (vi) voluntary or mandatory prepayment

of the Loan (together with any applicable Spread Maintenance Premium), including, without limitation, any Debt Yield Cure Prepayment, and (vii) expenses and shortfalls relating to Restoration; *provided* that no disbursements shall be made from the Cash Collateral Account for any of the Operating Expenses or Capital Expenditures described in the foregoing clauses (i) through (iv) to the extent amounts for such Operating Expenses or Capital Expenditures have been distributed to Borrower from the Collection Account under **Section 6.8.1(i)(B)**, or may be distributed to Borrower from the Tax Account, the Insurance Account or the Capital Expenditure Account, as applicable.

6.7.3 Release of Cash Collateral Funds. Provided no Trigger Period is continuing as of two (2) consecutive Calculation Dates, Lender shall release Cash Collateral Funds in the Cash Collateral Account to Borrower; provided, that in the event of a Debt Yield Cure Prepayment, Lender shall release Cash Collateral Funds in the Cash Collateral Account to Borrower within one (1) Business Day of the date of such Debt Yield Cure Prepayment.

Section 6.8 Property Cash Flow Allocation.

6.8.1 Order of Priority of Funds in Collection Account. On each Monthly Payment Date during the Term, except during the continuance of an Event of Default, Collections on deposit in the Collection Account on such day shall be applied on such Monthly Payment Date in the following order of priority:

(a) *first*, to the applicable Security Deposit Account, the amount of any security deposits that have been deposited into the Collection Account by Borrower during the calendar month ending immediately prior to such Monthly Payment Date, as set forth in a written notice from Borrower to Lender delivered pursuant to **Section 4.3.8**;

(b) *second*, to the Tax Account, to make the required payments of Tax Funds as required under **Section 6.2**;

(c) *third*, to the Insurance Account, to make any required payments of Insurance Funds as required under **Section 6.3**;

(d) *fourth*, to Lender, funds sufficient to pay the Monthly Debt Service Payment Amount, applied (A) *first*, to the payment of interest then due and payable on Component A, (B) *second*, to the payment of interest then due and payable on Component B, (C) *third*, to the payment of interest then due and payable on Component C, (D) *fourth*, to the payment of interest then due and payable on Component D, (E) *fifth*, to the payment of interest then due and payable on Component E, (F) *sixth*, to the payment of interest then due and payable on Component F, and (G) *seventh*, to the payment of interest then due and payable on Component G;

(e) *fifth*, to the Manager, management fees payable for the calendar month ending immediately prior to such Monthly Payment Date, but not in excess of six percent (6%) of gross Rents collected during such calendar month;

(f) *sixth*, to the Capital Expenditure Account, to make the required payments of Capital Expenditure Funds as required under **Section 6.4**;

(g) *seventh* , to Lender, any other fees, costs, expenses (including Trust Fund Expenses) or indemnities then due or payable under this Agreement or any other Loan Document;

(h) *eighth* , to Lender the amount of any mandatory prepayment of the Outstanding Principal Balance pursuant to **Sections 2.4.3** then due and payable and all other amounts payable in connection therewith, such amounts to be applied in the manner set forth in **Section 2.4.5(d)** ;

(i) *ninth* , all amounts remaining after payment of the amounts set forth in clauses (a) through (h) above (the “ **Available Cash** ”) either:

(A) if as of a Monthly Payment Date no Low Debt Yield Period is continuing, any remaining amounts to Borrower’s Operating Account; and

(B) if as of a Monthly Payment Date a Low Debt Yield Period is continuing:

(1) *first* , to Borrower’s Operating Account, funds in an amount equal to the Monthly Budgeted Amount;

(2) *second* , to Borrower’s Operating Account, payments for Approved Extraordinary Operating Expenses, if any; and

(3) *third* , to the Cash Collateral Account to be held or disbursed in accordance with **Section 6.7** .

6.8.2 Application During Event of Default . Notwithstanding anything to the contrary contained herein (including this **Article 6**), upon the occurrence and during the continuance of an Event of Default, Lender, at its option, may apply any Collections then in the possession of Lender, Servicer or the Collection Account Bank (including any Reserve Funds on deposit in the Accounts) or any Property Account Bank to the payment of the Debt in such order, proportion and priority as Lender may determine in its sole and absolute discretion. Lender’s right to withdraw and apply any of the foregoing funds shall be in addition to all other rights and remedies provided to Lender under the Loan Documents.

6.8.3 Annual Budget . Prior to the date hereof, Borrower has submitted and Lender has approved an Annual Budget for the 2014 calendar year (the “ **Approved Initial Budget** ”). Borrower shall submit to Lender by November 1 of each year the Annual Budget relating to the Properties for the succeeding Fiscal Year. During the continuance of a Trigger Period, Lender shall have the right to approve each Annual Budget (which approval shall not be unreasonably conditioned, delayed or withheld so long as no Event of Default is continuing). An Annual Budget approved by Lender during a Trigger Period or any Annual Budget submitted prior to the commencement of a Trigger Period, shall each hereinafter be referred to as an “ **Approved Annual Budget** ”. In the event of a Transfer of any Property the Approved Annual Budget shall be reduced as reasonably determined by Lender in consultation with Borrower in order to reflect the removal of such Property and the Operating Expenses associated therewith; *provided, further* , that no such reduction shall be made in the event such Transfer is made in connection with a substitution under **Section 2.4.3(a)** . If Lender has the right to approve an

Annual Budget pursuant to this **Section 6.8.3**, neither Borrower nor Manager shall change or modify the Annual Budget that has been approved by Lender without the prior written consent of Lender (which consent shall not be unreasonably withheld, conditioned or delayed so long as no Event of Default is continuing). The “**Monthly Budgeted Amount**” for each Monthly Payment Date shall mean the monthly amount set forth in the Approved Annual Budget for Operating Expenses and Capital Expenditures for the Interest Period related to such Monthly Payment Date. If during any Trigger Period, Borrower has submitted an Annual Budget and such Annual Budget has not been approved prior to the commencement of the calendar year to which such budget relates then the previous Approved Annual Budget shall continue to be deemed to be the Approved Annual Budget for that calendar year, except that the line item for Capital Expenditures shall not exceed the Capital Expenditures set forth in the Approved Initial Budget.

6.8.4 Extraordinary Operating Expenses. During any Low Debt Yield Period, in the event that Borrower incurs or is required to incur an extraordinary operating expense not set forth in the Approved Annual Budget relating to the Properties (each an “**Extraordinary Operating Expense**”), then Borrower shall promptly deliver to Lender a reasonably detailed explanation of such proposed Extraordinary Operating Expense for Lender’s approval. Any Extraordinary Operating Expense approved by Lender is referred to herein as an “**Approved Extraordinary Operating Expense**”. Any Funds distributed to Borrower for the payment of Approved Extraordinary Operating Expenses pursuant to **Section 6.8.1** shall be used by Borrower only to pay for such Approved Extraordinary Operating Expenses or reimburse Borrower for such Approved Extraordinary Operating Expenses, as applicable.

Section 6.9 Security Interest in Reserve Funds. As security for payment of the Debt and the performance by Borrower of all other terms, conditions and provisions of the Loan Documents, Borrower hereby pledges and assigns to Lender, and grants to Lender a security interest in, all Borrower’s right, title and interest in and to all (collectively, the “**Account Collateral**”) (i) Collections, (ii) any and all Permitted Investments, (iii) in and to all payments to, cash, checks, drafts, letters of credit, certificates and instruments from time to time held in the Property Accounts, the Collection Account and/or Accounts (collectively, the “**Cash Management Accounts**”), (iv) all interest, dividends, cash, instruments, investment property and other property from time to time received, receivable or otherwise payable in respect of, or in exchange for, any or all of the foregoing, and (v) to the extent not covered by clauses (i), (ii), (iii) or (iv) above, all “proceeds” (as defined under the UCC) of any or all of the foregoing. Borrower hereby grants to Lender a continuing security interest in, and agrees to hold in trust for the benefit of Lender, all Rents and other Collections in its possession prior to the (x) payment of such Collections to Lender or (y) deposit of such Collections into a Rent Deposit Account or Collection Account, as applicable. Borrower shall not, without obtaining the prior written consent of Lender, further pledge, assign or grant any security interest in any Cash Management Account, or permit any Lien to attach thereto, or any levy to be made thereon, or any UCC Financing Statements, except those naming Lender as the secured party, to be filed with respect thereto. This Agreement is, among other things, intended by the parties to be a security agreement for purposes of the UCC. Upon the occurrence and during the continuance of an Event of Default, Lender may apply any sums in any Cash Management Account in any order and in any manner as Lender shall elect in Lender’s discretion without seeking the appointment of a receiver and without adversely affecting the rights of Lender to foreclose the Lien of any Mortgage Documents, Borrower Security Agreement or exercise its other rights under any other Loan Documents. Provided no Event of Default exists, all interest which accrues on the funds in

the Collection Account or any Account (other than the Tax Account and the Insurance Account) shall accrue for the benefit of Borrower and shall be taxable to Borrower and shall be added to and disbursed in the same manner and under the same conditions as the principal sum on which said interest accrued. Upon repayment in full of the Debt, all remaining funds in the Collection Account and the Accounts, if any, shall be promptly disbursed to Borrower.

Section 6.10 Eligibility Reserve Account.

(a) Deposit of Eligibility Funds. If Borrower shall be required to make a prepayment in respect of any Property pursuant to **Section 2.4.3(a)** (other than in the case of any Property that constitutes a Disqualified Property due to the occurrence of a Voluntary Action in respect thereof), Borrower shall have an option to deposit into an Account (the “**Eligibility Reserve Account**”) an amount equal to 100% of the Allocated Loan Amount for any such Property (“**Eligibility Funds**”), provided that Borrower provides Lender with written notice of any such Eligibility Funds and, no later than the due date for the prepayment required under **Section 2.4.3(a)**, delivers such Eligibility Funds with Lender for deposit to the Eligibility Reserve Account.

(b) Release of Eligibility Funds. Provided no Default or Event of Default exists, Lender shall disburse the Eligibility Funds with respect to a Property to Borrower upon (i) the sale of such Property and payment in full of the applicable Release Amount, (ii) upon such Property becoming an Eligible Property or (iii) upon the substitution of the applicable Disqualified Property with a Substitute Property in accordance with the conditions of **Section 2.4.3(a)**.

Section 6.11 Release of Reserve Funds Generally. Notwithstanding anything to the contrary contained in this **Article 6**, disbursements of Reserve Funds to Borrower shall only occur on the Reserve Release Date after receipt by Lender of a Reserve Release Request from Borrower not less than five (5) Business Days prior to such date; *provided*, that if the amount of Reserves to be released to Borrower on any Reserve Release Date is less than the Minimum Disbursement Amount, then such Reserves shall continue to be maintained in the Reserve Accounts until the next Reserve Release Date on which an amount equal to or greater than the Minimum Disbursement Amount is available for disbursement or until the payment in full of the Obligations.

ARTICLE 7

PERMITTED TRANSFERS

Section 7.1 Permitted Transfers. Notwithstanding anything to the contrary contained in **Section 4.2.3**, the following Transfers (herein, the “**Permitted Transfers**”) shall be permitted hereunder without Lender’s consent:

- (a) an Eligible Lease entered into in accordance with the Loan Documents;
- (b) a Permitted Lien or any other Lien expressly permitted under the terms of the Loan Documents;
- (c) a Transfer of a Property in accordance with **Section 2.5**;

(d) a substitution of a Property for a Substitute Property in accordance with **Section 2.4.3** or **Section 5.3(b)**, as applicable;

(e) the Transfer of any direct or indirect legal or beneficial interests in any Public Vehicle, including a Public Vehicle that exists on the date hereof or a Public Vehicle which acquires a direct or indirect legal or beneficial interest in Borrower and each other Loan Party after the Closing Date in accordance with the terms of this **Section 7.1**;

(f) a Transfer of any direct or indirect interest in Borrower or any other Loan Party provided that:

(i) after giving effect to such Transfer, a Qualified Transferee (A) shall own not less than fifty-one percent (51%) of the direct or indirect legal and beneficial interests in Borrower and the other Loan Parties and (B) shall continue to Control (directly or indirectly) Borrower, each other Loan Party and each SPC Party;

(ii) Lender shall receive notice of any Transfer described in this **Section 7.1(f)** not less than (x) if the Qualified Transferee referenced in clause (i) above is not the Sponsor, ten (10) Business Days prior to the consummation thereof or (y) if the Qualified Transferee referenced in clause (i) above is the Sponsor, thirty (30) days following the consummation thereof, but the failure to deliver the notice referred to in this clause (y) shall not constitute an Event of Default unless such failure continues for ten (10) Business Days following notice of such failure from Lender;

(iii) each of Borrower, Equity Owner GP, Equity Owner, Borrower GP and each SPC Party shall each continue to be a Special Purpose Bankruptcy Remote Entity;

(iv) after giving effect to such Transfer (A) Borrower GP shall remain the sole general partner of Borrower owning not less than 1.0% of the partnership interest in Borrower, (B) Equity Owner shall remain the sole limited partner of Borrower and the sole member of Borrower GP and (C) Equity Owner GP shall remain the sole general partner of Equity Owner owning not less than 1.0% of the partnership interest in Equity Owner;

(v) the Properties shall continue to be managed by Existing Manager or by a Qualified Manager pursuant to a Replacement Management Agreement;

(vi) if such Transfer shall cause more than forty-nine percent (49%) of the direct or indirect interests in Borrower, any other Loan Party or any SPC Party to be owned by any Person and its Affiliates that owned less than forty-nine percent (49%) of the direct or indirect interest in Borrower, any other Loan Party or any SPC Party prior to such Transfer, Borrower shall deliver (or cause to be delivered) to Lender a substantive non-consolidation opinion in form and substance reasonably satisfactory to Lender and satisfactory to the applicable Rating Agencies;

(vii) notwithstanding the foregoing, no Transfer of any direct interest in Borrower or any other Loan Party which constitutes a portion of the Collateral shall be permitted; and

(viii) so long as the Loan is outstanding, (A) no pledge or other encumbrance of any direct interests in any Restricted Pledge Party (other than pledges securing the Obligations pursuant to the Collateral Documents) shall be permitted, except that a pledge of the direct ownership interests in the most upper-tier Restricted Pledge Party shall be permitted if such pledge directly or indirectly secures indebtedness that is also directly or indirectly secured by substantial assets other than the Collateral, and (B) no Restricted Pledge Party shall issue preferred equity that has the characteristics of mezzanine debt (such as a fixed maturity date, regular payments of interest, a fixed rate of return and rights of the equity holder to demand repayment of its investment); and

(g) a Sponsor Public Listing or a Sponsor Public Sale provided that:

(i) if after giving effect to any such Sponsor Public Listing or Sponsor Public Sale, more than forty-nine percent (49%) of the direct or indirect interest in Borrower, any Loan Party or any SPC Party is owned by any Person and its Affiliates that owned less than forty-nine percent (49%) of the direct or indirect interest in Borrower, any other Loan Party or any SPC Party prior to such Transfer, Borrower shall deliver (or cause to be delivered) to Lender a substantive non-consolidation opinion in form and substance reasonably satisfactory to Lender and satisfactory to the applicable Rating Agencies;

(ii) each of Borrower, Equity Owner GP, Equity Owner, Borrower GP and each SPC Party shall each continue to be a Special Purpose Bankruptcy Remote Entity;

(iii) after giving effect to such Transfer (A) Borrower GP shall remain the sole general partner of Borrower owning not less than 1.0% of the partnership interest in Borrower, (B) Equity Owner shall remain the sole limited partner of Borrower and the sole member of Borrower GP and (C) Equity Owner GP shall remain the sole general partner of Equity Owner owning not less than 1.0% of the partnership interest in Equity Owner;

(iv) the Properties shall continue to be managed by Existing Manager or by a Qualified Manager pursuant to a Replacement Management Agreement;

(v) notwithstanding the foregoing, no Transfer of any direct interest in Borrower, any other Loan Party or any SPC Party shall be permitted in connection with such Sponsor Public Listing or Sponsor Public Sale;

(vi) so long as the Loan is outstanding, (A) no pledge or other encumbrance of any direct interests in any Restricted Pledge Party (other than pledges securing the Obligations pursuant to the Collateral Documents) shall be permitted, and (B) no Restricted Pledge Party shall issue preferred equity that has the characteristics of mezzanine debt (such as a fixed maturity date, regular payments of interest, a fixed rate of return and rights of the equity holder to demand repayment of its investment);

(vii) in the case of a Transfer that is a Sponsor Public Listing, shareholder equity in an amount of at least \$200,000,000 has been sold to third parties in such Sponsor Public Listing and the Public Vehicle that has been listed satisfies the Eligibility Requirements; and

(viii) in the case of a Transfer that is a Sponsor Public Sale, after giving effect to such Transfer, (x) the Loan Parties shall be Controlled (directly or indirectly) by a Qualified Transferee and (y) such Qualified Transferee shall own at least fifty-one percent (51%) of the direct or indirect legal and beneficial interests in Borrower and the other Loan Parties.

(h) Following a Permitted Transfer, if Sponsor (or a Person comprising Sponsor) no longer owns a majority of the direct or indirect interest in Borrower or the Properties, Sponsor shall be released from the Sponsor Guaranty for all liability accruing after the date of such Transfer, provided, that the Qualified Transferee shall execute and deliver to Lender a replacement guaranty in substantially the same form and substance as the Sponsor Guaranty covering all liability accruing from and after the date of such Transfer (but not any which may have accrued prior thereto).

Section 7.2 Cost and Expenses; Searches; Copies.

(a) Borrower shall pay all costs and expenses of Lender in connection with any Transfer, whether or not such Transfer is deemed to be a Permitted Transfer, including, without limitation, all fees and expenses of Lender's counsel, whether internal or outside, and the cost of any required counsel opinions related to REMIC or other securitization or tax issues and any Rating Agency fees.

(b) Borrower shall provide Lender with copies of all organizational documents and all transaction documents relating to any Permitted Transfer.

(c) In connection with any Permitted Transfer, to the extent a transferee shall own ten percent (10%) or more of the direct or indirect ownership interests in Borrower immediately following such transfer (provided such transferee owned less than ten percent (10%) of the direct or indirect ownership interests in Borrower as of the Closing Date), Borrower shall deliver (and Borrower shall be responsible for any reasonable out of pocket costs and expenses in connection therewith), customary searches reasonably requested by Lender in writing (including credit, judgment, lien, litigation, bankruptcy, criminal and watch list) reasonably acceptable to Lender with respect to such transferee.

ARTICLE 8

DEFAULTS

Section 8.1 Events of Default. Each of the following events shall constitute an event of default hereunder (an "*Event of Default*"):

(i) if (A) the Obligations are not paid in full on the Maturity Date, (B) any regularly scheduled monthly payment of interest or principal due under the Note is not paid in full on the applicable Monthly Payment Date, (C) any prepayment of principal due under this Agreement or the Note is not paid when due or (D) the Spread Maintenance Premium is not paid when due,

(ii) if any deposit to the Reserve Funds is not made on the required deposit date therefor, with such failure continuing for two (2) Business Days after Lender delivers written notice thereof to Borrower;

(iii) if any other amount payable pursuant to this Agreement, the Note or any other Loan Document (other than as set forth in the foregoing **clauses (i) and (ii)**) is not paid in full when due and payable in accordance with the provisions of the applicable Loan Document, with such failure continuing for ten (10) days after Lender delivers written notice thereof to Borrower;

(iv) if the Policies are not (A) delivered to Lender within five (5) days of Lender's written request and (B) kept in full force and effect, each in accordance with the terms and conditions hereof;

(v) a Transfer other than a Permitted Transfer occurs;

(vi) if any certification, representation or warranty made by a Relevant Party herein or any other Loan Document, other than a Property Representation, or in any report, certificate, financial statement or other instrument, agreement or document furnished to Lender shall have been false or misleading in any material and adverse respect as of the date such representation or warranty was made; *provided, however*, if any untrue certification, representation or warranty made after the Closing Date is susceptible of being cured, Borrower shall have the right to cure such certification, representation or warranty within thirty (30) days after receipt of notice from Lender;

(vii) if any Relevant Party shall make an assignment for the benefit of creditors;

(viii) if a receiver, liquidator or trustee shall be appointed for any Relevant Party or any SPC Party or if Borrower, any Relevant Party or any SPC Party shall be adjudicated a bankrupt or insolvent, or if any petition for bankruptcy, reorganization or arrangement pursuant to federal bankruptcy law, or any similar federal or state law, shall be filed by or against, consented to, or acquiesced in by, Borrower, any Relevant Party or any SPC Party, or if any proceeding for the dissolution or liquidation of Borrower, any Relevant Party or any SPC Party shall be instituted, or if Borrower is substantively consolidated with any other Person; *provided, however*, if such appointment, adjudication, petition, proceeding or consolidation was involuntary and not consented to by such Relevant Party, upon the same not being discharged, stayed or dismissed within sixty (60) days following its filing;

(ix) if any Loan Party attempts to assign its rights under this Agreement or any of the other Loan Documents or any interest herein or therein in contravention of the Loan Documents;

(x) if any of the assumptions contained in the Insolvency Opinion, or in any other non-consolidation opinion delivered to Lender in connection with the Loan, or in any other non-consolidation opinion delivered subsequent to the closing of the Loan, is or shall become untrue in any material respect;

(xi) a breach of the covenants set forth in **Sections 2.1.5 , 4.1.1 , 4.1.2 , 4.1.3 , 4.1.9 , 4.1.17 , 4.2.1 , 4.2.2 , 4.2.3 , 4.2.4 , 4.2.5 , 4.2.7 , 4.2.8 , 4.2.9 , 4.2.13 or 4.2.17** ;

(xii) if with respect to any Disqualified Property, Borrower fails to within the time periods specified in **Section 2.4.3(a)** either: (A) pay the Release Amount in respect thereof, (B) substitute such Disqualified Property with a Substitute Property in accordance with **Section 2.4.3(a)** or (C) or deposit an amount equal to 100% of the Allocated Loan Amount for the Disqualified Property in the Eligibility Reserve Account in accordance with **Section 2.4.3(a)** and such failure continues for more than five (5) Business Days after written notice thereof from Lender to Borrower;

(xiii) if, without Lender's prior written consent, (i) any Management Agreement is terminated (unless simultaneously therewith, Borrower and a new Qualified Manager enter into a Replacement Management Agreement in accordance with **Section 4.2.1**), or (ii) there is a default by Borrower under any Management Agreement beyond any applicable notice or grace period that permits such Manager to terminate or cancel the applicable Management Agreement (unless, within thirty (30) days after the expiration of such notice or grace period, Borrower and a new Qualified Manager enter into a Replacement Management Agreement in accordance with **Section 4.2.1**);

(xiv) if any Loan Party or any Person owning a direct or indirect ownership interest in any Loan Party shall be convicted of a Patriot Act Offense by a court of competent jurisdiction;

(xv) any failure on the part of any Borrower to duly observe or perform any of its covenants set forth in **Section 4.1.17** or the representation and warranty in **Section 3.1.26** shall fail to be correct in respect of a Tenant of any Property and, in each case, Borrower fails to notify OFAC within five (5) Business Days of Borrower or Manager obtaining knowledge that such Tenant is on any of the lists described in those sections and promptly take such steps as may be required by OFAC with respect to such Tenant;

(xvi) if there shall be a default under any of the other Loan Documents beyond any applicable cure periods contained in such Loan Documents, whether as to any Relevant Party or the Properties, or if any other such event shall occur or condition shall exist, if the effect of such event or condition is to accelerate the maturity of any portion of the Obligations or to permit Lender to accelerate the maturity of all or any portion of the Obligations;

(xvii) if Borrower fails to obtain or maintain an Interest Rate Cap Agreement or replacement thereof in accordance with **Section 2.6** and/or **Section 2.7** hereof;

(xviii) if any Loan Document or any Lien granted thereunder by any Relevant Party shall (except in accordance with its terms or pursuant to Lender's written consent), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of the parties thereto or (y) any Relevant Party or any other party shall disaffirm or contest, in writing, in any manner such effectiveness, validity, binding nature or enforceability (other than as a result of the occurrence of the payment in full of the Obligations);

(xix) one or more final judgments for the payment of \$2,500,000 or more rendered against any Loan Party, and such amount is not covered by insurance or indemnity or not discharged, paid or stayed within sixty (60) days after (i) the date on which the right to appeal thereof has expired if no such appeal has commenced, or (ii) the date on which all rights to appeal have been extinguished;

(xx) unless BREP has agreed in writing to be primarily liable for all obligations of the Sponsor under the Sponsor Guaranty, as of any Calculation Date, Sponsor or any Qualified Transferee that executes and delivers a replacement guaranty pursuant to **Section 7.1** fails to comply with the Sponsor Financial Covenant; or

(xxi) if any Relevant Party shall continue to be in Default under any of the other terms, covenants or conditions of this Agreement or any other Loan Document not specified in subsections (i) to (xx) above, and such Default shall continue for ten (10) days after notice to Borrower from Lender, in the case of any such Default which can be cured by the payment of a sum of money, or for thirty (30) days after notice to Borrower from Lender in the case of any other such Default; *provided, however*, that if such non-monetary Default is susceptible of cure but cannot reasonably be cured within such 30-day period, and provided further that Borrower shall have commenced to cure such Default within such 30-day period shall and thereafter diligently and expeditiously proceed to cure the same, such 30-day period shall be extended for such time as is reasonably necessary for Borrower in the exercise of due diligence to cure such Default, such additional period not to exceed ninety (90) days.

Section 8.2 Remedies .

8.2.1 Acceleration . Upon the occurrence of an Event of Default (other than an Event of Default described in *clauses (vii), (viii) or (ix) of Section 8.1*) and at any time thereafter, Lender may, in addition to any other rights or remedies available to it pursuant to this Agreement and the other Loan Documents or at law or in equity, take such action, without notice or demand (and Borrower hereby expressly waives any such notice or demand), that Lender deems advisable to protect and enforce its rights against any Relevant Party and in and to the Properties, including declaring the Obligations to be immediately due and payable, and Lender may enforce or avail itself of any or all rights or remedies provided in the Loan Documents against the Relevant Parties, including all rights or remedies available at law or in equity; and upon any Event of Default described in *clauses (vii), (viii) or (ix) of Section 8.1*, the Obligations of Borrower hereunder and under the other Loan Documents shall immediately and automatically become due and payable in full, without notice or demand, and the Loan Parties hereby expressly waives any such notice or demand, anything contained herein or in any other Loan Document to the contrary notwithstanding.

8.2.2 Remedies Cumulative .

(a) During the continuance of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to Lender against each Relevant Party under this Agreement or any of the other Loan Documents executed and delivered by, or

applicable to, a Relevant Party or at law or in equity may be exercised by Lender at any time and from time to time, whether or not all or any of the Obligations shall be declared due and payable, and whether or not Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Loan Documents with respect to the Collateral. The rights, powers and remedies of Lender under this Agreement shall be cumulative and not exclusive of any other right, power or remedy which Lender may have against a Relevant Party pursuant to this Agreement or the other Loan Documents, or existing at law or in equity or otherwise. Lender's rights, powers and remedies may be pursued independently, singly, successively, together or otherwise, at such time and in such order as Lender may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of Lender permitted by law or contract or as set forth herein or in the other Loan Documents or by equity. Without limiting the generality of the foregoing, if an Event of Default is continuing (i) Lender shall not be subject to any "one action" or "election of remedies" law or rule, and (ii) all Liens and other rights, remedies or privileges provided to Lender shall remain in full force and effect until Lender has exhausted all of its remedies against the Properties and the other Collateral and each Mortgage has been foreclosed, sold and/or otherwise realized upon in satisfaction of the Obligations or the Obligations have been paid in full including, without limitation, any liquidation fees, workout fees, special servicing fees and interest payable on advances made by the Servicer with respect to delinquent debt service payments or expenses of curing Borrower's or any Loan Party's defaults under the Loan Documents or other similar fees payable to Servicer or any special servicer in connection therewith. No delay or omission to exercise any remedy, right or power accruing upon an Event of Default shall impair any such remedy, right or power or shall be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Default or Event of Default with respect to a Relevant Party shall not be construed to be a waiver of any subsequent Default or Event of Default by such Relevant Party or to impair any remedy, right or power consequent thereon.

(b) With respect to Borrower, the other Loan Parties and the Collateral, nothing contained herein or in any other Loan Document shall be construed as requiring Lender to resort to any Property or other portion of the Collateral for the satisfaction of any of the Debt in preference or priority to any other portion of the Collateral, and Lender may seek satisfaction out of all of the Collateral or any part thereof, in its absolute discretion in respect of the Debt. During the continuance of an Event of Default, Lender shall have the right from time to time to partially foreclose any Mortgage or the Lien of any of the other Collateral Documents in any manner and for any amounts secured by the Collateral Documents then due and payable as determined by Lender in its sole discretion, including the following circumstances: (i) in the event Borrower defaults beyond any applicable grace period in the payment of one or more scheduled payments of principal and interest, Lender may foreclose one or more of the Mortgages or other Collateral Documents to recover such delinquent payments, or (ii) in the event Lender elects to accelerate less than the entire Outstanding Principal Balance, Lender may foreclose one or more of the Mortgages or other Collateral Documents to recover so much of the principal balance of the Loan as Lender may accelerate and such other sums secured by the Mortgages and the other Collateral Documents as Lender may elect. Notwithstanding one or more partial foreclosures, the Collateral shall remain subject to the Mortgages and the other Collateral Documents to secure payment of the sums secured by the Collateral Documents and not previously recovered.

8.2.3 Severance.

(b) During the continuance of an Event of Default, Lender shall have the right from time to time to sever the Note and the other Loan Documents into one or more separate notes, Collateral Documents and other security documents in such denominations as Lender shall determine in its sole discretion for purposes of evidencing and enforcing its rights and remedies provided hereunder. The Loan Parties shall execute and deliver to Lender from time to time, promptly after the request of Lender, a severance agreement and such other documents as Lender shall request in order to effect the severance described in the preceding sentence, all in form and substance reasonably satisfactory to Lender. The Loan Parties hereby absolutely and irrevocably appoint Lender as its true and lawful attorney, coupled with an interest, in its name and stead to make and execute all documents necessary or desirable to effect the aforesaid severance, Borrower ratifying all that its said attorney shall do by virtue thereof; *provided, however*, Lender shall not make or execute any such documents under such power until three (3) days after notice has been given to a Loan Party by Lender of Lender's intent to exercise its rights under such power.

(c) During the continuance of an Event of Default, any amounts recovered from the Collateral may be applied by Lender toward the payment of any interest and/or principal of the Loan and/or any other amounts due under the Loan Documents, in such order, priority and proportions as Lender in its sole discretion shall determine.

(d) As used in this **Section 8.2**, a "foreclosure" shall include, without limitation, any sale by power of sale.

8.2.4 Lender's Right to Perform. If any Loan Party fails to perform any covenant or obligation contained herein and such failure shall continue for a period of five (5) Business Days after Borrower's receipt of written notice thereof from Lender, without in any way limiting Lender's right to exercise any of its rights, powers or remedies as provided hereunder, or under any of the other Loan Documents, Lender may, but shall have no obligation to, perform, or cause the performance of, such covenant or obligation, and all costs, expenses, liabilities, penalties and fines of Lender incurred or paid in connection therewith shall be payable by Borrower to Lender upon demand and if not paid shall be added to the Obligations (and to the extent permitted under applicable laws, secured by the Mortgages and the other Collateral Documents) and shall bear interest thereafter at the Default Rate. Notwithstanding the foregoing, Lender shall have no obligation to send notice to Borrower of any such failure.

ARTICLE 9

SECURITIZATION

Section 9.1 Securitization.

(a) Lender shall have the right (i) to sell or otherwise transfer the Loan or any portion thereof as a whole loan, (ii) to sell participation interests in the Loan, or (iii) to securitize the Loan or any portion thereof in a single asset securitization or a pooled loan securitization. (The transactions referred to in **clauses (i)**, **(ii)** and **(iii)** are each hereinafter referred to as a "**Secondary Market Transaction**" and the transactions referred to in **clause (iii)** shall hereinafter be referred to as a "**Securitization**". Any certificates, notes or other securities issued in

connection with a Secondary Market Transaction are hereinafter referred to as “*Securities*”). At Lender’s election, each note and/or component comprising the Loan may be subject to one or more Secondary Market Transactions.

(b) If requested by Lender, the Loan Parties shall use reasonable efforts to provide information in the possession or control of Borrower or its Affiliates, attorneys, accountants or other agents or which may be reasonably required by Lender in order to satisfy the market standards to which Lender customarily adheres or which may be required in the marketplace, by prospective investors, the Rating Agencies, applicable Legal Requirements and/or otherwise in the marketplace in connection with any Secondary Market Transactions, including to:

(i) (A) provide updated financial and other information with respect to the Properties, the business operated at the Properties, Borrower, Sponsor and the Manager, including, without limitation, the information set forth on **Exhibit C** attached hereto, and (B) provide updated budgets and other information (to extent required by investors or Rating Agencies) relating to the Properties (the “*Updated Information*”) which were obtained in connection with the origination of the Loan;

(ii) provide (A) an updated Insolvency Opinion, and (B) updated opinions of Borrower’s and Guarantor’s New York and Delaware counsel, substantially the same as those delivered as of the Closing Date, which opinions shall be addressed, for purposes or reliance thereon, to each Person acquiring any interest in the Loan in connection with any Secondary Market Transaction (including, without limitation, any “B Note” purchasers), or otherwise reasonably satisfactory to Lender and the Rating Agencies;

(iii) (A) confirm that as of the closing date of any Secondary Market Transaction, the representations and warranties as set forth in the Loan Documents are true, complete and correct in all material respects as of the closing date of the Secondary Market Transaction (except to the extent that any such representations and warranties are and can only be made as of a specific date and the facts and circumstances upon which such representation and warranty is based are specific solely to a certain date in which case confirmation as to truth, completeness and correctness shall be provided as of such specific date or to the extent such representations are no longer true and correct as a result of subsequent events in which case Borrower shall provide an updated representation or warranty) and (B) make such additional representations and warranties as the Rating Agencies may customarily require; and

(iv) execute amendments to the Loan Documents and the Loan Parties’ organizational documents requested by Lender; *provided*, *however*, that Borrower shall not be required to modify or amend any Loan Document if such modification or amendment would (A) cause the initial weighted average of the interest rates for all Components in the aggregate immediately after the effective date of such modification to exceed the weighted average interest rate of the original Components in the aggregate immediately prior to such modification, (B) cause the outstanding principal balance of all Components in the aggregate immediately after the effective date of such modification to exceed the outstanding principal balance of all Components in the aggregate immediately prior to such modification, (C) require Borrower to make or remake any representations

or warranties, (D) require principal amortization of the Loan (other than repayment in full on the Maturity Date), (E) change any Stated Maturity Date or (F) otherwise increase the obligations or reduce the rights of Borrower or Guarantor under the Loan Documents.

(c) If, at the time a Disclosure Document is being prepared for a Securitization, Lender reasonably determines that Borrower alone or Borrower and one or more Affiliates of Borrower (including any guarantor or other Person that is directly or indirectly committed by contract or otherwise to make payments on all or a part of the Loan) collectively, or the Properties alone or the Properties and Related Properties collectively, will be a Significant Obligor, Borrower shall furnish to Lender upon request the following financial information:

(i) if Lender reasonably determines that the principal amount of the Loan together with any Related Loans, as of the cut-off date for such Securitization, may equal or exceed ten percent (10%) (but less than twenty percent (20%)) of the aggregate principal amount of all mortgage loans included or expected to be included in the Securitization, net operating income for the Properties and the Related Properties for the most recent Fiscal Year and interim period as required under Item 1112(b)(1) of Regulation AB (or, if the Loan is not treated as a non-recourse loan under Instruction 3 for Item 1101(k) of Regulation AB, selected financial data meeting the requirements and covering the time periods specified in Item 301 of Regulation S-K and Item 1112(b)(1) of Regulation AB), or

(ii) if Lender reasonably determines that the principal amount of the Loan together with any Related Loans, as of the cut-off date for such Securitization, may equal or exceed twenty percent (20%) of the aggregate principal amount of all mortgage loans included or expected to be included in the Securitization, the financial statements required under Item 1112(b)(2) of Regulation AB (which includes, but may not be limited to, a balance sheet with respect to the entity that Lender determines to be a Significant Obligor for the two most recent Fiscal Years and applicable interim periods, meeting the requirements of Rule 3-01 of Regulation S-X, and statements of income and statements of cash flows with respect to the Properties for the three most recent Fiscal Years and applicable interim periods, meeting the requirements of Rule 3-02 of Regulation S-X (or if Lender determines that the Properties is the Significant Obligor and the Properties (other than properties that are hotels, nursing homes, or other properties that would be deemed to constitute a business and not real estate under Regulation S-X or other legal requirements) was acquired from an unaffiliated third party and the other conditions set forth in Rule 3-14 of Regulation S-X have been met, the financial statements required by Rule 3-14 of Regulation S-X)).

(d) Further, if requested by Lender, Borrower shall, promptly upon Lender's request, furnish to Lender financial data or financial statements meeting the requirements of Item 1112(b)(1) or (2) of Regulation AB, as specified by Lender, for any Tenant of the Properties if, in connection with a Securitization, Lender reasonably determines there to be, as of the cutoff date for such Securitization, a concentration with respect to such Tenant or group of Affiliated Tenants within all of the mortgage loans included or expected to be included in the Securitization such that such Tenant or group of Affiliated Tenants would constitute a Significant Obligor. Borrower shall furnish to Lender, in connection with the preparation of the Disclosure Documents and on an ongoing basis, financial data and/or financial statements with respect to such Tenants meeting the requirements of Item 1112(b)(1) or (2) of Regulation AB, as specified

by Lender, but only for so long as such entity or entities are a Significant Obligor and either (x) filings pursuant to the Exchange Act in connection with or relating to the Securitization (an “**Exchange Act Filing**”) are required to be made under applicable Legal Requirements or (y) comparable information is required to otherwise be “available” to holders of the Securities under Regulation AB or applicable Legal Requirements.

(e) If Lender determines that Borrower alone or Borrower and one or more Affiliates of Borrower collectively, or the Properties alone or the Properties and Related Properties collectively, are a Significant Obligor, then Borrower shall furnish to Lender, on an ongoing basis, selected financial data or financial statements meeting the requirements of Item 1112(b)(1) or (2) of Regulation AB, as specified by Lender, but only for so long as such entity or entities are a Significant Obligor and either (x) Exchange Act Filings are required to be made under applicable Legal Requirements or (y) comparable information is required to otherwise be “available” to holders of the Securities under Regulation AB or applicable Legal Requirements.

(f) If reasonably requested by Lender, Borrower shall provide Lender, within a reasonable period of time following Lender’s request therefor, with any other or additional financial statements, or financial, statistical or operating information, as Lender shall reasonably determine to be required pursuant to Regulation S-K or Regulation S-X, as applicable, Regulation AB, or any amendment, modification or replacement thereto or other Legal Requirements relating to a Securitization or as shall otherwise be reasonably requested by Lender.

Section 9.2 Securitization Indemnification .

(a) Borrower understands that information provided to Lender by Borrower, the Guarantors and their respective agents, counsel and representatives may be included in preliminary and final disclosure documents in connection with any Secondary Market Transaction, including a Securitization, including an offering circular, a prospectus, prospectus supplement, private placement memorandum or other offering document (each, a “**Disclosure Document**”) and may also be included in filings with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the “**Securities Act**”), or the Securities and Exchange Act of 1934, as amended (the “**Exchange Act**”), and may be made available to investors or prospective investors in the Securities, investment banking firms, NRSROs, accounting firms, law firms and other third-party advisory and service providers relating to any Secondary Market Transaction, including a Securitization. Borrower also understands that the findings and conclusions of any third-party due diligence report obtained by Lender, the Issuer or the Securitization placement agent or underwriter may be made publicly available if required, and in the manner prescribed, by Section 15E(s)(4)(A) of the Exchange Act and any rules promulgated thereunder.

(b) Borrower hereby agrees to indemnify Lender (and for purposes of this **Section 9.2**, Lender shall include the initial lender, its successors and assigns, and their respective officers and directors) and each Person who controls Lender within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the “**Lender Group**”), the issuer of the Securities (the “**Issuer**”) and for purposes of this **Section 9.2**, Issuer shall include its officers, director and each Person who controls the Issuer within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act), and any placement agent or underwriter with respect to the Securitization, each of their respective officers and directors and

each Person who controls the placement agent or underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the “**Underwriter Group**”) for any losses, claims, damages or liabilities (collectively, the “**Liabilities**”) to which Lender, Lender Group, the Issuer or the Underwriter Group may become subject insofar as the Liabilities arise out of, or are based upon, (A) any untrue statement or alleged untrue statement of any material fact contained in the Covered Disclosure Information (defined below), (B) the omission or alleged omission to state in the Covered Disclosure Information a material fact required to be stated in such information or necessary in order to make the statements in such information, in light of the circumstances under which they were made, not misleading, or (C) a breach of the representations and warranties made by any Loan Party in **Section 3.1.24** of this Agreement (Full and Accurate Disclosure). For purposes of the foregoing, the “**Covered Disclosure Information**” shall mean the information provided by or on behalf of Borrower relating to Borrower, Guarantor, Manager, Sponsor, the Properties and the Loan which is contained in the sections of the Disclosure Documents entitled as follows, or comparable sections thereto: “Summary of the Offering Circular,” “Risk Factors,” “Description of the Relevant Parties and the Manager,” “Description of the Properties,” “Description of the Management Agreement and the Assignment and Subordination of Management Agreement,” “Description of the Loan,” and “Certain Legal Aspects of the Loan”, which Disclosure Documents shall be delivered for review and comment by Borrower not less than five (5) Business Days prior to the date upon which Borrower is otherwise required to confirm such Disclosure Documents. Borrower also agrees to reimburse Lender, Lender Group, the Issuer and/or the Underwriter Group for any legal or other expenses reasonably incurred by Lender, Lender Group, the Issuer and/or the Underwriter Group in connection with investigating or defending the Liabilities. This indemnification provision will be in addition to any liability which Borrower may otherwise have.

(c) In connection with any Exchange Act Filing or other reports containing comparable information that is required to be made “available” to holders of the Securities under Regulation AB or applicable Legal Requirements, Borrower agrees to (i) indemnify Lender, Lender Group, the Issuer and the Underwriter Group for Liabilities to which Lender, Lender Group, the Issuer and/or the Underwriter Group may become subject insofar as the Liabilities arise out of, or are based upon any untrue statement or alleged untrue statement of any material fact in the Covered Disclosure Information, or the omission or alleged omission to state in the Covered Disclosure Information a material fact required to be stated therein or necessary in order to make the statements in the Covered Disclosure Information, in light of the circumstances under which they were made, not misleading, and (ii) reimburse Lender, Lender Group, the Issuer and/or the Underwriter Group for any legal or other expenses reasonably incurred by Lender, Lender Group, the Issuer and/or the Underwriter Group in connection with defending or investigating the Liabilities.

(d) Promptly after receipt by an indemnified party under this **Section 9.2** of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this **Section 9.2**, notify the indemnifying party in writing of the commencement thereof, but the omission to so notify the indemnifying party will not relieve the indemnifying party from any liability which the indemnifying party may have to any indemnified party under **Section 9.2(b)** or **(c)** except to the extent that failure to notify causes prejudice to the indemnifying party. In the event that any action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled, jointly with any other

indemnifying party, to participate therein and, to the extent that it (or they) may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel satisfactory to such indemnified party. After notice from the indemnifying party to such indemnified party pursuant to the immediately preceding sentence of this **Section 9.2(d)**, such indemnifying party shall pay for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation; *provided, however*, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there are any legal defenses available to it and/or other indemnified parties that are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party at the cost of the indemnifying party. The indemnifying party shall not be liable for the expenses of more than one separate counsel unless an indemnified party shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to the indemnifying party. Without the prior written consent of Lender (which consent shall not be unreasonably withheld or delayed), no indemnifying party shall settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not any indemnified party is an actual or potential party to such claim, action, suit or proceeding) unless the indemnifying party shall have given Lender reasonable prior written notice thereof and shall have obtained an unconditional release of each indemnified party hereunder from all liability arising out of such claim, action, suit or proceedings, and such settlement requires no statement as to, or an admission of, fault, culpability or a failure to act, by or on behalf of the indemnified party.

(e) In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in **Section 9.2(b)** or **(c)** is for any reason held to be unenforceable as to an indemnified party in respect of any Liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under **Section 9.2(b)** or **(c)**, the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such Liabilities (or action in respect thereof); *provided, however*, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the Issuer's and Borrower's relative knowledge and access to information concerning the matter with respect to which the claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable considerations appropriate in the circumstances. Lender and Borrower hereby agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

(f) The liabilities and obligations of both Borrower and Lender under this **Section 9.2** shall survive the termination of this Agreement and the satisfaction and discharge of the Debt.

Section 9.3 Severance.

9.3.1 Severance Documentation. Lender, without in any way limiting Lender's other rights hereunder, in its sole and absolute discretion, shall have the right, at any time (whether prior to or after any sale, participation or other Secondary Market Transaction with respect to all or any portion of the Loan), to require Borrower (at Lender's expense) to execute and deliver "component" notes (including certificating existing uncertificated "component" notes) and/or modify the Loan or the existing "component note" structure in order to create one or more senior and subordinate notes (i.e., an A/B or A/B/C structure) and/or one or more additional components of the Note or Notes), or make any other change to the Loan the Note or Components including but not limited to: reducing the number of Components of the Note or Notes, revising the interest rate for each Component, reallocating the principal balances of the Notes and/or the Components, increasing or decreasing the monthly debt service payments for each Component or eliminating the Component structure and/or the multiple note structure of the Loan (including the elimination of the related allocations of principal and interest payments); *provided* that (A) the outstanding principal balance of all Components in the aggregate immediately after the effective date of such modification equals the outstanding principal balance immediately prior to such modification, (B) the initial weighted average of the interest rates for all Components in the aggregate immediately after the effective date of such modification equals the weighted average interest rate of the original Components immediately prior to such modification, (C) no principal amortization of the Loan (or any Components thereof) shall be required (other than repayment in full on the Maturity Date), (D) there shall be no change to any Stated Maturity Date and (E) Borrower and Guarantor shall not be required to amend any Loan Documents that would otherwise increase the obligations or reduce the rights of Borrower or Guarantor under the Loan Documents. At Lender's election, each note comprising the Loan may be subject to one or more Secondary Market Transactions. Lender shall have the right to modify the Note and/or Notes and any Components in accordance with this **Section 9.3** and, provided that such modification shall comply with the terms of this **Section 9.3**, it shall become immediately effective.

9.3.2 Cooperation; Execution; Delivery. Borrower shall reasonably cooperate with all reasonable requests of Lender in connection with this **Section 9.3**. If requested by Lender, Borrower shall promptly execute and deliver such documents as shall be required by Lender and any Rating Agency in connection with any modification pursuant to this **Section 9.3**, all in form and substance satisfactory to Lender and satisfactory to any applicable Rating Agency. It shall be an Event of Default under this Agreement, the Note, and the other Loan Documents if Borrower fails to comply with any of the terms, covenants or conditions of this **Section 9.3** after expiration of ten (10) Business Days after notice thereof.

ARTICLE 10

MISCELLANEOUS

Section 10.1 Survival; Successors and Assigns. This Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by Lender of the Loan and the execution and delivery to Lender of the Note, and shall continue in full force and effect so long as all or any of the Obligations are outstanding and unpaid unless a longer period is expressly set forth herein or in the other Loan Documents. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the legal representatives, successors and assigns of such party. All

covenants, promises and agreements in this Agreement, by or on behalf of Borrower and the other Loan Parties, shall inure to the benefit of the legal representatives, successors and assigns of Lender.

Section 10.2 Lender's Discretion; Rating Agency Review Waiver.

(a) Whenever pursuant to this Agreement Lender exercises any right given to it to approve or disapprove any matter, or any arrangement or term is to be satisfactory to Lender, the decision of Lender to approve or disapprove such matter or to decide whether arrangements or terms are satisfactory or not satisfactory shall (except as is otherwise specifically herein provided) be in the sole discretion of Lender and shall be final and conclusive. Prior to a Securitization, whenever pursuant to this Agreement the Rating Agencies are given any right to approve or disapprove any matter, or any arrangement or term is to be satisfactory to the Rating Agencies, the decision of Lender to approve or disapprove such matter or to decide whether arrangements or terms are satisfactory or not satisfactory, based upon Lender's determination of Rating Agency criteria, shall be substituted therefor.

(b) Whenever, pursuant to this Agreement or any other Loan Documents, a Rating Agency Confirmation is required from each applicable Rating Agency, in the event that any applicable Rating Agency "declines review", "waives review" or otherwise indicates to Lender's or Servicer's satisfaction that no Rating Agency Confirmation will or needs to be issued with respect to the matter in question (each, a "**Review Waiver**"), then the requirement to obtain a Rating Agency Confirmation from such Rating Agency shall not apply with respect to such matter; *provided, however*, if a Review Waiver occurs with respect to a Rating Agency and Lender does not have a separate and independent approval right with respect to the matter in question, then such matter shall require the written reasonable approval of Lender. It is expressly agreed and understood, however, that receipt of a Review Waiver (i) from any one Rating Agency shall not be binding or apply with respect to any other Rating Agency and (ii) with respect to one matter shall not apply or be deemed to apply to any subsequent matter for which Rating Agency Confirmation is required.

Section 10.3 Governing Law.

(a) THIS AGREEMENT WAS NEGOTIATED IN THE STATE OF NEW YORK, AND MADE BY LENDER AND ACCEPTED BY BORROWER AND GUARANTORS IN THE STATE OF NEW YORK, AND THE PROCEEDS OF THE NOTE DELIVERED PURSUANT HERETO WERE DISBURSED FROM THE STATE OF NEW YORK, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY, AND IN ALL RESPECTS, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE (PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW) AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA. TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER AND GUARANTORS HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS AGREEMENT AND THE NOTE.

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST LENDER, BORROWER OR GUARANTORS ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY AT LENDER'S OPTION BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY OF NEW YORK, COUNTY OF NEW YORK, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, AND BORROWER AND EACH GUARANTOR WAIVE ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND BORROWER AND EACH GUARANTOR HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING. BORROWER AGREES THAT SERVICE OF PROCESS UPON BORROWER AT THE ADDRESS FOR BORROWER SET FORTH HEREIN AND WRITTEN NOTICE OF SAID SERVICE MAILED OR DELIVERED TO BORROWER IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON BORROWER IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK, AND EACH GUARANTOR AGREES THAT SERVICE OF PROCESS UPON SUCH GUARANTOR AT THE ADDRESS FOR SUCH GUARANTOR SET FORTH HEREIN AND WRITTEN NOTICE OF SAID SERVICE MAILED OR DELIVERED TO SUCH GUARANTOR IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON GUARANTOR IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK. BORROWER (I) SHALL GIVE PROMPT NOTICE TO LENDER OF ANY CHANGE IN THE ADDRESS FOR BORROWER SET FORTH HEREIN, (II) MAY AT ANY TIME AND FROM TIME TO TIME DESIGNATE AN AUTHORIZED AGENT OF BORROWER WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH AGENT AND OFFICE SHALL BE DESIGNATED AS THE PERSON AND ADDRESS FOR SERVICE OF PROCESS), AND (III) SHALL PROMPTLY DESIGNATE AN AUTHORIZED AGENT IF BORROWER CEASES TO HAVE AN OFFICE IN NEW YORK, NEW YORK. EACH GUARANTOR (I) SHALL GIVE PROMPT NOTICE TO LENDER OF ANY CHANGE IN THE ADDRESS FOR SUCH GUARANTOR SET FORTH HEREIN, (II) MAY AT ANY TIME AND FROM TIME TO TIME DESIGNATE AN AUTHORIZED AGENT OF SUCH GUARANTOR WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH AGENT AND OFFICE SHALL BE DESIGNATED AS THE PERSON AND ADDRESS FOR SERVICE OF PROCESS), AND (III) SHALL PROMPTLY DESIGNATE AN AUTHORIZED AGENT IF SUCH GUARANTOR CEASES TO HAVE AN OFFICE IN NEW YORK, NEW YORK NOTHING CONTAINED HEREIN SHALL AFFECT THE RIGHT OF LENDER TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST BORROWER IN ANY OTHER JURISDICTION.

Section 10.4 Modification, Waiver in Writing. No modification, amendment, extension, discharge, termination or waiver of any provision of this Agreement or of any other Loan Document, nor consent to any departure by any Loan Party therefrom, shall in any event be effective unless the same shall be in a writing signed by the party or parties against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein,

no notice to, or demand on, any Loan Party shall entitle any Loan Party to any other or future notice or demand in the same, similar or other circumstances. Neither any failure nor any delay on the part of Lender in insisting upon strict performance of any term, condition, covenant or agreement, or exercising any right, power, remedy or privilege hereunder or under any other Loan Document, shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under this Agreement or any other Loan Document, Lender shall not be deemed to have waived any right either to require prompt payment when due of all other amounts due under this Agreement or the other Loan Documents, or to declare a default for failure to effect prompt payment of any such other amount. Lender shall have the right to waive or reduce any time periods that Lender is entitled to under the Loan Documents in its sole and absolute discretion.

Section 10.5 Notices. All notices, demands, requests, consents, approvals or other communications (any of the foregoing, a “*Notice*”) required, permitted or desired to be given hereunder shall be in writing and shall be sent by facsimile (with answer back acknowledged) or by registered or certified mail, postage prepaid, return receipt requested, or delivered by hand or by reputable overnight courier, addressed to the party to be so notified at its address hereinafter set forth, or to such other address as such party may hereafter specify in accordance with the provisions of this **Section 10.5**. Any Notice shall be deemed to have been received: (a) three (3) days after the date such Notice is mailed, (b) on the date of sending by facsimile if sent during business hours on a Business Day (otherwise on the next Business Day), (c) on the date of delivery by hand if delivered during business hours on a Business Day (otherwise on the next Business Day), and (d) on the next Business Day if sent by an overnight commercial courier, in each case addressed to the parties as follows:

If to Lender: German American Capital Corporation
60 Wall Street, Mailstop 1015
New York, NY 10005
Attention: R. Christopher Jones
Facsimile No. (732) 578-6572

and to: German American Capital Corporation
60 Wall Street, 10th Floor
New York, NY 10005
Attention: General Counsel
Facsimile No. (646) 736-5721

with a copy to: Sidley Austin LLP
One South Dearborn Street
Chicago, IL 60603
Attention: Charles E. Schrank, Esq.
Facsimile No. (312) 853-7036

with a copy to: Sidley Austin LLP
One South Dearborn Street
Chicago, IL 60603
Attention: Anny Huang, Esq.
Facsimile No. (312) 853-7036

with a copy to: Midland Loan Services, a Division of PNC Bank, National Association
10851 Mastin Street, Suite 700
Overland Park, KS 66210
Attention: Executive Vice President – Division Head
Facsimile No. (913) 253-9001

with a copy to: Andrascik & Tita LLC
1425 Locust Street, Suite 26B
Philadelphia, PA 19102
Attention: Stephanie M. Tita
Email: Stephanie@kanlegal.com

If to a Loan Party: [INSERT NAME OF LOAN PARTY]
c/o Invitation Homes
901 Main Street, Suite 4700
Dallas, TX 75202
Attention: General Counsel
Facsimile No. (972) 421-3601

With a copy to: [INSERT NAME OF LOAN PARTY]
c/o Invitation Homes
901 Main Street, Suite 4700
Dallas, TX 75202
Attention: Jonathan Olsen
Facsimile No. (214) 481-5057

and a copy to: Blackstone Real Estate Advisors L.P.
345 Park Avenue
New York, NY 10154
Attention: William J. Stein and Judy Turchin
Facsimile No. (212) 583-5202

and a copy to: Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Gregory J. Ressa, Esq.
Facsimile No.: (212) 455-2502

Any party may change the address to which any such Notice is to be delivered by furnishing ten (10) days written notice of such change to the other parties in accordance with the provisions of this **Section 10.5**. Notices shall be deemed to have been given on the date as set forth above, even if there is an inability to actually deliver any such Notice because of a changed address of

which no Notice was given, or there is a rejection or refusal to accept any Notice offered for delivery. Notice for any party may be given by its respective counsel. Additionally, Notice from Lender may also be given by Servicer and Lender hereby acknowledges and agrees that Borrower shall be entitled to rely on any Notice given by Servicer as if it had been sent by Lender.

Section 10.6 Waiver of Trial by Jury. BORROWER AND LENDER EACH HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THE LOAN DOCUMENTS OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY BORROWER AND LENDER AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. EACH PARTY IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER.

Section 10.7 Headings, Schedules and Exhibits. The Article and/or Section headings and the Table of Contents in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose. The Schedules and Exhibits annexed hereto are hereby incorporated herein as a part of this Agreement with the same effect as if set forth in the body hereof.

Section 10.8 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 10.9 Preferences. Lender shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by Borrower to any portion of the Obligations of Borrower hereunder. To the extent Borrower makes a payment or payments to Lender, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the Obligations hereunder or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by Lender.

Section 10.10 Waiver of Notice. Borrower shall not be entitled to any notices of any nature whatsoever from Lender except with respect to matters for which this Agreement or the other Loan Documents specifically and expressly provide for the giving of notice by Lender to Borrower and except with respect to matters for which Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. Borrower hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Agreement or the other Loan Documents do not specifically and expressly provide for the giving of notice by Lender to Borrower. Except as specifically and expressly provided for in the Loan Documents, Guarantors shall not be entitled to any notices of any nature whatsoever from

Lender under this Agreement or the other Loan Documents, and each Guarantor hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Agreement or the other Loan Documents do not specifically and expressly provide for the giving of notice by Lender to such Guarantor.

Section 10.11 Remedies of Borrower. In the event that a claim or adjudication is made that Lender or its agents have acted unreasonably or unreasonably delayed acting in any case where, by law or under this Agreement or the other Loan Documents, Lender or such agent, as the case may be, has an obligation to act reasonably or promptly, neither Lender nor its agents shall be liable for any monetary damages and Borrower's sole remedy shall be limited to commencing an action seeking injunctive relief or declaratory judgment. Any action or proceeding to determine whether Lender has acted reasonably shall be determined by an action seeking declaratory judgment.

Section 10.12 Offsets, Counterclaims and Defenses. Any assignee of Lender's interest in and to this Agreement and the other Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses which are unrelated to such documents which Borrower may otherwise have against any assignor of such documents, and no such unrelated counterclaim or defense shall be interposed or asserted by Borrower in any action or proceeding brought by any such assignee upon such documents and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by Borrower.

Section 10.13 No Joint Venture or Partnership; No Third Party Beneficiaries.

(a) Borrower and Lender intend that the relationships created hereunder and under the other Loan Documents be solely that of borrower and lender. Nothing herein or therein is intended to create a joint venture, partnership, tenancy-in-common or joint tenancy relationship between Borrower and Lender nor to grant Lender any interest in any Property other than that of beneficiary or lender.

(b) The Loan Documents are solely for the benefit of Lender and Borrower and nothing contained in any Loan Document shall be deemed to confer upon anyone other than Lender and Borrower any right to insist upon or to enforce the performance or observance of any of the obligations contained therein.

Section 10.14 Publicity. All news releases, publicity or advertising by Borrower or any of its Affiliates through any media intended to reach the general public which refers to the Loan Documents or the financing evidenced by the Loan Documents, to Lender (with respect to the Loan and the Securitization of the Loan only), the Affiliate of Lender that acts as the issuer with respect to a Securitization or any of their other Affiliates (in each case, with respect to the Loan and the Securitization of the Loan only) (x) shall be prohibited prior to the final Securitization of the Loan and (y) after the final Securitization of the Loan, shall be subject to the prior written approval of Lender. Lender shall have the right to publicly describe the Loan in general terms advertising and public communications of all kinds, including press releases, direct mail, newspapers, magazines, journals, e-mail, or internet advertising or communications. Notwithstanding the foregoing, Borrower's approval shall not be required for the publication by Lender of notice of the Loan and the Securitization of the Loan by means of a customary tombstone advertisement, which, for the avoidance of doubt, may include the amount of the

Loan, the amount of securities sold, the number of Properties as of the Closing Date, the settlement date and the parties involved in the transactions contemplated hereby and the Securitization.

Section 10.15 Waiver of Marshalling of Assets. To the fullest extent permitted by law, Borrower, for itself and its successors and assigns, waives all rights to a marshalling of the assets of Borrower, Borrower's members or partners, as applicable, and others with interests in Borrower, and of the Collateral, and shall not assert any right under any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lender under the Loan Documents to a sale of the Collateral for the collection of the Obligations without any prior or different resort for collection, or of the right of Lender to the payment of the Obligations out of the net proceeds of the Collateral in preference to every other claimant whatsoever.

Section 10.16 Certain Waivers. Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by Lender or its agents or otherwise to offset any obligations to make the payments required by the Loan Documents. No failure by Lender to perform any of its obligations hereunder shall be a valid defense to, or result in any offset against, any payments which Borrower is obligated to make under any of the Loan Documents. Without limiting any of the other provisions contained herein, Borrower hereby unconditionally and irrevocably waives, to the maximum extent not prohibited by applicable law, any rights it may have to claim or recover against Lender in any legal action or proceeding any special, exemplary, punitive or consequential damages.

Section 10.17 Conflict; Construction of Documents; Reliance. In the event of any conflict between the provisions of this Agreement and any of the other Loan Documents, the provisions of this Agreement shall control. The parties hereto acknowledge that they were represented by competent counsel in connection with the negotiation, drafting and execution of the Loan Documents and that such Loan Documents shall not be subject to the principle of construing their meaning against the party which drafted same. Borrower acknowledges that, with respect to the Loan, Borrower shall rely solely on its own judgment and advisors in entering into the Loan, without relying in any manner on any statements, representations or recommendations of Lender or any parent, subsidiary or affiliate of Lender. Lender shall not be subject to any limitation whatsoever in the exercise of any rights or remedies available to it under any of the Loan Documents or any other agreements or instruments which govern the Loan by virtue of the ownership by it or any parent, subsidiary or affiliate of Lender of any equity interest any of them may acquire in Borrower, and Borrower hereby irrevocably waives the right to raise any defense or take any action on the basis of the foregoing with respect to Lender's exercise of any such rights or remedies. Borrower acknowledges that Lender engages in the business of real estate financings and other real estate transactions and investments which may be viewed as adverse to or competitive with the business of Borrower or its Affiliates.

Section 10.18 Brokers and Financial Advisors. Borrower hereby represents that neither Borrower or any other Loan Party has dealt with no financial advisors, brokers, underwriters, placement agents, agents or finders in connection with the transactions contemplated by this Agreement. Borrower shall indemnify, defend and hold Lender harmless from and against any and all claims, liabilities, losses, costs and expenses of any kind (including Lender's attorneys' fees and expenses) in any way relating to or arising out of a claim by any

Person that such Person acted on behalf of Borrower, any Loan Party or Lender in connection with the transactions contemplated herein. The provisions of this **Section 10.18** shall survive the expiration and termination of this Agreement and the payment of the Obligations.

Section 10.19 Prior Agreements. This Agreement and the other Loan Documents contain the entire agreement of the parties hereto and thereto and their respective affiliates in respect of the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, including any confidentiality agreements or any similar agreements between or among any such parties, whether oral or written, are superseded by the terms of this Agreement and the other Loan Documents.

Section 10.20 Servicer. At the option of Lender, the Loan may be serviced by a servicer or special servicer (the “**Servicer**”) selected by Lender and Lender may delegate all or any portion of its responsibilities under this Agreement and the other Loan Documents to the Servicer pursuant to the trust and servicing agreement or pooling and servicing agreement (the “**Servicing Agreement**”) governing the Securitization. Borrower shall not be responsible for any set-up fees or any other initial costs relating to or arising under the Servicing Agreement. Borrower shall not be responsible for payment of the monthly master servicing fee due to the Servicer under the Servicing Agreement. Notwithstanding the foregoing, Borrower shall pay all Trust Fund Expenses. For the avoidance of doubt, this **Section 10.20** shall not be deemed to limit Borrower’s obligations under **Section 4.1.20**.

Section 10.21 Joint and Several Liability. If more than one Person has executed this Agreement as “Borrower,” the representations, covenants, warranties and obligations of all such Persons hereunder shall be joint and several.

Section 10.22 Creation of Security Interest. Notwithstanding any other provision set forth in this Agreement, the Note, the Mortgage Documents or any of the other Loan Documents, Lender may at any time create a security interest in all or any portion of its rights under this Agreement, the Note, the Mortgage Documents and any other Loan Document (including the advances owing to it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

Section 10.23 Assignments and Participations. In addition to the right to securitize the Loan under **Section 9.1**, to sever the interests in the Loan into “component” notes under **Section 9.3** and any other rights of Lender hereunder, the Loan, the Note, the Loan Documents and/or Lender’s rights, title, obligations and interests therein may be sold, assigned, participated or otherwise transferred by Lender and any of its successors and assigns to any Person at any time in its sole and absolute discretion, in whole or in part, whether by operation of law (pursuant to a merger or other successor in interest) or otherwise without notice to or consent from Borrower or any other Person. Upon such assignment, all references to Lender in this Agreement and in any Loan Document shall be deemed to refer to such assignee or successor in interest and such assignee or successor in interest shall thereafter stand in the place of Lender in all respects (subject to the requirements and limitations therein, including the requirements under **Section 2.10.6**). Borrower agrees that each beneficial owner of the Securities or component notes issued pursuant to **Sections 9.1** and **9.3** shall be entitled to the benefits of **Sections 2.9** and **2.10** (subject to the requirements and limitations therein, including the requirements under **Section 2.10.6**). Each participant shall be entitled to the benefits of **Sections 2.9** and **2.10** (subject to the requirements and limitations therein, including the requirements under **Section 2.10.6**), it being

understood that the documentation required under **Section 2.10.6** shall be delivered to the participating Lender) to the same extent as if it were a Lender and had acquired its interest by assignment; provided that such participant shall not be entitled to receive any greater payment pursuant to **Sections 2.9** or **Section 2.10** than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a change in law that occurs after the participant acquired the applicable participation.

Section 10.24 Register and Participant Register. The Lender or its designee (the “**Registrar**”), as a non-fiduciary agent of Borrower, shall maintain a record that identifies each owner (including successors and assignees) of an interest in the Loan, any Securities or any component notes, including the name and address of the owner, and each owner’s rights to principal and stated interest (the “**Register**”), and shall record all transfers of an interest in the Loan, any Securities or any component notes, including each assignment, in the Register. Transfers of interests in the Loan (including assignments), any Securities or any component notes shall be subject to the applicable conditions set forth in the Loan Documents with respect thereto and the Registrar will update the Register to reflect the transfer. The Register shall be available for inspection by Borrower, at any reasonable time and from time to time upon reasonable prior notice. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph. Furthermore, each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts and stated interest of each participant’s interest in the Loan or other obligations under the Loan Documents (the “**Participant Register**”); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any participant or any information relating to a participant’s interest) except to the extent that such disclosure is necessary to establish that such Loan or other obligation is in registered form under Section 5f.103-1(c) of the U.S. Department of Treasury regulations. The entries in the Register and Participant Register shall be conclusive absent manifest error. Borrower, the Lender and any of its successors and assigns, and the Registrar shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement and the participating Lender shall treat each Person whose name is recorded in the Participant Register pursuant to the terms hereof as the owner of such participation for all purposes of this Agreement. Failure to make any such recordation, or any error in such recordation, however, shall not affect Borrower’s obligations in respect of the Loan.

Section 10.25 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

Section 10.26 Set-Off. In addition to any rights and remedies of Lender provided by this Agreement and by law, Lender shall have the right in its sole discretion, without prior notice to Borrower, any such notice being expressly waived by Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by Borrower hereunder (whether at the stated maturity, by acceleration or otherwise), to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or

owing by Lender or any Affiliate thereof to or for the credit or the account of Borrower; provided however, Lender may only exercise such right during the continuance of an Event of Default. Lender agrees promptly to notify Borrower after any such set-off and application made by Lender; provided that the failure to give such notice shall not affect the validity of such set-off and application.

Section 10.27 Cross-Default; Cross-Collateralization; Waiver of Marshalling of Assets .

(a) Borrower acknowledge that Lender has made the Loan to Borrower upon, among other things, the security of its collective interest in the Properties and in reliance upon the aggregate of the Properties taken together being of greater value as collateral security than the sum of each Property taken separately. Borrower agrees that the Mortgages are and will be cross-collateralized and cross-defaulted with each other so that (i) an Event of Default under any of the Mortgages shall constitute an Event of Default under each of the other Mortgages which secure the Note; (ii) an Event of Default under the Note or this Agreement shall constitute an Event of Default under each Mortgage; (iii) each Mortgage shall constitute security for the Note as if a single blanket lien were placed on all of the Properties as security for the Note; and (iv) such cross-collateralization shall in no event be deemed to constitute a fraudulent conveyance.

(b) To the fullest extent permitted by law, Borrower for itself and its successors and assigns, waives all rights to a marshalling of the assets of Borrower, Borrower's partners or members and of the Properties, or to a sale in inverse order of alienation in the event of foreclosure of all or any of the Mortgages, and agrees not to assert any right under any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lender under the Loan Documents to a sale of the Properties for the collection of the Debt without any prior or different resort for collection or of the right of Lender to the payment of the Debt out of the net proceeds of the Properties in preference to every other claimant whatsoever. In addition, Borrower, for itself and its successors and assigns, waives in the event of foreclosure of any or all of the Mortgages, any equitable right otherwise available to Borrower which would require the separate sale of the Properties or require Lender to exhaust its remedies against any Property or any combination of the Properties before proceeding against any other Property or combination of Properties; and further in the event of such foreclosure Borrower does hereby expressly consents to and authorizes, at the option of Lender, the foreclosure and sale either separately or together of any combination of the Properties

Section 10.28 Certificated Interests .

(a) If any ownership interest in an Equity Interest is represented by a certificate (each, an "*Equity Certificate*") that has been pledged and delivered to Lender and such Equity Certificate is lost, stolen or destroyed, then, upon the written request of Lender to the applicable Loan Party, such Loan Party shall issue to Lender a new Equity Certificate in place of the Equity Certificate that was lost, stolen or destroyed, provided such Lender: (i) makes proof by written, notarized affidavit, in form and substance reasonably satisfactory to the applicable Loan Party that such previously issued Equity Certificate has been lost, stolen or destroyed and has not been assigned, endorsed, transferred or hypothecated, (ii) delivers a written indemnity (in form and substance and from an indemnitor reasonably satisfactory to the

applicable Loan Party) to the extent required by any title company proposing to provide title insurance with respect to such Equity Certificate and (iii) requests the issuance of a new Equity Certificate before the Loan party has notice that such previously issued Equity Certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim.

(b) Upon repayment in full of the Loan, in the event Lender fails to return to a Loan Party an Equity Certificate previously delivered by such Loan Party to Lender in connection with the Loan, Lender shall deliver to the applicable Loan Party, within ten (10) days of such Loan Party's demand, (i) a written, notarized affidavit, in form and substance reasonably satisfactory to the applicable Loan Party that such previously issued Equity Certificate has been lost, stolen or destroyed and has not been assigned, endorsed, transferred or hypothecated and (ii) a written indemnity (in form and substance and from an indemnitor reasonably satisfactory to the applicable Loan Party) to the extent required by any title company proposing to provide title insurance with respect to such Equity Certificate.

Section 10.29 Arizona Provision. Anything to the contrary herein or elsewhere notwithstanding, in no event shall Borrower have any liability or other obligation under or with respect to the Sponsor Guaranty, the Equity Owner Guaranty or the Borrower GP Guaranty. The following Arizona provision does not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Arizona law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Arizona or any other Loan Document:

(a) [Reserved].

Section 10.30 California Provision. Anything to the contrary herein or elsewhere notwithstanding, in no event shall Borrower have any liability or other obligation under or with respect to the Sponsor Guaranty, the Equity Owner Guaranty or the Borrower GP Guaranty. The following California provisions do not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, California law is held to govern this Agreement, any Mortgage Document encumbering a Property located in California or any other Loan Document:

(a) **Waiver of Offset**. Notwithstanding anything contained herein to the contrary, no portion of any of the Obligations shall be or be deemed to be offset or compensated by all or any part of any claim, cause of action, counterclaim, or cross-claim, whether liquidated or unliquidated, that Borrower may have or claim to have against any other Relevant Party. Borrower hereby waives, to the fullest extent permitted by applicable law, the benefits of California Code of Civil Procedure Section 431.70.

(b) **Insurance Notice**. Lender hereby notifies Borrower of the provisions of Section 2955.5(a) of the California Civil Code, which reads as follows:

“No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.”

This disclosure is being made by Lender to Borrower pursuant to Section 2955.5(b) of the California Civil Code. Borrower hereby acknowledges receipt of this disclosure and acknowledges that this disclosure has been made by Agent before execution of the Note.

(c) **Environmental Provisions**. The provisions contained in *Section 3.2.1* of this Agreement are intended by the parties to constitute “environmental provisions” as defined in California Code of Civil Procedure Section 736, and Lender shall have all rights and remedies provided in such section.

(d) **Access to Properties**. Lender’s rights under *Section 4.1.4* of this Agreement shall be deemed to include, without limitation, its rights under California Civil Code Section 2929.5, as such provisions may be amended from time to time.

Section 10.31 Florida Provision. The following Florida provision does not limit the express choice of New York law as set forth in *Section 10.3* of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Florida law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Florida or any other Loan Document:

(a) **Interest on Judgments**. The parties acknowledge and agree that the Default Rate provided for herein shall also be the rate of interest payable on any judgments entered in favor of Lender in connection with the loan evidenced hereby.

Section 10.32 Georgia Provision. The following Georgia provision does not limit the express choice of New York law as set forth in *Section 10.3* of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Georgia law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Georgia or any other Loan Document:

(a) [Reserved].

Section 10.33 Illinois Provision. The following Illinois provision does not limit the express choice of New York law as set forth in *Section 10.3* of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Illinois law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Illinois or any other Loan Document:

(a) [Reserved].

Section 10.34 Minnesota Provision. The following Minnesota provision does not limit the express choice of New York law as set forth in *Section 10.3* of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Minnesota law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Minnesota or any other Loan Document:

(a) [Reserved].

Section 10.35 Nevada Provisions. The following Nevada provisions do not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Nevada law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Nevada or any other Loan Document:

(a) **Waiver of Offset.** Notwithstanding anything contained herein to the contrary, no portion of any of the Obligations shall be or be deemed to be offset or compensated by all or any part of any claim, cause of action, counterclaim, or cross-claim, whether liquidated or unliquidated, that Borrower may have or claim to have against any other Loan Party.

(b) **Waiver of Prepayment.** Borrower hereby expressly (i) waives, to the extent permitted by law, any right it may have to prepay any Loan in whole or in part, without penalty, upon acceleration of the Maturity Date; and (ii) agrees that if a prepayment of any or all of any Loan is made, Borrower shall be obligated to pay, concurrently therewith, any fees applicable thereto. By initialing this provision in the space provided below, the Loan Parties hereby declare that the Lender's agreement to make the subject Loan at the Interest Rate and for the term set forth herein constitutes adequate consideration, given individual weight by the undersigned, for this waiver and agreement.

(c) BORROWER'S INITIALS AS TO SECTION 10.35(b): /s/ JS

Section 10.36 North Carolina Provision. The following North Carolina provision does not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, North Carolina law is held to govern this Agreement, any Mortgage Document encumbering a Property located in North Carolina or any other Loan Document:

(a) [Reserved].

Section 10.37 South Carolina Provision. The following South Carolina provision does not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, South Carolina law is held to govern this Agreement, any Mortgage Document encumbering a Property located in South Carolina or any other Loan Document:

(a) [Reserved].

Section 10.38 Washington Provision. The following Washington provision does not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions

contained in this Agreement and the other Loan Documents, Washington law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Washington or any other Loan Document:

(a) [Reserved].

[*No Further Text on This Page*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives, all as of the day and year first above written.

LENDER:

GERMAN AMERICAN CAPITAL CORPORATION

By: /s/ R. Christopher Jones

Name: R. Christopher Jones

Title: Director

By: /s/ Menahem Namer

Name: Menahem Namer

Title: Vice President

BORROWER:

2014-3 IH BORROWER L.P., a Delaware limited partnership

By: 2014-3 IH Borrower G.P. LLC, a Delaware limited liability company

By: _____

Name:

Title:

*Signature Page to 2014-3 IH
Loan Agreement*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives, all as of the day and year first above written.

LENDER:

GERMAN AMERICAN CAPITAL CORPORATION

By: _____

Name: R. Christopher Jones

Title: Director

By: _____

Name: Menahem Namer

Title: Vice President

BORROWER:

2014-3 IH BORROWER L.P., a Delaware limited partnership

By: 2014-3 IH Borrower G.P. LLC, a Delaware limited liability company

By: /s/ John Schissel _____

Name: John Schissel

Title: Executive Vice President and Chief Financial Officer

*Signature Page to 2014-3 IH
Loan Agreement*

LOAN AGREEMENT

Dated as of January 29, 2015

between

2015-1 IH2 BORROWER L.P.,

as Borrower,

and

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,

as Lender

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Exhibits :

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of January 29, 2015 (as amended, restated, replaced, supplemented or otherwise modified from time to time, this “*Agreement*”), between JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, a banking association chartered under the laws of the United States of America, having an address at 383 Madison Avenue, New York, New York 10179 (together with its successors and assigns, collectively, “*Lender*”) and 2015-1 IH2 BORROWER L.P., a Delaware limited partnership, having an address at c/o Blackstone Real Estate Advisors L.P., 345 Park Avenue, New York, New York 10154 (together with its permitted successors and assigns, collectively, “*Borrower*”).

All capitalized terms used herein shall have the respective meanings set forth in *Article 1* hereof.

WITNESSETH:

WHEREAS, Borrower desires to obtain the Loan from Lender; and

WHEREAS, Lender is willing to make the Loan to Borrower, subject to and in accordance with the terms and conditions of this Agreement and the other Loan Documents.

NOW, THEREFORE, in consideration of the covenants set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree, represent and warrant as follows:

ARTICLE 1

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1 Specific Definitions.

For all purposes of this Agreement, except as otherwise expressly provided:

“*Acknowledgment*” means the Acknowledgment, dated on or about the date hereof made by Counterparty, or as applicable, Approved Counterparty.

“*Actual Rent Collections*” means, for any period of determination, actual cash collections of Rents in respect of the Properties by Borrower (or, for the period prior to the Closing Date, by Borrower’s Affiliates that owned the Properties) to the extent such Rents relate to such period of determination, regardless of when actually collected.

“*Affiliate*” means, as to any Person, any other Person that (i) owns directly or indirectly forty-nine percent (49%) or more of all equity interests in such Person, and/or (ii) is in Control of, is Controlled by or is under common ownership or Control with such Person, and/or (iii) is a director or officer of such Person or of an Affiliate of such Person, and/or (iv) is the spouse, issue or parent of such Person or of an Affiliate of such Person.

“*Allocated Loan Amount*” means, with respect to each Property, an amount equal to the portion of the Loan made with respect to such Property, as set forth on *Schedule V* as the same may be reduced in accordance with *Section 2.4*; provided that (i) if a single Substitute Property

is substituted for an Affected Property or portfolio of Affected Properties pursuant to **Section 2.4.3(a)** , then the initial Allocated Loan Amount of such Substitute Property shall be the Allocated Loan Amount of such Affected Property (or the aggregate Allocated Loan Amounts of such Affected Properties) immediately prior to its (or their) substitution, and (ii) if two (2) or more Substitute Properties are substituted for an Affected Property or portfolio of Affected Properties pursuant to **Section 2.4.3(a)** , then the initial Allocated Loan Amount of each such Substitute Property shall be a pro rata portion of the Allocated Loan Amount of such Affected Property (or the aggregate Allocated Loan Amounts of such Affected Properties) immediately prior to its (or their) substitution, with such pro rata portion determined based on the BPO Values of the Substitute Properties. For the avoidance of doubt, in connection with calculating any prepayments contemplated by this Agreement, Lender will fix the Allocated Loan Amount for any individual Property as of the date Lender received notice of the prepayment from Borrower.

“ **ALTA** ” means American Land Title Association, or any successor thereto.

“ **Annual Budget** ” means the operating and capital budget for the Properties in the aggregate setting forth, on a month-by-month basis, in reasonable detail, each line item of Borrower’s good faith estimate of anticipated Rents and other recurring income, Operating Expenses and Capital Expenditures for the applicable Fiscal Year.

“ **Applicable HOA Properties** ” means with respect to any Applicable HOA State, (i) all HOA Properties located in such Applicable HOA State except for any Property (A)(1) as to which any Liens for HOA Fees are expressly subordinated to the Lien of the Mortgage encumbering such Property and (2) the applicable Title Insurance Policy insures against any loss sustained by Lender if such Liens for HOA Fees, including after-arising HOA Liens, have Priority or (B) with respect to which Borrower (x) delivered to Lender an opinion, reasonably satisfactory to Lender, from a nationally recognized law firm (or one with prominent standing in the applicable state) that affirmatively concludes that any Liens for HOA Fees (including after-arising Liens for HOA Fees) would not have Priority and (y) delivers to Lender an updated legal opinion with the same conclusion (which may be in the form of a bring-down or date-down opinion with respect to an earlier delivered opinion) within twenty (20) Business Days after the end of each calendar quarter, and (ii) all HOA Properties located in such Applicable HOA State designated as an Applicable HOA Property pursuant to **Section 4.3.12(b)** .

“ **Applicable HOA State** ” means (i) a state in which, pursuant to applicable Legal Requirements, (A) a Lien in favor of a homeowner’s association may be created through the non-payment of fees assessed against a residential property by such homeowner’s association and (B) any such Lien would extinguish the Lien of a mortgage upon the valid and proper foreclosure of such Lien for homeowner’s association fees or (ii) a state designated as an Applicable HOA State pursuant to **Section 4.3.12(b)** . For the avoidance of doubt, if any reported decision of a state appellate court would result in the foregoing **clauses (i)(A)** and **(i)(B)** applying in such state or if the legal opinion described in clause (B)(x) of the definition of “Applicable HOA Properties” in respect of a state, is conditioned on the presence of subordination language or the absence of provisions which would otherwise allow a Lien for homeowner’s association fees to extinguish the Lien of a mortgage upon the valid and proper foreclosure of such Lien for homeowner’s association fees, then such state shall constitute an Applicable HOA State.

“ **Approved Capital Expenditures** ” means Capital Expenditures incurred by Borrower and either (i) if no Trigger Period is continuing, included in the Annual Budget or, if during a Trigger Period, an Approved Annual Budget or (ii) approved by Lender, which approval shall not be unreasonably withheld, conditioned or delayed.

“**Approved Counterparty**” means a counterparty to the Interest Rate Cap Agreement (or the guarantor of such counterparty’s obligations) that (i) has and shall maintain, until the expiration of the applicable Interest Rate Cap Agreement, (A)(1) a long-term unsecured debt rating of not less than “A” by S&P and a short-term senior unsecured debt rating of at least “A-1” from S&P or (2) if no short-term debt rating exists, a long-term senior unsecured debt rating of at least “A+” from S&P, (B)(1) a long-term unsecured debt rating of not less than “A2” from Moody’s and a short-term senior unsecured debt rating of at least “P1” from Moody’s or (2) if no short-term debt rating exists, a long-term senior unsecured debt rating of at least “A1” from Moody’s, (C)(1) if any Securities or any class thereof in any Securitization are then rated by Fitch (determined as of the date of the Interest Rate Cap Agreement or any Replacement Interest Rate Cap Agreement) and (2) if the counterparty is rated by Fitch, a long-term unsecured debt rating of at least “A-” by Fitch and short-term unsecured debt rating of at least “F1” and (D) other than with respect to the Commonwealth Bank of Australia, if the counterparty is then rated by KBRA (determined as of the date of such Interest Rate Cap Agreement or any Replacement Interest Rate Cap Agreement, as applicable), (1) a long-term senior unsecured debt rating of not less than “A” from KBRA and a short-term debt/deposit rating of at least “K1” from KBRA, or (2) if no short-term debt rating exists, a long-term senior unsecured debt rating of at least “A+” from KBRA or (ii) is otherwise acceptable to the Rating Agencies, as evidenced by a Rating Agency Confirmation to the effect that such counterparty shall not cause a downgrade, withdrawal or qualification of the ratings assigned, or to be assigned, to the Securities or any class thereof in any Securitization.

“**Assignment of Leases and Rents**” means an Assignment of Leases and Rents for each Property or for multiple Properties located within the same county or parish, dated as of the Closing Date (or, in connection with a Property which is a Substitute Property, dated as of the date of the substitution), executed and delivered by Borrower, constituting an assignment of the Lease or the Leases, as applicable, and the proceeds thereof as Collateral for the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time. The Assignment of Leases and Rents may be included as part of the Mortgage for such Property or Properties.

“**Assignment of Management Agreement**” means an Assignment of Management Agreement and Subordination of Management Fees among Borrower, Manager and Lender, substantially in the form delivered on the date hereof by Borrower, Existing Manager and Lender.

“**Assumed Note Rate**” means (i) with respect to each Floating Rate Component of the Loan, an interest rate equal to the sum of one-half of one percent (0.50%), plus the applicable Floating Rate Component Spread, plus LIBOR as determined on the preceding Interest Determination Date and (ii) with respect to Component G, the Component G Interest Rate.

“**Award**” means any compensation paid by any Governmental Authority in connection with a Condemnation in respect to all or any part of a Property.

“**Bankruptcy Code**” means Title 11 of the United States Code, 11 U.S.C. Section 101 et seq., as the same may be amended from time to time, and any successor statute or statutes and all

rules and regulations from time to time promulgated thereunder, and any comparable foreign laws relating to bankruptcy, insolvency or creditors' rights or any other Federal or state bankruptcy or insolvency law.

“**Blocked Account Control Agreement**” means the Cash Management Agreement among Borrower, Collection Account Bank and Lender providing for the exclusive control of the Collection Account and all other Accounts by Lender, substantially in the form of **Exhibit A** or such other form as may be reasonably acceptable to Lender.

“**Borrower GP**” means 2015-1 IH2 Borrower G.P. LLC, a Delaware limited liability company.

“**Borrower GP Guaranty**” that certain Borrower GP Guaranty, dated as of the date hereof, executed by Borrower GP in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Borrower GP Security Agreement**” that certain Security Agreement, dated as of the date hereof, executed by Borrower GP in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Borrower Security Agreement**” that certain Security Agreement, dated as of the date hereof, executed by Borrower in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Borrower TRS**” means a wholly-owned Delaware limited liability company subsidiary of Borrower that is treated for U.S. federal income tax purposes as a “taxable REIT subsidiary”.

“**BPO Value**” means, with respect to any Property, the “as is” value for such Property set forth in a Broker Price Opinion obtained by Lender with respect to a Property.

“**BREP**” means, collectively, Blackstone Real Estate Partners VII.F L.P., Blackstone Real Estate Partners VII.TE.8 L.P., Blackstone Real Estate Partners VII.TE.7 L.P., Blackstone Real Estate Partners VII.TE.6 L.P., Blackstone Real Estate Partners VII.TE.5 L.P., Blackstone Real Estate Partners VII.TE.4 L.P., Blackstone Real Estate Partners VII.TE.3 L.P., Blackstone Real Estate Partners VII.TE.2 L.P., Blackstone Real Estate Partners VII.TE.1 L.P., Blackstone Real Estate Partners VII L.P. and any other parallel partnerships and alternative investment vehicles comprising the real estate fund commonly known as Blackstone Real Estate Partners VII L.P.

“**Broker Price Opinion**” means a broker price opinion obtained by Lender.

“**Business Day**” means any day other than a Saturday, a Sunday or a legal holiday on which national banks are not open for general business in (i) the State of New York, (ii) the state where the corporate trust office of the Trustee is located, or (iii) the state where the servicing offices of the Servicer are located.

“**Calculation Date**” means the last day of each calendar quarter during the Term.

“**Capital Expenditures**” for any period means amounts expended for replacements and alterations to a Property and required to be capitalized according to GAAP.

“ **Cap Receipts** ” means all amounts received by Borrower pursuant to an Interest Rate Cap Agreement.

“ **Casualty Threshold Amount** ” means, with respect to all Casualties arising from any single Casualty event, an amount equal to two percent (2%) of the Outstanding Principal Balance as of the date of such Casualty Event.

“ **Closing Date** ” means the date of the funding of the Loan.

“ **Closing Date Debt Yield** ” means 5.62%.

“ **Closing Date HOA Opinions** ” means the opinions of counsels to Borrower executed and delivered on or prior to the Closing Date.

“ **Code** ” means the Internal Revenue Code of 1986, as amended, and as it may be further amended from time to time, any successor statutes thereto, and applicable U.S. Department of Treasury regulations issued pursuant thereto in temporary or final form.

“ **Collateral** ” means, collectively, all of the real, personal and mixed property in which Liens are purported to be granted pursuant to the Collateral Documents as security for the Obligations.

“ **Collateral Assignment of Interest Rate Protection Agreement** ” means a Collateral Assignment of Interest Rate Protection Agreement between Borrower and Lender, substantially in the form delivered on the date hereof by Borrower and Lender.

“ **Collateral Documents** ” means the Borrower Security Agreement, the Borrower GP Security Agreement, the Equity Owner Security Agreement, the Blocked Account Control Agreement, each Property Account Control Agreement, the Collateral Assignment of Interest Rate Protection Agreement, the Assignment of Management Agreement, each Mortgage Document and all other instruments, documents and agreements delivered by any Loan Party pursuant to this Agreement or any of the other Loan Documents in order to grant to Lender a Lien on any real, personal or mixed property of that Loan Party as security for the Obligations, as the same may be (and each of the foregoing defined terms shall refer to such documents as they may be) amended, restated, replaced, supplemented or otherwise modified from time to time.

“ **Collection Account** ” means an Eligible Account at the Collection Account Bank.

“ **Collection Account Bank** ” means the Eligible Institution selected by Lender to maintain the Collection Account.

“ **Collections** ” means, without duplication, with respect to any Property, all Rents, Other Receipts, Insurance Proceeds (whether or not Lender elects to treat any such Insurance Proceeds as business or rental interruption Insurance Proceeds pursuant to **Section 5.4(d)**), Condemnation Proceeds, Net Transfer Proceeds, Cap Receipts, interest on amounts on deposit in the Collection Account and the Reserve Funds, amounts paid to Borrower pursuant to the terms of the applicable Purchase Agreement, amounts drawn on security deposits that become Collections pursuant to **Section 4.1.15** , amounts paid by Borrower to the Collection Account pursuant to this Agreement and all other payments received with respect to such Property (except for security deposits) and all “proceeds” (as defined in Section 9-102 of the UCC) of such Property.

“ **Commission** ” means the Securities and Exchange Commission.

“ **Compliance Certificate** ” means the certificate in the form attached hereto as **Exhibit C** .

“ **Component** ” means individually or collectively, as the context may require, any one of Component A, Component B, Component C, Component D, Component E, Component F and Component G, each as more particularly set forth in **Section 2.1.2** .

“ **Component G Interest Rate** ” means a rate of five ten thousandths of one percent (0.0005%) per annum.

“ **Component Outstanding Principal Balance** ” means, as of any given date, with respect to each Component, the outstanding principal balance of such Component.

“ **Concessions** ” means, for any period of determination, the value of concessions (other than free Rent) provided with respect to the Properties by Borrower (or, for the period prior to the Closing Date, by Borrower’s Affiliates that owned the Properties).

“ **Condemnation** ” means a temporary or permanent taking by any Governmental Authority as the result or in lieu or in anticipation of the exercise of the right of condemnation or eminent domain, of all or any part of a Property, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting a Property or any part thereof.

“ **Connection Income Taxes** ” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“ **Constituent Document** ” means, (i) with respect to any partnership (whether limited or general), (a) the certificate of partnership (or equivalent filings), (b) the partnership agreement (or equivalent organizational documents) of such partnership and (c) any document setting forth the designation, amount and/or rights, limitations and preferences of any of such partnership’s partnership interests or the holders thereof; (ii) with respect to any limited liability company, (a) the certificate of formation (or the equivalent organizational documents) of such entity, (b) the operating agreement (or the equivalent governing documents) of such entity and (c) any document setting forth the designation, amount and/or rights, limitations and preferences of any of such limited liability company’s membership interests or the holders thereof; and (iii) with respect to any other type of entity, the organizational and governing document for such entity which are equivalent to those described in **clauses (i) and (ii)** above, as applicable.

“ **Contest Security** ” means any security delivered to Lender by Borrower under **Section 4.1.3** or **Section 4.4.8** .

“ **Control** ” means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, by contract or otherwise, and the terms Controlled, Controlling and Common Control shall have correlative meanings.

“**Counterparty**” means, with respect to the Interest Rate Cap Agreement, SMBC Capital Markets, Inc., and with respect to any Replacement Interest Rate Cap Agreement, any Approved Counterparty thereunder.

“**Cure Period**” means, (i) with respect to the failure of any Property to qualify as an Eligible Property (other than with respect to the failure of a Property to comply with the representation in **Section 3.2.22**) if such failure is reasonably susceptible of cure, a period of thirty (30) days after the earlier of actual knowledge of such condition by a Responsible Officer of Borrower or the Manager or notice thereof by Lender to Borrower; *provided* that, if Borrower is diligently pursuing such cure during such thirty (30) day period and such failure is susceptible of cure but cannot reasonably be cured within such thirty (30) day period, then such cure period shall be extended for another ninety (90) days so long as Borrower continues to diligently pursue such cure and, *provided further*, that if the Obligations have been accelerated pursuant to **Section 8.2.1**, then the cure period hereunder shall be reduced to zero (0) days and (ii) with respect to the failure of a Property to comply with the representation in **Section 3.2.22**, zero (0) days. If any failure of any Property to qualify as an Eligible Property is not reasonably susceptible of cure, then no cure period shall be available. If any failure of any Property to qualify as an Eligible Property is due to a Voluntary Action, then no cure period shall be available.

“**Cut Off Date**” means December 10, 2014.

“**Debt**” means the Outstanding Principal Balance together with all interest accrued and unpaid thereon and all other sums (including the Spread Maintenance Premium, if applicable) due to Lender from time to time in respect of the Loan under the Note, this Agreement, the Mortgage Documents, the Environmental Indemnity or any other Loan Document.

“**Debt Service**” means, with respect to any particular period of determination, the scheduled interest payments due under the Note for such period.

“**Debt Service Coverage Ratio**” means, as of any date of determination, a ratio in which:

(i) the numerator is the Underwritten Net Cash Flow calculated for the twelve (12) month period ending on the Stated Maturity Date, the First Extended Maturity Date or the Second Extended Maturity Date, as applicable; and

(ii) the denominator is the aggregate debt service for the twelve (12) month period following such date of determination, calculated as the sum of (A) with respect to Component A, the product of (1) the Component Outstanding Principal Balance for Component A as of such date and (2) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component A and (y) the Strike Price described in clause (ii)(B) of the definition of Strike Price, (B) with respect to Component B, the product of (1) the Component Outstanding Principal Balance for Component B as of such date and (2) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component B and (y) the Strike Price described in clause (ii)(B) of the definition of Strike Price, (C) with respect to Component C, the product of (1) the Component Outstanding Principal Balance for Component C as of such date and (2) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component C and (y) the

Strike Price described in clause (ii)(B) of the definition of Strike Price, (D) with respect to Component D, the product of (1) the Component Outstanding Principal Balance for Component D as of such date and (2) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component D and (y) the Strike Price described in clause (ii)(B) of the definition of Strike Price, (E) with respect to Component E, the product of (1) the Component Outstanding Principal Balance for Component E as of such date and (2) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component E and (y) the Strike Price described in clause (ii)(B) of the definition of Strike Price, (F) with respect to Component F, the product of (1) the Component Outstanding Principal Balance for Component F as of such date and (2) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component F and (y) the Strike Price described in clause (ii)(B) of the definition of Strike Price, (G) with respect to Component G, the product of (1) the Component Outstanding Principal Balance for Component G as of such date and (2) the Component G Interest Rate, and (H) the regular monthly fee of the certificate administrator (deemed to be \$5,233 per month) and the trustee (deemed to be \$417 per month) under the Servicing Agreement.

“**Debt Yield**” means, as of any date of determination, a fraction expressed as a percentage in which:

(i) the numerator is the Underwritten Net Cash Flow; and

(ii) the denominator is the aggregate Component Outstanding Principal Balances of the Floating Rate Components.

“**Default**” means the occurrence of any event hereunder or under any other Loan Document which, but for the giving of notice or passage of time, or both, would constitute an Event of Default.

“**Default Rate**” means, with respect to each Floating Rate Component and any other Obligations (other than the Class G Component), a rate per annum equal to the lesser of (i) the Maximum Legal Rate and (ii) three percent (3%) above the Interest Rate applicable to such Floating Rate Component.

“**Deficiency**” means, with respect to any Property File, (i) the failure of one or more Specified Documents contained therein to be fully executed or to match the information on the most recent Properties Schedule required to be delivered by **Section 4.3.6**, (ii) one or more Specified Documents contained therein are mutilated, materially damaged or torn or otherwise physically altered or unreadable or (iii) the absence from a Property File of any Specified Document required to be contained in such Property File.

“**Designated HOA Properties**” means, with respect to any state, HOA Properties located in such state that (i) were not Applicable HOA Properties on the Closing Date, (ii) became Applicable HOA Properties after the Closing Date and (iii) are designated by Borrower to Lender in writing as Designated HOA Properties.

“**Disqualified Property**” means any Property that fails to constitute an Eligible Property (after the lapse of any applicable Cure Period).

“**Eligibility Requirements**” means, with respect to any Person, the requirement that such Person has a net worth of not less than Three Hundred Million and No/100 Dollars (\$300,000,000.00) (exclusive of such Person’s direct or indirect interest in the Properties and Borrower).

“**Eligible Account**” means a separate and identifiable account from all other funds held by the holding institution that is an account or accounts (or subaccounts thereof) maintained with a federal or state-chartered depository institution or trust company which complies with the definition of Eligible Institution. An Eligible Account will not be evidenced by a certificate of deposit, passbook or other instrument.

“**Eligible Institution**” means:

(i) JPMorgan Chase Bank, National Association or PNC Bank, National Association so long as PNC Bank, National Association’s long term unsecured debt rating shall be at least “A2” from Moody’s and the equivalent by KBRA (if then rated by KBRA) (if the deposits are to be held in the applicable account for more than 30 days) or such institution’s short term deposit or short term unsecured debt rating shall be at least “P-1” from Moody’s and the equivalent by KBRA (if then rated by KBRA) (if the deposits are to be held in the applicable account for 30 days or less); or

(ii) a depository institution or trust company insured by the Federal Deposit Insurance Corporation the short term unsecured debt obligations or commercial paper of which are rated at least A-1 by S&P, P-1 by Moody’s, and F-1+ by Fitch in the case of accounts in which funds are held for thirty (30) days or less or, in the case of letters of credit or accounts in which funds are held for more than thirty (30) days, the long term unsecured debt obligations of which are rated at least (i) “AA” by S&P, (ii) “AA” and/or “F1+” (for securities) and/or “AAmmf” (for money market funds), by Fitch and (iii) “Aa2” by Moody’s;

provided that, Bank of America, National Association shall be an Eligible Institution with respect to Property Accounts and the Security Deposit Accounts only, so long as Bank of America, National Association’s long term unsecured debt rating shall be at least “A3” from Moody’s and the equivalent by KBRA (if then rated by KBRA).

“**Eligible Lease**” means, as of any date of determination, a Lease for a Property that satisfies all of the following:

(i) the Lease reflects customary market standard terms;

(ii) the Lease is entered into on an arms-length basis without payment support by Borrower or its Affiliates (provided that any incentives offered to Tenants shall not be deemed to constitute such payment support);

(iii) the Lease had, as of its commencement date, an initial lease term of at least six (6) months;

(iv) the Lease is to a bona fide third-party lessee; and

(v) the Lease is in compliance with all applicable Legal Requirements in all material respects.

“**Eligible Property**” means, as of any date of determination, a Property that is in compliance with each of the Property Representations and each of the Property Covenants.

“**Environmental Indemnity**” means that certain Environmental Indemnity Agreement dated as of the date hereof executed by Borrower in connection with the Loan for the benefit of Lender.

“**Environmental Laws**” has the meaning set forth in the Environmental Indemnity.

“**Equity Interests**” means, with respect to any Person, shares of capital stock, partnership interests, membership interests, beneficial interests or other equity ownership interests in such Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest from such Person.

“**Equity Owner**” means 2015-1 IH2 Equity Owner L.P., a Delaware limited partnership.

“**Equity Owner GP**” means 2015-1 IH2 Equity Owner G.P. LLC, a Delaware limited liability company.

“**Equity Owner Guaranty**” means that certain Equity Owner Guaranty, dated as of the date hereof, executed by Equity Owner in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Equity Owner Security Agreement**” means that certain Equity Owner Security Agreement, dated as of the date hereof, executed by Equity Owner in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor statute.

“**ERISA Affiliate**” means any corporation or trade or business that is a member of any group of organizations (i) described in Section 414(b) or (c) of the Code of which another entity is a member or (ii) described in Section 414(m) or (o) of the Code of which another entity is a member, except that this clause (ii) shall apply solely for purposes of potential liability under Section 302(b) of ERISA and Section 412(b) of the Code and the lien created under Section 303(k) of ERISA and Section 430(k) of the Code.

“**ERISA Event**” means (i) the failure to pay a minimum required contribution or installment to a Plan on or before the due date provided under Section 430 of the Code or Section 303 of ERISA, (ii) the filing of an application with respect to a Plan for a waiver of the minimum funding standard under Section 412(c) of the Code or Section 302(c) of ERISA, (iii) the failure of a Loan Party or any of its ERISA Affiliates to pay a required contribution or installment to a Multiemployer Plan on or before the applicable due date, (iv) any officer of any Loan Party or any of its ERISA Affiliates knows or has reason to know that a Plan is in “at risk” status within the meaning of Section 430(i) of the Code or Section 303(i) of ERISA or (v) the occurrence of a Plan Termination Event.

“**Excluded Taxes**” means any of the following Taxes imposed on or with respect to a Lender or required to be withheld or deducted from a payment to a Lender, (i) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (A) imposed as a result of such Lender being organized under the laws of, or having its principal office or its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (B) that are Other Connection Taxes, (ii) U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan pursuant to a law in effect on the date on which (A) such Lender acquires such interest in the Loan or (B) such Lender changes its lending office, except in each case to the extent that, pursuant to **Section 2.10**, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (iii) Taxes attributable to such Lender’s failure to comply with **Section 2.10.6** and (iv) any U.S. federal withholding Taxes imposed under FATCA.

“**Existing Management Agreement**” means that certain Management Agreement, dated as of the date hereof, between Borrower and Existing Manager, pursuant to which Existing Manager is to provide management and other services with respect to the Properties, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Existing Manager**” means THR Property Management L.P.

“**Extension Date**” means the Stated Maturity Date, the First Extended Maturity Date or the Second Extended Maturity Date, as applicable.

“**Extension Option**” means the First Extension Option, the Second Extension Option or the Third Extension Option, as applicable.

“**FATCA**” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“**Fiscal Year**” means each twelve (12) month period commencing on January 1 and ending on December 31 during each year of the Term.

“**Fitch**” means Fitch, Inc.

“**Fixture Filing**” means, with respect to any jurisdiction in which any Property or Properties are located in which a separate, stand alone fixture filing is required or generally recorded or filed pursuant to the local law or custom (as reasonably determined by Lender), a Uniform Commercial Code financing statement (or other form of financing statement required in the jurisdiction in which the applicable Property or Properties are located) recorded or filed in the real estate records in which the applicable Property or Properties are located.

“**Floating Rate Component Prime Rate Spread**” means, in connection with any conversion of the Floating Rate Components from a LIBOR Loan to a Prime Rate Loan, with respect to each Floating Rate Component of the Loan, the difference (expressed as the number

of basis points) between (i) the sum of (A) LIBOR, determined as of the Interest Determination Date for which LIBOR was last available, plus (B) the Floating Rate Component Spread applicable to such Floating Rate Component, minus (ii) the Prime Rate as of such Interest Determination Date; *provided, however*, that if such difference is a negative number for such Floating Rate Component, then the Floating Rate Component Prime Rate Spread for such Component shall be zero.

“**Floating Rate Component Spread**” means, (i) with respect to Component A, 1.5165% *per annum*; (ii) with respect to Component B, 1.9165% *per annum*; (iii) with respect to Component C, 2.6165% *per annum*; (iv) with respect to Component D, 3.0665% *per annum*; (v) with respect to Component E, 4.2665% *per annum*; and (vi) with respect to Component F, 4.3665% *per annum*.

“**Floating Rate Components**” means Component A, Component B, Component C, Component D, Component E and Component F.

“**Foreign Lender**” means a Lender that is not a U.S. Person.

“**Foreign Plan**” means any “employee benefit plan” as defined in Section 3(3) of ERISA that (i) neither is subject to ERISA nor is a governmental plan within the meaning of Section 3(32) of ERISA and that is maintained, or contributed to, by a Loan Party or any of its ERISA Affiliates and (ii) is mandated by a government other than the United States (other than a state within the United States or an instrumentality thereof) for employees of a Loan Party or any of its ERISA Affiliates.

“**GAAP**” means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession), or in such other statements by such entity as may be in general use by significant segments of the U.S. accounting profession.

“**Government List**” means (i) the Annex to E.O. 13224, (ii) OFAC’s most current list of “Specifically Designated National and Blocked Persons” (which list may be published from time to time in various mediums including, but not limited to, the OFAC website, <http://www.treasury.gov/ofac/downloads/t11sdn.pdf> or any successor website or webpage) and (iii) any other list of terrorists, terrorist organizations or narcotics traffickers maintained by a Governmental Authority that Lender notifies Borrower in writing is now included in “**Government Lists**”.

“**Governmental Authority**” means any court, board, agency, commission, office or authority of any nature whatsoever or any governmental unit (federal, state, commonwealth, county, district, municipal, city or otherwise) whether now or hereafter in existence.

“**GPR**” means, as of any date of determination, the sum of (i) the annualized in place Rents under bona fide Eligible Leases for the Properties as of such date and (ii) the annualized market rents for Properties that are vacant as of such date. For purposes of *clause (ii)* market rents shall be determined by Lender in its reasonable discretion; *provided* that Borrower may object to any such determination by delivering written notice to Lender within five (5) Business

Days of any such determination and, in such event, the market rents so objected to shall be as determined by an independent broker opinion of market rent obtained by Lender at Borrower's sole cost and expense.

“ **Guarantors** ” means Equity Owner and Borrower GP.

“ **Hazardous Substance** ” has the meaning set forth in the Environmental Indemnity.

“ **HOA** ” means a homeowners or condominium association, board, corporation or similar entity with authority to create a Lien on a Property as a result of the non-payment of HOA Fees that are payable with respect to such Property.

“ **HOA Fees** ” means all homeowner's and condominium dues, fees, assessments and impositions, and any other charges levied or assessed or imposed against a Property, or any part thereof, by an HOA.

“ **HOA Property** ” means a Property which is subject to an HOA.

“ **Improvements** ” means the buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on a Property.

“ **Indebtedness** ” means, for any Person, without duplication: (i) all indebtedness of such Person for borrowed money, for amounts drawn under a letter of credit, or for the deferred purchase price of property for which such Person or its assets is liable, (ii) all unfunded amounts under a loan agreement, letter of credit, or other credit facility for which such Person would be liable if such amounts were advanced thereunder, (iii) all amounts required to be paid by such Person as a guaranteed payment to partners or a preferred or special dividend, including any mandatory redemption of shares or interests, (iv) all indebtedness guaranteed by such Person, directly or indirectly, (v) all obligations under leases that constitute capital leases for which such Person is liable, (vi) all obligations of such Person under interest rate swaps, caps, floors, collars and other interest hedge agreements, in each case for which such Person is liable or its assets are liable, whether such Person (or its assets) is liable contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss and (vii) any other contractual obligation for the payment of money which are not settled within thirty (30) days.

“ **Indemnified Taxes** ” means (i) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (ii) to the extent not otherwise described in **clause (i)** , Other Taxes.

“ **Independent** ” means, when used with respect to any Person, a Person who: (i) does not have any direct financial interest or any material indirect financial interest in Borrower or in any Affiliate of Borrower, (ii) is not connected with Borrower or any Affiliate of Borrower as an officer, employee, promoter, underwriter, trustee, partner, member, manager, creditor, director, supplier, customer or person performing similar functions and (iii) is not a member of the immediate family of a Person defined in **clause (i)** or **(ii)** above.

“**Independent Accountant**” means (i) a firm of nationally recognized, certified public accountants which is Independent and which is selected by Borrower and reasonably acceptable to Lender or (ii) such other certified public accountant(s) selected by Borrower, which is Independent and reasonably acceptable to Lender.

“**Individual Material Adverse Effect**” means, in respect of a Property, any event or condition that has a material adverse effect on the value, use, occupation, leasing or marketability of such Property or results in any material liability to, claim against or obligation of Lender or material liability or obligation on the part of any Loan Party.

“**Insolvency Opinion**” means that certain bankruptcy non-consolidation opinion letter dated the date hereof delivered by Richards, Layton & Finger, P.A. in connection with the Loan.

“**Interest Determination Date**” means, (i) with respect to the Initial Interest Period and the first Interest Period, the date that is two (2) Business Days before the Closing Date and (ii) with respect to any other Interest Period, the date which is two (2) Business Days prior to the commencement of such Interest Period. When used with respect to an Interest Determination Date, Business Day shall mean any day on which banks are open for dealing in foreign currency and exchange in London.

“**Interest Rate**” shall mean, with respect to each Interest Period, (i) with respect to each Floating Rate Component, an interest rate per annum equal to (A) for a LIBOR Loan, the sum of (1) LIBOR, determined as of the Interest Determination Date immediately preceding the commencement of such Interest Period, plus (2) the Floating Rate Component Spread applicable to such Floating Rate Component (or, when applicable pursuant to this Agreement or any other Loan Document, the Default Rate); and (B) for a Prime Rate Loan, the sum of (1) the Prime Rate, plus (2) the Floating Rate Component Prime Rate Spread applicable to such Floating Rate Component (or, when applicable pursuant to this Agreement or any other Loan Document, the applicable Default Rate) and (ii) with respect to Component G, the Component G Interest Rate.

“**Interest Rate Cap Agreement**” means the Confirmation and Agreement (together with the schedules relating thereto), dated on or about the date hereof, between the Counterparty and Borrower, obtained by Borrower and collaterally assigned to Lender pursuant to this Agreement. After delivery of a Replacement Interest Rate Cap Agreement to Lender, the term Interest Rate Cap Agreement shall be deemed to mean such Replacement Interest Rate Cap Agreement and such Replacement Interest Rate Cap Agreement shall be subject to all requirements applicable to the Interest Rate Cap Agreement. The Interest Rate Cap Agreement shall be governed by the laws of the State of New York and shall contain each of the following:

(i) the notional amount of the Interest Rate Cap Agreement shall be equal to or greater than the aggregate Component Outstanding Principal Balances of the Floating Rate Components;

(ii) the remaining term of the Interest Rate Cap Agreement shall at all times extend through the end of the Interest Period in which the Maturity Date occurs as extended from time to time pursuant to this Agreement and the other Loan Documents;

(iii) the Interest Rate Cap Agreement shall be issued by the Counterparty to Borrower and shall be pledged to Lender by Borrower in accordance with this Agreement;

(iv) the Counterparty under the Interest Rate Cap Agreement shall be obligated to make payments, directly to the Collection Account (whether or not an Event of Default has occurred) from time to time equal to the product of (A) the notional amount of such Interest Rate Cap Agreement multiplied by (B) the excess, if any, of LIBOR (including any upward rounding under the definition of LIBOR) over the Strike Price and shall provide that such payment shall be made on a monthly basis in each case not later than (after giving effect to and assuming the passage of any cure period afforded to the Counterparty under the Interest Rate Cap Agreement, which cure period shall not in any event be more than three Business Days) each Monthly Payment Date;

(v) the Counterparty under the Interest Rate Cap Agreement shall execute and deliver the Acknowledgment; and

(vi) the Interest Rate Cap Agreement shall impose no material obligation on the beneficiary thereof (after payment of the acquisition cost) and shall be in all material respects satisfactory in form and substance to Lender and shall satisfy applicable Rating Agency standards and requirements, including, without limitation, provisions satisfying Rating Agencies standards, requirements and criteria (A) that incorporate customary tax “gross up” provisions, (B) whereby the Counterparty agrees not to file or join in the filing of any petition against Borrower under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law, and (C) that incorporate, if the Interest Rate Cap Agreement contemplates collateral posting by the Counterparty, a credit support annex setting forth the mechanics for collateral to be calculated and posted that are consistent with Rating Agency standards, requirements and criteria.

“**IRS**” means the United States Internal Revenue Service.

“**KBRA**” Kroll Bond Rating Agency, Inc.

“**Lease**” means a bona fide written lease, sublease, letting, license, concession or other agreement pursuant to which any Person is granted a possessory interest in, or right to use or occupy all or any portion of any space in any Property by or on behalf of Borrower (or, with respect to any Vacant Properties on the Closing Date, prior to such Closing Date, by or on behalf of any Affiliate of Borrower), and (i) every modification, amendment or other agreement relating to such lease, sublease or other agreement entered into in connection with such lease, sublease or other agreement, and (ii) every guarantee of the performance and observance of the covenants, conditions and agreements to be performed and observed by the Tenant.

“**Legal Requirements**” means all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting the Loan, any Secondary Market Transaction with respect to the Loan, Borrower or a Property or any part thereof or the construction, use, alteration or operation thereof, or any part thereof, whether now or hereafter enacted and in force, including, without limitation, the Securities Act, the Exchange Act, Regulation AB, the rules and regulations promulgated pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, zoning and land use laws, the Americans with Disabilities Act of 1990, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments, either of record or known to Borrower, at any time in force affecting a Property or any part thereof, including any which may (i) require repairs, modifications or alterations in or to a Property or any part thereof, or (ii) in any way limit the use and enjoyment thereof.

“**LIBOR**” means, with respect to each Interest Period and each Interest Determination Date, the rate per annum (rounded upwards, if necessary, to the nearest 1/1,000 of 1%) calculated by Lender as set forth below:

(i) The rate for deposits in U.S. Dollars for a one-month period that appears on Reuters Screen LIBOR01 Page (or its equivalent) as of 11:00 a.m., London time, on such Interest Determination Date.

(ii) If such rate does not appear on Reuters Screen LIBOR01 Page (or its equivalent) as of 11:00 a.m., London time, on the applicable Interest Determination Date, Lender shall request the principal London office of any four major reference banks in the London interbank market selected by Lender to provide such reference bank’s offered quotation to prime banks in the London interbank market for deposits in U.S. Dollars for a one month period as of 11:00 a.m., London time, on such Interest Determination Date in a principal amount of not less than One Million and No/100 Dollars (\$1,000,000) that is representative for a single transaction in the relevant market at the relevant time. If at least two such offered quotations are so provided, LIBOR shall be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, Lender shall request any three major banks in New York City reasonably selected by Lender to provide such bank’s rates for loans in U.S. Dollars to leading European banks for a one-month period as of 11:00 a.m., New York City time, on such Interest Determination Date in a principal amount not less than One Million and No/100 Dollars (\$1,000,000) that is representative for a single transaction in the relevant market at the relevant time, and if at least two such rates are so provided, LIBOR shall be the arithmetic mean of such rates.

“**LIBOR Loan**” means the Floating Rate Components of the Loan at such time as interest thereon accrues at a rate of interest based upon LIBOR.

“**Lien**” means any mortgage, deed of trust, lien (statutory or otherwise), pledge, hypothecation, easement, restrictive covenant, preference, assignment, security interest, or any other encumbrance, charge or transfer of, or any agreement to enter into or create any of the foregoing, on or affecting all or any portion of any Collateral or any interest therein, or any direct or indirect interest in Borrower or any Loan Party, including any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, the filing of any financing statement, and mechanic’s, materialmen’s and other similar liens and encumbrances.

“**Loan**” means the loan in the original principal amount of Five Hundred Forty Million Eight Hundred Fifty-Four Thousand and No/100 Dollars (\$540,854,000) made by Lender to Borrower pursuant to this Agreement.

“**Loan Documents**” means, collectively, this Agreement, the Note, the Management Agreement, the Sponsor Guaranty, the Equity Owner Guaranty, the Borrower GP Guaranty, the Environmental Indemnity, the Interest Rate Cap Agreement, each Collateral Document, and all other agreements, instruments and documents delivered pursuant thereto or in connection therewith, as the same may be (and each of the foregoing defined terms shall refer to such documents as they may be) amended, restated, replaced, supplemented or otherwise modified from time to time.

“ **Loan Party** ” means Borrower, each Guarantor and each Borrower TRS (if any).

“ **Low Debt Yield Period** ” shall commence if, as of any Calculation Date, the Debt Yield is less than eighty-five percent (85%) of the Closing Date Debt Yield (a “ **Low Debt Yield Trigger** ”), and shall end (i) upon the Properties achieving a Debt Yield of at least the Low Debt Yield Trigger for two (2) consecutive Calculation Dates or (ii) immediately (without waiting for two (2) consecutive Calculation Dates) upon Borrower prepaying the principal amount of the Loan in an amount sufficient to cause the Debt Yield to be equal to or in excess of the Low Debt Yield Trigger (a “ **Debt Yield Cure Prepayment** ”).

“ **Major Contract** ” means (i) any management agreement relating to the Properties or the Loan Parties, (ii) any agreement between any Loan Party and any Affiliate of any Relevant Party and (iii) any brokerage, leasing, cleaning, maintenance, service or other contract or agreement of any kind (other than Leases) relating to the Properties, in each case involving payment or expense of more than One Million and No/100 Dollars (\$1,000,000) during any twelve (12) month period, unless cancelable on thirty (30) days or less notice without requiring payment of termination fees or payments of any kind.

“ **Management Agreement** ” means the Existing Management Agreement or a Replacement Management Agreement pursuant to which a Qualified Manager is managing one or more of the Properties in accordance with the terms and provisions of this Agreement, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“ **Management Fee Cap** ” means, with respect to the calendar month ending immediately prior to each Monthly Payment Date during the Term, six percent (6.0%) of gross Rents collected with respect to the Properties for such calendar month.

“ **Manager** ” means Existing Manager or, if the context requires, a Qualified Manager who is managing one or more of the Properties in accordance with the terms and provisions of this Agreement or pursuant to a Replacement Management Agreement.

“ **Material Adverse Effect** ” means a material adverse effect on (i) the property, business, operations or financial condition of any Loan Party, (ii) the use, operation or value of the Properties, taken as a whole, (iii) the ability of Borrower to repay the principal and interest of the Loan when due or to satisfy any of Borrower’s other obligations under the Loan Documents, or (iv) the enforceability or validity of any Loan Document, the perfection or priority of any Lien created under any Loan Document or the rights, interests and remedies of Lender under any Loan Document.

“ **Maturity Date** ” means the Stated Maturity Date, provided that (i) in the event of the exercise by Borrower of the First Extension Option pursuant to **Section 2.7**, the Maturity Date shall be the First Extended Maturity Date, (ii) in the event of the exercise by Borrower of the Second Extension Option pursuant to **Section 2.7**, the Maturity Date shall be the Second Extended Maturity Date, and (iii) in the event of the exercise by Borrower of the Third Extension Option pursuant to **Section 2.7**, the Maturity Date shall be the Third Extended Maturity Date, or

such earlier date on which the final payment of principal of the Note becomes due and payable as herein or therein provided, whether at the Stated Maturity Date, by declaration of acceleration, or otherwise.

“ **Maximum Legal Rate** ” means the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the indebtedness evidenced by the Note and as provided for herein or the other Loan Documents, under the laws of such Governmental Authority whose laws are held by any court of competent jurisdiction to govern the interest rate provisions of the Loan.

“ **Minimum Disbursement Amount** ” means One Hundred Thousand and No/100 Dollars (\$100,000).

“ **Monthly Debt Service Payment Amount** ” means, for each Monthly Payment Date, an amount equal to the amount of interest which is then due on all the Components of the Loan in the aggregate for the Interest Period during which such Monthly Payment Date occurs.

“ **Monthly Payment Date** ” means the ninth (9th) day of every calendar month occurring during the Term. The first Monthly Payment Date shall be March 9, 2015.

“ **Moody’s** ” means Moody’s Investors Service, Inc.

“ **Mortgage** ” means a Mortgage or Deed of Trust or Deed to Secure Debt, as applicable, for each Property or for multiple Properties located within the same county or parish, dated as of the Closing Date (or, in connection with a Property which is a Substitute Property, dated as of the date of the substitution), executed and delivered by Borrower, constituting a Lien on the Improvements and the Property or Properties, as applicable, as Collateral for the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“ **Mortgage Documents** ” means the Mortgages, the Assignments of Leases and Rents and the Fixture Filings.

“ **Multiemployer Plan** ” means a plan within the meaning of Section 414(f) of the Code or Section 3(37) of ERISA to which contributions are required to be made by any Loan Party or any of its ERISA Affiliates or to which any such entity has any liability.

“ **Net Assets** ” means, with respect to any Person, the difference between (i) the fair market value of such Person’s assets and (ii) such Person’s liabilities determined in accordance with GAAP.

“ **Net Proceeds** ” means (i) the net amount of all insurance proceeds received by Lender pursuant to **Section 5.1.1 (a)(i) and (iii)** as a result of damage to or destruction of a Property, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting same (“ **Insurance Proceeds** ”), or (ii) the net amount of an Award, after deduction of Lender’s reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting same (“ **Condemnation Proceeds** ”), whichever the case may be.

“ **Net Transfer Proceeds** ” means, with respect to the Transfer of any Property, the gross sales price for such Property (including any earnest money, down payment or similar deposit included in the total sales price paid by the purchaser), less Transfer Expenses.

“ **Non-Property Taxes** ” means all Taxes other than Property Taxes and Other Charges.

“ **NRSRO** ” means any credit rating agency that has elected to be treated as a nationally recognized statistical rating organization for purposes of Section 15E of the Exchange Act, without regard to whether or not such credit rating agency has been engaged by Lender or its designees in connection with, or in anticipation of, a Securitization.

“ **Obligations** ” means, collectively, Borrower’s obligations for the payment of the Debt and the performance by the Loan Parties of the Other Obligations.

“ **OFAC** ” means the Office of Foreign Assets Control of the U.S. Department of Treasury.

“ **Officer’s Certificate** ” means a certificate delivered to Lender by Borrower which is signed by an authorized officer of Borrower or another Loan Party.

“ **Operating Expenses** ” means, for any period, without duplication, all expenses actually paid or payable by Borrower (or, for the period prior to the Closing Date, by Borrower’s Affiliates that owned the Properties) during such period in connection with the administration, operation, management, maintenance, repair and use of the Properties, determined on an accrual basis, and, except to the extent otherwise provided in this definition, in accordance with GAAP. Operating Expenses specifically shall include, without duplication, (i) all operating expenses incurred in such period based on quarterly financial statements delivered to Lender in accordance with **Section 4.3.1(a)** , (ii) cost of utilities, inventories, and fixed asset supplies consumed in the operation of the Properties (iii) management fees in an amount equal to the greater of (A) actual management fees or (B) the Management Fee Cap, (iv) administrative, payroll, security and general expenses for the Properties, (v) costs and fees of Independent professionals (including, without limitation, legal, accounting, consultants and other professional expenses), technical consultants, operational experts (including quality assurance inspectors) or other third parties retained to perform services required or permitted hereunder, (vi) computer processing charges, (vii) operational equipment and other lease payments to the extent constituting operating expenses under GAAP, (viii) Property Taxes, Other Charges and HOA Fees, (ix) insurance premiums, (x) Property maintenance expenses and (xi) all reserves required by Lender hereunder (without duplication). Notwithstanding the foregoing, Operating Expenses shall not include (A) depreciation or amortization, (B) income taxes or other charges in the nature of income taxes, (C) any expenses (including legal, accounting and other professional fees, expenses and disbursements) incurred in connection with the making of the Loan or the sale, exchange, transfer, financing or refinancing of all or any portion of any Property or in connection with the recovery of Insurance Proceeds or Awards which are applied to prepay the Note, (D) Capital Expenditures, (E) Debt Service, (F) expenses incurred in connection with the acquisition, initial renovation and initial leasing of Properties and other activities undertaken prior to such initial lease that do not constitute recurring operating expenses to be paid by Borrower, including eviction of existing tenants, incentive payments to tenants and other similar expenses, (G) any item of expense which would otherwise be considered within Operating Expenses pursuant to the provisions above but is paid directly by any Tenant under a Lease, (H) any service that is required to be provided by the Manager pursuant to the Management Agreement without

compensation or reimbursement (other than the management fee set forth in the Management Agreement), (I) any expenses that relate to a Property from and after the release of such Property in accordance with **Section 2.5** hereof, (J) bad debt expense with respect to Rents, (K) the value of any free rent or other concessions provided with respect to the Properties, (L) any loss that is covered by the Policies including any portion of a loss that is subject to a deductible under the Policies or (M) corporate overhead expenses incurred by Borrower's Affiliates.

“**Other Charges**” means all (i) impositions other than Property Taxes, (ii) charges, liens or fees levied or assessed or imposed against a Property by a Governmental Authority in connection with code violations, and (iii) any other charges levied or assessed or imposed against a Property or any part thereof other than Property Taxes or HOA Fees.

“**Other Connection Taxes**” means, with respect to any Lender, Taxes imposed as a result of a present or former connection between such Lender and the jurisdiction imposing such Tax (other than connections arising from such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“**Other Obligations**” means (i) the performance of all obligations of the Loan Parties contained herein; (ii) the performance of each obligation of the Relevant Parties contained in any other Loan Document; and (iii) the performance of each obligation of the Relevant Parties contained in any renewal, extension, amendment, restatement, modification, consolidation, change of, or substitution or replacement for, all or any part of this Agreement, the Note or any other Loan Document.

“**Other Receipts**” for any period of determination, any actual net cash flow receipts received by Borrower (or, for the period prior to the Closing Date, by Borrower's Affiliates that owned the Properties) from sources other than Rents, such as fees, payments or other compensation from any Tenant (but excluding any security deposits), with respect to the Properties to the extent they are recurring in nature and properly included as operating income for such period in accordance with GAAP.

“**Other Taxes**” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

“**Outstanding Principal Balance**” means, as of any date, the aggregate Component Outstanding Principal Balances of the Components of the Loan.

“**Patriot Act**” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT ACT) of 2001, as the same may be amended from time to time, and corresponding provisions of future laws.

“**PBGC**” means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

“ *Permitted Investments* ” means:

(i) obligations of, or obligations fully guaranteed as to payment of principal and interest by, the United States or any agency or instrumentality thereof provided such obligations are backed by the full faith and credit of the United States including, without limitation, obligations of: the U.S. Treasury (all direct or fully guaranteed obligations), the Farmers Home Administration (certificates of beneficial ownership), the General Services Administration (participation certificates), the U.S. Maritime Administration (guaranteed Title XI financing), the Small Business Administration (guaranteed participation certificates and guaranteed pool certificates), the U.S. Department of Housing and Urban Development (local authority bonds) and the Washington Metropolitan Area Transit Authority (guaranteed transit bonds); *provided, however*, that the investments described in this clause must (A) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if rated by S&P, must not have an “r” highlighter affixed to their rating, (C) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (D) such investments must not be subject to liquidation prior to their maturity;

(ii) federal funds, unsecured certificates of deposit, time deposits, bankers’ acceptances and repurchase agreements with maturities of not more than 365 days of any bank, (A) in the case of such investments with maturities of 30 days or less, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated at least “A2” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s), (B) in the case of such investments with maturities of three months or less, but more than 30 days, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated at least “A1” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s), (C) in the case of such investments with maturities of six (6) months or less, but more than three months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated at least “Aa3” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s), and (D) in the case of such investments with maturities of more than six (6) months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated “Aaa” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s); *provided, however*, that the investments described in this clause must (1) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (2) if rated by S&P, must not have an “r” highlighter affixed to their rating, (3) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (4) such investments must not be subject to liquidation prior to their maturity;

(iii) fully Federal Deposit Insurance Corporation-insured demand and time deposits in, or certificates of deposit of, or bankers' acceptances issued by, any bank or trust company, savings and loan association or savings bank, (A) in the case of such investments with maturities of 30 days or less, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated at least "A2" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), (B) in the case of such investments with maturities of three months or less, but more than 30 days, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated at least "A1" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), (C) in the case of such investments with maturities of six (6) months or less, but more than three months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated at least "Aa3" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), and (D) in the case of such investments with maturities of more than six (6) months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated "Aaa" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's); *provided, however*, that the investments described in this clause must (1) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (2) if rated by S&P, must not have an "r" highlighter affixed to their rating, (3) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (4) such investments must not be subject to liquidation prior to their maturity;

(iv) debt obligations with maturities of not more than 365 days and at all times rated by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in its highest long-term unsecured rating category); *provided, however*, that the investments described in this clause must (A) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if rated by S&P, must not have an "r" highlighter affixed to their rating, (C) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (D) such investments must not be subject to liquidation prior to their maturity;

(v) commercial paper (including both non-interest-bearing discount obligations and interest-bearing obligations payable on demand or on a specified date not more than one year after the date of issuance thereof) with maturities of not more than 365 days (A) in the case of such investments with maturities of 30 days or less, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated at least "A2" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), (B) in the case of such investments with maturities of three months or less, but more than 30 days, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated

by all Rating Agencies, rated Moody's in the highest short term rating category) and the long term obligations of which are rated at least "A1" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), (C) in the case of such investments with maturities of six (6) months or less, but more than three months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated at least "Aa3" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), and (D) in the case of such investments with maturities of more than six (6) months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated "Aaa" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's); *provided, however*, that the investments described in this clause must (1) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (2) if rated by S&P, must not have an "r" highlighter affixed to their rating, (3) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (4) such investments must not be subject to liquidation prior to their maturity;

(vi) units of taxable money market funds, which funds are regulated investment companies and invested solely in obligations backed by the full faith and credit of the United States, which funds have the highest rating available from each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities) for money market funds; and

(vii) any other security, obligation or investment which has been specifically approved as a Permitted Investment in writing (A) by Lender and (B) each Rating Agency, as confirmed by satisfaction of the Rating Agency Condition with respect to each Rating Agency;

provided, however, that no obligation or security shall be a Permitted Investment if (A) such obligation or security evidences a right to receive only interest payments or (B) the right to receive principal and interest payments on such obligation or security are derived from an underlying investment that provides a yield to maturity in excess of one hundred twenty percent (120%) of the yield to maturity at par of such underlying investment and *provided, further*, that each investment described hereunder must have (x) a predetermined fixed amount of principal due at maturity (that cannot vary or change) and (y) an original maturity of not more than 365 days and a remaining maturity of not more than thirty (30) days.

"**Permitted Liens**" means, collectively, (i) the Liens and security interests created by the Loan Documents, (ii) all encumbrances and other matters disclosed in the Title Insurance Policies for the Properties and, with respect to any Substitute Property, as Lender has approved in writing in Lender's reasonable discretion, (iii) Liens, if any, for Non-Property Taxes or Property Taxes imposed by any Governmental Authority not yet due or delinquent, (iv) Liens arising after the Closing Date for Non-Property Taxes, Property Taxes, Other Charges or HOA Fees being contested in accordance with **Section 4.1.3** or **Section 4.4.8**, (v) any workers', mechanics' or other similar Liens on a Property that are bonded or discharged within sixty (60)

days after Borrower first receives written notice of such Lien, (vi) all easements, rights-of-way, restrictions and other similar non-monetary encumbrances recorded against and affecting any Property and that would not reasonably be expected to and do not have an Individual Material Adverse Effect on the Property, (vii) such other title and survey exceptions as Lender has approved or may approve in writing in Lender's reasonable discretion, (viii) the Specified Liens and (ix) rights of Tenants as Tenants only under Leases permitted hereunder.

“**Person**” means any individual, corporation, partnership, limited liability company, joint venture, estate, trust, unincorporated association, any other entity, any Governmental Authority and any fiduciary acting in such capacity on behalf of any of the foregoing.

“**Plan**” means an “employee benefit plan” as defined in Section 3(3) of ERISA that is established, maintained or contributed to by any Loan Party or any of its ERISA Affiliates (or as to which such entity has any liability) and that is covered by Title IV of ERISA, other than a Multiemployer Plan.

“**Plan Termination Event**” means (i) any event described in Section 4043 of ERISA with respect to any Plan; (ii) the withdrawal of any Loan Party or any of its ERISA Affiliates from a Plan during a plan year in which such Loan Party or such ERISA Affiliate was a “substantial employer” as defined in Section 4001(a)(2) of ERISA; (iii) the imposition of an obligation on any Loan Party or any of its ERISA Affiliates under Section 4041 of ERISA to provide affected parties written notice of intent to terminate a Plan in a distress termination described in Section 4041(c) of ERISA; (iv) the institution of proceedings by the PBGC to terminate a Plan or by any similar foreign governmental authority to terminate a Foreign Plan; (v) any event or condition which could reasonably constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan; (vi) the institution of proceedings by a foreign governmental authority to appoint a trustee to administer any Foreign Plan; or (vii) the partial or complete withdrawal of any Loan Party or any of its ERISA Affiliates from a Multiemployer Plan or Foreign Plan or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

“**Prepayment Notice**” means a prior written notice to Lender specifying the proposed Business Day on which a prepayment of the Debt is to be made pursuant to **Section 2.4.2**, which date shall be no earlier than ten (10) days after the date of such Prepayment Notice and no later than ninety (90) days after the date of such Prepayment Notice. A Prepayment Notice may be revoked in writing by Borrower, or may be modified in writing by Borrower to a new specified Business Day, in each case, on or prior to the proposed prepayment date set forth in such Prepayment Notice; *provided* that such new Business Day shall be no earlier than such proposed prepayment date. If revoked (as opposed to modified), any new Prepayment Notice shall comply with the timeframes set forth above. Borrower shall pay to Lender all out-of-pocket costs and expenses (if any) incurred by Lender in connection with Borrower's permitted revocation or modification of any Prepayment Notice.

“**Prime Rate**” means the rate of interest published in *The Wall Street Journal* from time to time as the “Prime Rate.” If *The Wall Street Journal* ceases to publish the “Prime Rate,” then Lender shall select an equivalent publication that publishes such “Prime Rate,” and if such “Prime Rates” are no longer generally published or are limited, regulated or administered by a governmental or quasi-governmental body, then Lender shall select a comparable interest rate index.

“ **Prime Rate Loan** ” means the Floating Rate Components of the Loan at such time as interest thereon accrues at a rate of interest based upon the Prime Rate.

“ **Priority** ” means that the valid and proper foreclosure of a Lien for HOA Fees will extinguish the Lien of the Mortgage with respect to the relevant HOA Property.

“ **Properties Schedule** ” means the data tape of Properties attached hereto as **Schedule I.A.** as of the Closing Date, as updated on a monthly basis in the form attached hereto as **Schedule I.B.** (and supplemented quarterly by the data included on **Schedule I.C.** and **Schedule I.D.** and, following a Sponsor Public Listing or a Sponsor Public Sale, further supplemented quarterly by the data included on **Schedule I.E.**) pursuant to **Section 4.3.6** .

“ **Property** ” means, individually, and “ **Properties** ” means, collectively, (i) the residential real properties described on the Properties Schedule as of the Closing Date and encumbered by the Mortgages and (ii) any residential real properties that are Substitute Properties; *provided* that if the Allocated Loan Amount for any Property has been reduced to zero and all interest and other Obligations related thereto that are required to be paid on or prior to the date when the Allocated Loan Amount for such Property is required to be repaid have been repaid in full, then such residential real property shall no longer be a Property hereunder. The Properties include the Improvements now or hereafter erected or installed thereon and other personal property owned by Borrower located thereon, together with all rights pertaining to such real property, Improvements and personal property.

“ **Property Account Bank** ” means the Eligible Institution at which a Property Account is maintained.

“ **Property Account Control Agreement** ” means the Deposit Account Control Agreement dated the date hereof among Borrower, Lender, Manager and a Property Account Bank, providing for springing control by Lender, substantially in the form set forth as **Exhibit B** attached hereto or such other form as may be reasonably acceptable to Lender.

“ **Property Accounts** ” means the Rent Deposit Accounts and Borrower’s Operating Account.

“ **Property Covenants** ” means those covenants set forth in **Section 4.4** and the covenants contained in **Section 2** of the Environmental Indemnity.

“ **Property File** ” means with respect to each Property:

(i) The Purchase Agreement, auction receipt or other applicable purchase documentation reasonably satisfactory to Lender;

(ii) The documentation described in **Sections 3.2.3 , 3.2.4 , 3.2.5 , 4.4.3 , 4.4.4 , and 4.4.5** ;

(iii) Evidence reasonably satisfactory to Lender of the insurance policies required by **Section 5.1.1** with respect to such Property;

(iv) The executed Lease and any renewals, amendments or modification of the Lease, each of which shall be delivered to the Property File within ten (10) days after execution thereof

(provided, that if such Property is a Vacant Property, such Property will be disclosed in the Property File as a Vacant Property until an Eligible Lease is executed with respect to such Property); and

(v) The Broker Price Opinion for such Property.

“**Property Representations**” means those representations and warranties set forth in **Section 3.2** and Section 1 of the Environmental Indemnity.

“**Property Taxes**” means any real estate and personal property taxes, assessments, water charges, sewer rents, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto now or hereafter levied or assessed or imposed by a Governmental Authority against any Property, any Collateral, any part of either of the foregoing or Borrower.

“**Public Vehicle**” means a Person whose securities are listed and traded on a national securities exchange and shall include a majority owned subsidiary of any such Person or any operating partnership through which such Person conducts all or substantially all of its business.

“**Purchase Agreement**” means the purchase agreement with respect to the purchase of a Property entered into by Borrower or its Affiliate and a third party seller of a Property who is not an Affiliate of any Loan Party.

“**Qualified Manager**” means (i) Existing Manager, (ii) any Person that is under common Control with Existing Manager or Sponsor and/or (iii) a reputable Person that has at least two (2) years’ experience in the management of at least two hundred and fifty (250) residential rental properties in each metropolitan statistical area in which the applicable Properties to be managed by such Person are located and is not the subject of a bankruptcy or similar proceeding; *provided*, that in the case of the foregoing **clause (iii)**, Borrower shall have obtained a Rating Agency Confirmation in respect of the management of the Properties by such Person; and *provided, further*, that in the case of the foregoing **clause (ii)** and **clause (iii)**, if such Person is an Affiliate of Borrower, Borrower shall have obtained an additional Insolvency Opinion if such an opinion is requested by Lender.

“**Qualified Title Insurance Company**” means each title insurance company listed on **Schedule VI** and any other title insurance company unless such title insurance company is disqualified by Lender in its sole discretion by notice to Borrower.

“**Qualified Transferee**” means (i) Sponsor or (ii) any Person that (A) has a net worth of not less than Three Hundred Million and No/100 Dollars (\$300,000,000) (exclusive of such Person’s direct or indirect interest in the Properties and Borrower), (B) has not been the subject of a voluntary or involuntary (to the extent the same has not been discharged) bankruptcy proceeding or any governmental or regulatory investigation which resulted in a final, nonappealable conviction for criminal activity involving moral turpitude, (C) is (or is under common Control with a Person that is) regularly engaged in the management, ownership or operation of one to four unit residential rental properties and (D) with respect to the applicable Transfer to such Person, Borrower shall have obtained a Rating Agency Confirmation.

“**Quarterly HOA Report**” has the meaning set forth in **Section 4.3.12(a)**.

“ **Rating Agencies** ” means the nationally-recognized statistical rating organization (e.g. S&P, Moody’s, Fitch, DBRS, Inc., Morningstar, Inc., KBRA or any successor thereto) that have been or will be engaged by Lender or its designees in connection with, or in anticipation of, a Securitization.

“ **Rating Agency Confirmation** ” means a written affirmation from each of the Rating Agencies that the credit rating of the Securities by such Rating Agency immediately prior to the occurrence of the event with respect to which such Rating Agency Confirmation is sought will not be qualified, downgraded or withdrawn as a result of the occurrence of such event, which affirmation may be granted or withheld in such Rating Agency’s sole and absolute discretion. In the event that, at any given time, no Securities are then outstanding, then the term Rating Agency Confirmation shall be deemed instead to require the written approval of Lender based on its reasonable, good faith determination of whether the Rating Agencies would issue a Rating Agency Confirmation if any such Securities were outstanding.

“ **Records** ” means all leases, agreements, instruments, documents, books, records and other information (including, without limitation, tapes, disks, punch cards and related property and rights) maintained with respect to Properties or the Loan Parties, other than the Property Files.

“ **Regulation AB** ” means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, as such may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission in the releases (Asset Backed Securities, Securities Act Release No. 33-8518, 70 Fed. Reg. 1,506-1,631 (Jan. 7, 2005) and Asset-Backed Securities, Securities Act Release No. 33-9638, 79 Fed. Reg. 57,184 (Sept. 24, 2014)) or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time. Each of the parties hereto acknowledge that the Regulation AB provisions herein shall be construed as if the Certificates were publicly registered and reporting were required at all times.

“ **Related Loan** ” means a loan to an Affiliate of Borrower or any Guarantor or secured by a Related Property, that is included in a Securitization with the Loan, and any other loan that is cross-collateralized with the Loan.

“ **Related Property** ” means a parcel of real property, together with improvements thereon and personal property related thereto, that is “related” within the meaning of the definition of Significant Obligor, to a Property.

“ **Release Amount** ” means, for a Property, the following applicable amount together with any other amounts specified in **Section 2.4.5** :

(i) in connection with the Transfer of a Property (other than a Designated HOA Property) pursuant to **Section 2.5** or any failure of a Property to qualify as an Eligible Property due to the occurrence of a Voluntary Action (such Properties, “ **Release Premium Properties** ”), (A) one hundred five percent (105%) of the Allocated Loan Amount for such Property if the sum of the initial Allocated Loan Amounts of all Release Premium Properties, including such Property, is less than \$54,085,400, (B) one hundred ten percent (110%) of the Allocated Loan Amount for such Property if the sum of the initial Allocated Loan Amounts of all Release Premium Properties, including such Property, is equal to or greater than \$54,085,400 but less

than \$81,128,100, (C) one hundred fifteen percent (115%) of the Allocated Loan Amount for such Property if the sum of the initial Allocated Loan Amounts of all Release Premium Properties, including such Property, is equal to or greater than \$81,128,100 but less than \$108,170,800, and (D) one hundred twenty percent (120%) of the Allocated Loan Amount for such Property if the sum of the initial Allocated Loan Amounts of all Release Premium Properties, including such Property, is equal to or greater than \$108,170,800;

(ii) in connection with any failure of a Property to qualify as an Eligible Property other than due to the occurrence of a Voluntary Action that is not cured within the applicable Cure Period, an amount equal to one hundred percent (100%) of the Allocated Loan Amount for such Property;

(iii) in connection with any Condemnation or Casualty of any Property for which prepayment of the Release Amount is required pursuant to **Section 5.3** or **Section 5.4**, one hundred percent (100%) of the Allocated Loan Amount for such Property; and

(iv) in connection with the release of a Designated HOA Property, a percentage of the Allocated Loan Amount for such Property that is equal to the greater of (A) one hundred percent (100%) and (B) the percentage with respect to which Borrower has obtained a Rating Agency Confirmation.

“ **Relevant Party** ” means each Loan Party, Equity Owner GP and Sponsor (and, collectively “ **Relevant Parties** ”).

“ **REMIC Trust** ” means a “real estate mortgage investment conduit” within the meaning of Section 860D of the Code.

“ **Renovation Standards** ” means the maintenance, repairs, improvements and installations that are necessary (i) for a Property to conform to applicable material Legal Requirements and not deviate materially from local rental market standards for the area in which such Property is located and (ii) for a Property to conform to Requirements for Existing Housing One to Four Family Units (4905.1) or Minimum Property Standard for One and Two Family Dwellings (200.926) as applicable, as published by the U.S. Department of Housing and Urban Development.

“ **Rents** ” means, with respect to each Property, all rents and rent equivalents.

“ **Repayment Date** ” means the date of a prepayment of the Loan pursuant to the provisions of **Section 2.4** .

“ **Replacement Interest Rate Cap Agreement** ” means an interest rate cap agreement from an Approved Counterparty with terms that are the same in all material respects as the terms of the Interest Rate Cap Agreement except that the same shall be effective as of (i) in connection with a replacement pursuant to **Section 2.6.3(c)** following a downgrade, withdrawal or qualification of the long-term unsecured debt rating of the Counterparty, the date required in **Section 2.6** or (ii) in connection with a replacement (or extension of the then-existing Interest Rate Cap Agreement) in connection with an extension of the Maturity Date pursuant to **Section 2.7** , the date required in **Section 2.7** ; *provided* that to the extent any such interest rate cap agreement does not meet the foregoing requirements, a Replacement Interest Rate Cap

Agreement shall be such interest rate cap agreement approved in writing by Lender, and if the Loan or any portion thereof is included in a Securitization, each of the Rating Agencies with respect thereto.

“ **Replacement Management Agreement** ” means, collectively, (i) either (A) a management agreement with a Qualified Manager, substantially in the same form and substance as the Existing Management Agreement, (B) a management agreement with a Qualified Manager, which management agreement shall be reasonably acceptable to Lender in form and substance, *provided*, that with respect to this **clause (B)**, (x) if such management agreement provides for the payment of management fees in excess of those fees provided for under the Existing Management Agreement, then Borrower shall have obtained a Rating Agency Confirmation with respect to such increase in management fees and (y) otherwise Lender, at its option, may require that Borrower obtain a Rating Agency Confirmation with respect to such management agreement or (C) a management agreement with a Manager approved by Lender in accordance with **Section 4.1.13(b)(y)** and satisfying the conditions set forth in **clauses (x)** and **(y)** above, and (ii) an assignment of management agreement and subordination of management fees substantially in the form of the Assignment of Management Agreement dated as of the date hereof (or such other form as shall be reasonably acceptable to Lender and the Qualified Manager).

“ **Reportable Event** ” has the meaning set forth in Section 4043 of ERISA.

“ **Request for Release** ” means a request for release of a Property in connection with any Transfer of a Property, substantially in the form attached hereto as **Exhibit E** .

“ **Reserve Funds** ” means, collectively, all funds deposited by Borrower with Lender or Collection Account Bank pursuant to **Article 6** , including, but not limited to, the Capital Expenditure Funds, the Insurance Funds, the Tax Funds, the HOA Funds, the Casualty and Condemnation Funds, the Cash Collateral Funds, the Special Insurance Reserve Funds and the Eligibility Funds.

“ **Reserve Release Date** ” means any Business Day as requested by Borrower pursuant to a Reserve Release Request; *provided* that there shall be no more than one Reserve Release Date in any calendar month.

“ **Reserve Release Request** ” means any written request by Borrower for a release of Reserves Funds made in accordance with **Article 6** .

“ **Responsible Officer** ” means, as to any Person, the chief executive officer or president or, with respect to financial matters, the chief financial officer or treasurer of such Person; *provided, that* in the event any such officer is unavailable at any time he or she is required to take any action hereunder, Responsible Officer means any officer authorized to act on such officer’s behalf as demonstrated by a certified resolution.

“ **Restoration** ” means the repair and restoration of a Property after a Casualty as nearly as possible to the condition such Property was in immediately prior to such Casualty, with such material alterations as may be approved by Lender, such approval not to be unreasonably withheld, delayed or conditioned.

“**Restricted Junior Payment**” means, with respect to any Person, (i) any dividend or other distribution of any nature (cash, securities, assets, Indebtedness or otherwise) and any payment, by virtue of redemption, retirement or otherwise, on any class of Equity Interests or subordinate Indebtedness issued by such Person, whether such Equity Interests are now or may hereafter be authorized or outstanding and any distribution in respect of any of the foregoing, whether directly or indirectly, (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Equity Interests or subordinate Indebtedness of such Person now or hereafter outstanding, or (iii) any payment of management or similar fees by such Person (other than payment of management fees under any Management Agreement to the extent expressly permitted by this Agreement).

“**Restricted Pledge Party**” means, collectively, Borrower, each Borrower TRS, any Guarantor, and any other direct or indirect equity holder in Borrower, any Borrower TRS or any Guarantor up to, but not including, the first direct or indirect equity holder that has substantial assets other than the Properties and the other Collateral.

“**S&P**” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business.

“**Significant Obligor**” shall have the meaning set forth in Item 1101(k) of Regulation AB under the Securities Act.

“**Solvent**” means, with respect to any Person or any consolidated group, on any date of determination, that on such date (i) the fair saleable value of such Person’s or consolidated group’s assets exceeds its total liabilities, including, without limitation, subordinated, unliquidated, disputed and contingent liabilities, (ii) the fair saleable value of such Person’s or consolidated group’s assets exceeds its probable liabilities, as applicable, including the maximum amount of its contingent liabilities on its debts as such debts become absolute and matured, (iii) such Person’s or consolidated group’s assets do not constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted and (iv) such Person or consolidated group does not intend to, and does not believe that it will, incur debt and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such debt and liabilities as they mature (taking into account the timing and amounts of cash to be received by it and the amounts to be payable on or in respect of its obligations).

“**Specified Documents**” means, with respect to any Property File, each document listed in the definition of “Property File”.

“**Specified Liens**” means the Liens described on *Schedule XII* affecting one or more of the Properties as of the Closing Date, provided that all such Liens on the affected Properties are affirmatively covered by Title Insurance Policies.

“**Sponsor**” means IH2 Property Holdco L.P., a Delaware limited partnership.

“**Sponsor Financial Covenant**” means the requirement that Sponsor or any Qualified Transferee that executes and delivers a replacement guaranty pursuant to *Section 7.1(h)* maintain Net Assets of not less than One Hundred Fifty Million and No/100 Dollars (\$150,000,000) (exclusive of Sponsor’s or such Qualified Transferee’s direct or indirect interest in Borrower).

“**Sponsor Guaranty**” means that certain Sponsor Guaranty, dated as of the date hereof, executed by Sponsor in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Sponsor Parent Entity**” means any Person that owns, directly or indirectly, one hundred percent (100%) of the legal and beneficial interests in Sponsor.

“**Sponsor Public Listing**” means the listing of the direct or indirect legal or beneficial interests of Sponsor (or any direct or indirect wholly owned subsidiary of Sponsor or any Sponsor Parent Entity) on the New York Stock Exchange or another nationally recognized securities exchange.

“**Sponsor Public Sale**” means the sale, transfer or conveyance (but not a pledge), in one or a series of transactions (i) of more than fifty percent (50%) of the direct or indirect legal or beneficial interests in Sponsor (or any direct or indirect wholly owned subsidiary of Sponsor or any Sponsor Parent Entity) to a Public Vehicle or (ii) through which Sponsor (or any direct or indirect wholly owned subsidiary of Sponsor or any Sponsor Parent Entity) becomes, or is merged with or into, a Public Vehicle.

“**Spread Maintenance Date**” means the Monthly Payment Date occurring in March 2016.

“**Spread Maintenance Premium**” means, with respect to any prepayment of principal (or acceleration of the Loan) prior to the Spread Maintenance Date (other than payments made pursuant to **Section 2.4.3(a)** (except where such prepayment arises as a result of a Voluntary Action) or **Section 2.4.3(c)**), and with respect to each Floating Rate Component, an amount equal to the product of the following: (i) the amount of such prepayment (or the amount of principal so accelerated) allocable to such Floating Rate Component, multiplied by (ii) the Floating Rate Component Spread applicable to such Floating Rate Component, multiplied by (iii) a fraction (expressed as a percentage) having a numerator equal to the number of months difference between the Spread Maintenance Date and the date such prepayment occurs (or the next succeeding Monthly Payment Date through which interest has been paid by Borrower) and a denominator equal to twelve (12). The total Spread Maintenance Premium shall be the sum of the Spread Maintenance Premium for each of the Floating Rate Components. All Spread Maintenance Premium payments hereunder shall be deemed to be earned by Lender upon the funding of the Loan.

“**Stated Maturity Date**” means March 9, 2017, as the same may be extended pursuant to **Section 2.7**.

“**Strike Price**” means (i) as to any Interest Rate Cap Agreement during the initial term of the Loan, 2.0698% per annum, and (ii) as to any Replacement Interest Rate Cap Agreement obtained in connection with the exercise of any Extension Option, a rate per annum equal to the greater of (A) 2.0698% per annum and (B) the interest rate at which the Debt Service Coverage Ratio as of the Calculation Date immediately preceding the applicable Extension Date is not less than 1.20:1.00.

“**Taxes**” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“ **Tenant** ” means any Person obligated by contract or otherwise to pay monies (including a percentage of gross income, revenue or profits) under any Lease now or hereafter affecting all or any part of a Property.

“ **Term** ” means the entire term of this Agreement, which shall expire upon repayment in full of the Debt.

“ **Title Insurance Owner’s Policy** ” means, with respect to each Property, an ALTA owner title insurance policy issued by a Qualified Title Insurance Company in a form reasonably acceptable to Lender (or, if such Property is in a state which does not permit the issuance of such ALTA policy, such form as shall be permitted in such state and determined to be reasonably acceptable to Lender) issued with respect to such Property and insuring the legal title to such Property, as applicable, posted to Lender’s online data room pursuant to **Section 4.1.14** with electronic or written notification to Lender of such posting.

“ **Title Insurance Policy** ” means, with respect to each Property or multiple Properties encumbered by the same Mortgage, an ALTA mortgagee title insurance policy issued by a Qualified Title Insurance Company containing such endorsements as Lender may reasonably require (to the extent available in the state where the Property or the Properties, as applicable, are located) in a form reasonably acceptable to Lender (or, if such Property or the Properties, as applicable, are located in a state which does not permit the issuance of such ALTA policy, such form as shall be permitted in such state and determined to be reasonably acceptable to Lender) issued with respect to such Property or Properties, as applicable, and insuring the Lien of the Mortgage Documents encumbering such Property or Properties (subject to Permitted Liens), as applicable, and posted to Lender’s online data room pursuant to **Section 4.1.14** with electronic or written notification to Lender of such posting.

“ **Transfer Date** ” means the date upon which a Transfer of a Property is consummated.

“ **Transfer Expenses** ” means, with respect to the Transfer of any Property, the reasonable expenses of Borrower incurred in connection therewith not to exceed six percent (6.0%) of all gross amounts realized with respect thereto, for any of the following: (i) third party real estate commissions, (ii) the closing costs of the purchaser of such Property actually paid by Borrower and (iii) Borrower’s miscellaneous closings costs, including, but not limited to title, escrow and appraisal costs and expenses.

“ **Trigger Period** ” shall commence upon the occurrence of (i) an Event of Default or (ii) the commencement of a Low Debt Yield Period; and shall end if, (A) with respect to a Trigger Period continuing pursuant to **clause (i)** , the Event of Default commencing the Trigger Period has been cured and such cure has been accepted by Lender (and no other Event of Default is then continuing) or (B) with respect to a Trigger Period continuing due to **clause (ii)** , the Low Debt Yield Period has ended pursuant to the terms hereof.

“ **Trust Fund Expenses** ” means (i) any interest payable to the Servicer, or any special servicer, trustee, operating advisor, custodian, or certificate administrator in connection with the Loan or the Properties pursuant to the Servicing Agreement in respect of advances made by any of the foregoing; *provided* , *however* , that Borrower shall only be obligated to pay any amounts described in this **clause (i)** if and to the extent such interest exceeds the sum of the Default Rate interest and late payment charges payable pursuant to **Section 2.3.4** in respect of the event giving

rise to the related advances; (ii) all special servicing fees, work-out, liquidation fees and other fees payable to any special servicer under the Servicing Agreement (A) after the Loan is transferred to the special servicer as a result of (1) the occurrence of an Event of Default or (2) an acknowledgement by Borrower in writing that the Loan is likely to go into default, or (B) in connection with any Borrower requested or consensual work-out or modification of the Loan; (iii) the regular monthly fee of the certificate administrator (capped at \$5,233 per month) and the trustee (capped at \$417 per month) under the Servicing Agreement, (iv) the fees and expenses of Midland Loan Services as Servicer as set forth in **Schedule IX**, (v) the costs and expenses of any Servicer (including costs and expenses of any third party hired by such Servicer) in connection with (A) the determination of market rents for purposes of and in accordance with clause (ii) of the definition of "GPR" and (B) the verification of information set forth in any Quarterly HOA Reports delivered pursuant to clause (h) of **Schedule X**, as well as the verification and/or preparation of any reports related to HOA compliance required to be performed by the Servicer under the Servicing Agreement and (vi) except for the regular monthly fees payable to the master servicer and any operating advisor, any other cost, fee or expense of the Servicer, the trustee, the operating advisor and any certificate administrator under the Servicing Agreement (A) after the Loan is transferred to the special servicer as a result of (1) the occurrence of an Event of Default or (2) an acknowledgement by Borrower in writing that the Loan is likely to go into default, (B) the occurrence of an Event of Default under **clauses (i)**, **(ii)** or **(iii)** of **Section 8.1** or (C) in connection with any Borrower requested or consensual work out or modification of the Loan or any other special waiver or approval requests made by Borrower or any Guarantor during the term of the Loan (in each case including, but not limited to, (1) any costs and expenses in connection with Broker Price Opinions and, where Broker Price Opinions are not sufficient in accordance customary mortgage servicing standards, appraisals of the Properties or the Equity Interests in Borrower (or any updates to Broker Price Opinions or such appraisals) conducted by or on behalf of the Servicer, (2) property inspections conducted by or on behalf of the Servicer, (3) lien searches conducted by or on behalf of the Servicer, (4) any reimbursements to the trustee, the Servicer, the operating advisor, any certificate administrator thereunder and related Persons of each of the foregoing, or the trust fund, pursuant to the Servicing Agreement, (5) any indemnification to Persons entitled thereto under the Servicing Agreement, (6) any litigation expenses arising from an Event of Default and (7) the cost of Rating Agency Confirmations and/or opinions of counsel, if any, required to be obtained pursuant to the Servicing Agreement in connection with servicing or administering the Loan or the Properties and administration of the trust fund).

“**Trustee**” means any trustee holding the Loan or any Component in a Securitization.

“**U.S. Dollars**” refers to lawful money of the United States.

“**U.S. Person**” means any Person that is a “United States person” as defined in Section 7701(a)(30) of the Code.

“**UCC**” or “**Uniform Commercial Code**” means the Uniform Commercial Code as in effect in the State (with respect to fixtures), the State of New York or the state in which any of the Cash Management Accounts are located, as the case may be.

“**Underwritten Capital Expenditures**” means, as of any date of determination, for the twelve (12) month period ending on such date, the product of (i) the number of Properties multiplied by (ii) \$750.

“**Underwritten Net Cash Flow**” means, as of any date of determination, the excess of: (i) for the twelve (12) month period ending on such date, the sum of (A) the lesser of (1) GPR multiplied by 94.0%, and (2) Actual Rent Collections, and (B) Other Receipts; over (ii) for the twelve (12) month period ending on such date, the sum of (A) Operating Expenses, adjusted to reflect exclusion of amounts representing non-recurring expenses, (B) Underwritten Capital Expenditures and (C) Concessions. For purposes of the foregoing calculations, for the first Calculation Date after the Closing Date, Operating Expenses, Concessions, Actual Rent Collections and Other Receipts with respect to the Properties for the period from and including October 1, 2014, to and including such Calculation Date shall be annualized to determine the twelve (12) month Operating Expenses, Concessions, Actual Rent Collections and Other Receipts with respect to the Properties.

Notwithstanding the foregoing, Underwritten Net Cash Flow shall not include (a) any Insurance Proceeds (other than business interruption and/or rental loss insurance proceeds and only to the extent allocable to the applicable reporting period), (b) any proceeds resulting from the Transfer of all or any portion of any Property, (c) any item of income otherwise included in Underwritten Net Cash Flow but paid directly by any Tenant to a Person other than Borrower as an offset or deduction against Rent payable by such Tenant, provided such item of income is for payment of an item of expense (such as payments for utilities paid directly to a utility company) and such expense is otherwise excluded from the definition of Operating Expenses pursuant to clause “(G)” of the definition thereof, (d) security deposits received from Tenants until forfeited or applied and (e) any lease buy-out or surrender payment from any Tenant (including any payment relating to unamortized tenant improvements and/or leasing commissions).

Notwithstanding anything herein to the contrary, the Underwritten Net Cash Flow of any Property that is a Disqualified Property shall be zero for all purposes of this Agreement.

“**United States**” means the United States of America.

“**Unrestricted Cash**” means any cash or Permitted Investments not held (or required to be held) in any Collection Account, Account, Rent Deposit Account or Security Deposit Account, to the extent the cash value thereof could be distributed as a Restricted Junior Payment by a Loan Party pursuant to **Section 4.2.12** on such date.

“**Vacant Property**” means, individually, and “**Vacant Properties**” means, collectively, the Properties listed on **Schedule XI** attached hereto which are not leased to or occupied by any Tenant as of the Cut-Off Date.

“**Voluntary Action**” means, in respect of any Property, a voluntary action or omission by any Loan Party or an action or omission by any third party authorized by a Loan Party that, in each case, such Loan Party intends to result in (i) an imposition of a Lien (other than a Permitted Lien) on such Property or (ii) a Transfer of such Property.

Section 1.2 Index of Other Definitions . The following terms are defined in the Sections, Schedules or Loan Documents as indicated below:

“**Acceptable Blanket Policy**” – 5.1.1(c)

“**Acceptable LLC**” – Schedule IV

“**Account Collateral**” – 6.9

“ *Accounts* ” – 6.1.1

“ *Act* ” – Schedule IV

“ *Affected Property* ” and “ *Affected Properties* ” – 2.4.3(a)

“ *Agreement* ” – Introductory Paragraph

“ *Anti-Money Laundering Laws* ” – 3.1.27

“ *Approved Annual Budget* ” – 6.8.3

“ *Approved Extraordinary Operating Expense* ” – 6.8.4

“ *Approved Initial Budget* ” – 6.8.3

“ *Available Cash* ” – 6.8.1(i)

“ *Borrower* ” – Introductory Paragraph

“ *Borrower’s Operating Account* ” – 6.1.3

“ *Breakage Costs* ” – 2.2.5

“ *Capital Expenditure Account* ” – 6.4.1

“ *Capital Expenditure Funds* ” – 6.4.1

“ *Cash Collateral Account* ” – 6.7.1

“ *Cash Collateral Floor* ” – 6.7.2

“ *Cash Collateral Funds* ” – 6.7.1

“ *Cash Management Accounts* ” – 6.9

“ *Casualty* ” – 5.2

“ *Casualty and Condemnation Account* ” – 6.6

“ *Casualty and Condemnation Funds* ” – 6.6

“ *Casualty Consultant* ” – 5.4(d)(iii)

“ *Casualty Retainage* ” – 5.4(d)(iv)

“ *Cause* ” – Schedule IV

“ *Committee* ” – Schedule IV

“ *Condemnation Proceeds* ” – Net Proceeds Definition

“ *Counterparty Opinion* ” – 2.6.3(g)

“ *Covered Disclosure Information* ” – 9.2(b)

“ *Debt Yield Cure Prepayment* ” – Low Debt Yield Period Definition

“ *Designated Renovation Property* ” – Sponsor Guaranty

“ *Disclosure Document* ” – 9.2(a)

“ *Eligibility Funds* ” – 6.10(a)

“ *Eligibility Reserve Account* ” – 6.10(a)

“ *Embargoed Person* ” – 4.2.16

“ *Equity Certificate* ” – 10.28(a)

“ *ERISA Plan* ” – 3.1.8(a)

“ *Event of Default* ” – 8.1

“ *Excess Deductible* ”- 5.1.3

“ *Exchange Act* ” – 9.2(a)

“ *Exchange Act Filing* ” – 9.1(d)

“ *Extraordinary Operating Expense* ” – 6.8.4

“ *First Extended Maturity Date* ” – 2.7.1

“ *First Extension Notice* ” – 2.7.1

“ *First Extension Option* ” – 2.7.1

“ *Fully Condemned Property* ” – 5.3(b)

“ *Fully Condemned Property Prepayment Amount* ” – 5.3(b)

“ *Guarantor’s Permitted Indebtedness* ” – 4.2.8

“ *HOA Funds* ” – 6.2.3

“ **HOA Subaccount** ” – 6.2.3

“ **Indemnified Liabilities** ” – 4.1.21

“ **Independent Director** ” – Schedule IV

“ **Independent Manager** ” – Schedule IV

“ **Initial Interest Period** ” – 2.3.1

“ **Insurance Account** ” – 6.3.1

“ **Insurance Funds** ” – 6.3.1

“ **Insurance Premiums** ” – 5.1.1(b)

“ **Insurance Proceeds** ” – Net Proceeds Definition

“ **Interest Period** ” – 2.3.2

“ **Interest Shortfall** ” – 2.4.5(a)(ii)

“ **Issuer** ” – 9.2(b)

“ **Lender** ” – Introductory Paragraph

“ **Lender Group** ” – 9.2(b)

“ **Liabilities** ” – 9.2(b)

“ **Low Debt Yield Trigger** ” – Low Debt Yield Period Definition

“ **Margin Stock** ” – 3.1.16

“ **Material Action** ” – Schedule IV

“ **Monthly Budgeted Amount** ” – 6.8.3

“ **Nationally Recognized Service Company** ” – Schedule IV

“ **Net Proceeds Deficiency** ” – 5.4(d)(vi)

“ **Note** ” – 2.1.4

“ **Notice** ” – 10.5

“ **Participant Register** ” – 10.24

“ **Patriot Act Offense** ” – 3.1.26

“ **Periodic Rating Agency Information** ” – 4.3.10

“ **Permitted Indebtedness** ” – 4.2.8

“ **Permitted Transfers** ” – 7.1

“ **Policy** ” and “ **Policies** ” – 5.1.1(b)

“ **Qualified Release Property Default** ” – 2.5(b)

“ **Quarterly HOA Report** ” – 4.3.12

“ **Rate Cap Collateral** ” – 2.6.2

“ **Register** ” – 10.24

“ **Registrar** ” – 10.24

“ **Release Conditions** ” – 2.5

“ *Release Premium Properties* ” – Release Amount Definition

“ *Release Property* ” – 2.5

“ *Rent Deposit Account* ” – 6.1.1

“ *Rent Deposit Account Retained Amount* ” – 6.1.1

“ *Rent Deposit Bank* ” – 6.1.1

“ *Review Waiver* ” – 10.2(b)

“ *Second Extended Maturity Date* ” – 2.7.1

“ *Second Extension Notice* ” – 2.7.1

“ *Second Extension Option* ” – 2.7.1

“ *Secondary Market Transaction* ” – 9.1(a)

“ *Securities* ” – 9.1(a)

“ *Securitization* ” – 9.1(a)

“ *Securities Act* ” – 9.2(a)

“ *Security Deposit Account* ” – 4.1.15(a)
“ *Servicer* ” – 10.20
“ *Servicing Agreement* ” – 10.20
“ *Sole Member* ” – Schedule IV
“ *SPC Party* ” – Schedule IV
“ *Special Insurance Reserve Account* ” – 6.5(a)
“ *Special Insurance Reserve Funds* ” – 6.5(a)
“ *Special Member* ” – Schedule IV
“ *Special Purpose Bankruptcy Remote Entity* ” – Schedule IV
“ *Substitute Mortgage Documents* ” – 2.4.3(a)(x)
“ *Substitute Property* ” and “ *Substitute Properties* ” – 2.4.3(a)
“ *Succeeding Interest Period* ” – 2.4.5(a)(ii)
“ *Tax Account* ” – 6.2.1
“ *Tax Funds* ” – 6.2.1
“ *Tenant Direction Letter* ” – 6.1.1
“ *Third Extended Maturity Date* ” – 2.7.1
“ *Third Extension Notice* ” – 2.7.1
“ *Third Extension Option* ” – 2.7.1
“ *Transfer* ” – 4.2.3
“ *Underwriter Group* ” – 9.2(b)
“ *Updated Information* ” – 9.1(b)(i)
“ *U.S. Tax Compliance Certificate* ” – 2.10.6(b)(ii)(C)

Section 1.3 Principles of Construction. All references to sections and schedules are to sections and schedules in or to this Agreement unless otherwise specified. Unless otherwise specified, the words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement or any other Loan Document shall refer to this Agreement or such other Loan Document as a whole and not to any particular provision hereof or thereof. When used in this Agreement or any other Loan Document, the word “including” shall mean “including but not limited to”. Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined.

ARTICLE 2

THE LOAN

Section 2.1 The Loan.

2.1.1 Agreement to Lend and Borrow. Subject to and upon the terms and conditions set forth herein, Lender shall make the Loan to Borrower and Borrower shall accept the Loan from Lender on the Closing Date.

2.1.2 Components of the Loan. For purposes of the computation of the interest accrued on the Loan from time to time and certain other computations set forth herein, the Loan shall be divided into multiple components designated as “Component A”, “Component B”, “Component C”, “Component D”, “Component E”, “Component F” and “Component G”. The following table sets forth the initial Component Outstanding Principal Balance of each such Component.

<u>Component</u>	<u>Initial Principal Amount</u>
Component A	\$ 227,790,000
Component B	\$ 56,520,000
Component C	\$ 49,668,000
Component D	\$ 44,530,000
Component E	\$ 67,824,000
Component F	\$ 67,479,000
Component G	\$ 27,043,000

2.1.3 Single Disbursement to Borrower. Borrower shall receive only one borrowing hereunder in respect of the Loan and any amount borrowed and repaid hereunder in respect of the Loan may not be reborrowed.

2.1.4 The Note. The Loan and all of the Components thereof shall be evidenced by that certain Promissory Note of even date herewith, in the stated principal amount of Five Hundred Forty Million Eight Hundred Fifty-Four Thousand and No/100 Dollars (\$540,854,000) executed by Borrower and payable to the order of Lender in evidence of each of the Components of the Loan (as the same may hereafter be amended, supplemented, restated, increased, extended or consolidated from time to time, the “*Note*”) and shall be repaid in accordance with the terms of this Agreement, the Note and the other Loan Documents. If the Note is mutilated or defaced and is surrendered to the Borrower, or if there shall be delivered to the Borrower evidence to its reasonable satisfaction of the destruction, loss or theft of the Note, then the Borrower shall execute and deliver, in lieu of the mutilated, defaced, destroyed lost or stolen Note, a new Note, of like tenor (including the same date of issuance) and equal principal or face amount and bearing interest from the date to which interest has been paid on the mutilated, defaced, destroyed, lost or stolen Note, provided that the applicant for a replacement Note shall indemnify Borrower for any liability, obligation, loss or damages the Borrower may incur in connection with any enforcement, collection or attempted enforcement or collection of the destroyed, lost or stolen Note. In the event that, as of the date a replacement Note is requested, the principal amount of any such mutilated, defaced, destroyed, stolen or lost Note shall have become, or will within the next succeeding fifteen (15) days become, due and payable in accordance with its terms, the Borrower may, at its discretion, not authenticate and deliver such a replacement Note. Borrower shall not be required to incur any material cost or expense in procuring any such indemnity or with the preparation, execution, authentication and delivery of any such replacement Note.

2.1.5 Use of Proceeds. Borrower shall use proceeds of the Loan to (a) make initial deposits of the Reserve Funds, (b) make distributions to Equity Owner and Borrower GP, (c) pay costs and expenses incurred in connection with the closing of the Loan and the related Securitization, and (d) to the extent any proceeds remain after satisfying *clauses (a) through (c)* above, for such lawful purpose as Borrower shall designate.

Section 2.2 Interest Rate.

2.2.1 Interest Rate.

(a) Each Component of the Loan shall accrue interest throughout the Term at the Interest Rate applicable to such Component during each Interest Period. The total interest accrued under the Loan shall be the sum of the interest accrued on the Component Outstanding Principal Balance of each of the Components. Borrower shall pay to Lender on each Monthly Payment Date the interest accrued or to be accrued on the Loan for the related Interest Period.

(b) Component G shall accrue interest at the Component G Interest Rate. Subject to the terms and conditions hereof, the Floating Rate Components of the Loan shall be a LIBOR Loan. In the event that Lender shall have determined (which determination shall be conclusive and binding upon Borrower absent manifest error) that by reason of circumstances affecting the interbank Eurodollar market, adequate and reasonable means do not exist for ascertaining LIBOR, then Lender shall forthwith give notice by telephone of such determination, confirmed in writing, to Borrower at least one (1) day prior to the next succeeding Interest Determination Date. If such notice is given, the Floating Rate Components of the Loan shall be converted, as of the first day of the next succeeding Interest Period, to a Prime Rate Loan. Notwithstanding any provision of this Agreement to the contrary, in no event shall Borrower have the right to convert a LIBOR Loan to a Prime Rate Loan.

(c) If, pursuant to the terms hereof, the Floating Rate Components of the Loan have been converted to a Prime Rate Loan and Lender shall determine (which determination shall be conclusive and binding upon Borrower absent manifest error) that the event(s) or circumstance(s) which resulted in such conversion shall no longer be applicable, Lender shall give notice by telephone of such determination, confirmed in writing, to Borrower at least one (1) day prior to the next succeeding Interest Determination Date. If such notice is given, the Floating Rate Components of the Loan shall be converted, as of the first day of the next succeeding Interest Period, to a LIBOR Loan. Notwithstanding any provision of this Agreement to the contrary, in no event shall Borrower have the right to convert a Prime Rate Loan to a LIBOR Loan.

(d) If the adoption of any requirement of law or any change therein or in the interpretation or application thereof, shall hereafter make it unlawful for Lender to maintain a LIBOR Loan as contemplated hereunder, (i) the obligation of Lender hereunder to make or maintain a LIBOR Loan or to convert a Prime Rate Loan to a LIBOR Loan shall be canceled forthwith and (ii) any outstanding LIBOR Loan shall be converted automatically to a Prime Rate Loan on the first day of the next succeeding Interest Period, or upon such earlier date as may be required by law. Borrower hereby agrees to promptly pay to Lender, upon demand, any additional amounts necessary to compensate Lender for any costs incurred by Lender in making any conversion in accordance with this Agreement, including without limitation, any interest or fees payable by Lender to lenders of funds obtained by it in order to make or maintain the LIBOR Loan hereunder. Lender's notice of such costs, as certified to Borrower, shall be conclusive absent manifest error.

2.2.2 Default Rate. In the event that, and for so long as, any Event of Default shall have occurred and be continuing, the Component Outstanding Principal Balance of each of the Floating Rate Components and, to the extent not prohibited by applicable law, all other portions of the Debt (other than the Component Outstanding Principal Balance of the Component G), shall accrue interest at the Default Rate, calculated from the date such payment was due or, if later, such Default shall have occurred, without regard to any grace or cure periods contained herein. Interest at the Default Rate shall be paid immediately upon demand, which demand may be made as frequently as Lender shall elect, to the extent not prohibited by applicable law.

2.2.3 Interest Calculation. Interest on the Loan and other Obligations shall be calculated by multiplying (A) the actual number of days elapsed in the period for which the calculation is being made by (B) a daily rate based on a three hundred sixty (360) day year (that is, the Interest Rate expressed as an annual rate divided by 360) by (C) the Outstanding Principal Balance or the amount of such other Obligations, as applicable. The accrual period for calculating interest due on each Monthly Payment Date shall be the Interest Period in which such Monthly Payment Date occurs.

2.2.4 Usury Savings. This Agreement and the other Loan Documents are subject to the express condition that at no time shall Borrower be required to pay interest on the Outstanding Principal Balance at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the Maximum Legal Rate. If by the terms of this Agreement or the other Loan Documents, Borrower is at any time required or obligated to pay interest on the Outstanding Principal Balance at a rate in excess of the Maximum Legal Rate, the Interest Rate shall be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the sums due under the Loan, shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the Maximum Legal Rate from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

2.2.5 Breakage Indemnity. Borrower shall indemnify Lender against any loss or expense which Lender may actually sustain or incur in liquidating or redeploying deposits from third parties acquired to effect or maintain the Loan or any part thereof as a consequence of (i) any payment or prepayment of the Loan or any portion thereof made on a date other than a Monthly Payment Date (unless interest is paid by Borrower on such payment through the end of the applicable Interest Period) and (ii) any default in payment or prepayment of the Principal or any part thereof or interest accrued thereon, as and when due and payable (at the date thereof or otherwise, and whether by acceleration or otherwise) (collectively, “**Breakage Costs**”), provided, Borrower shall not indemnify Lender from any loss or expense arising from Lender’s willful misconduct or gross negligence. Lender shall deliver to Borrower a statement for any such sums which it is entitled to receive pursuant to this Section 2.2.5, which statement shall be binding and conclusive absent manifest error. Borrower’s obligations under this Section 2.2.5 are in addition to Borrower’s obligations to pay any Spread Maintenance Premium applicable to a payment or prepayment of the Loan.

Section 2.3 Loan Payments

2.3.1 Payments. On the Closing Date, Borrower shall pay interest on the Outstanding Principal Balance from the date hereof through and including February 14, 2015 (the “**Initial Interest Period**”). On March 9, 2015, and each Monthly Payment Date thereafter during the Term, Borrower shall make a payment of principal and interest equal to the Monthly Debt Service Payment Amount, which payment shall be applied in accordance with **Article 6**. Borrower shall also pay to Lender all amounts required in respect of Reserve Funds as set forth in **Article 6**.

2.3.2 Payments Generally . After the Initial Interest Period, each interest accrual period thereafter (each, an “***Interest Period***”) shall commence on the fifteenth (15th) calendar day of a calendar month and ending on (and including) the fourteenth (14th) calendar day of the following calendar month. For purposes of making payments hereunder, but not for purposes of calculating Interest Periods, if the Monthly Payment Date is not a Business Day, then amounts due on such date shall be due on the immediately preceding Business Day. Lender shall have the right from time to time, in its sole discretion, upon not less than ten (10) days prior written notice to Borrower, to change the Monthly Payment Date to a different calendar day and, if requested by Lender, Borrower shall promptly execute an amendment to this Agreement to evidence such change; *provided, however*, that if Lender shall have elected to change the Monthly Payment Date as aforesaid, Lender shall adjust the Interest Period and, with respect to the Floating Rate Components, the Interest Determination Date accordingly, so that (a) after giving effect to any such change or adjustment, the period of time between the Monthly Payment Date and the end of the Interest Period shall not be greater than five (5) days and (b) the date of each Maturity Date (including the Stated Maturity Date, the First Extended Maturity Date, the Second Extended Maturity Date and the Third Extended Maturity Date) and any other date in the Loan Documents which corresponds with a Monthly Payment Date shall be automatically amended to reflect the Monthly Payment Date as so adjusted. With respect to payments of principal due on any Component on the Maturity Date, interest shall be payable at the Interest Rate, through and including the day immediately preceding the Maturity Date.

2.3.3 Payment on Maturity Date . Borrower shall pay to Lender on the Maturity Date the Outstanding Principal Balance, all accrued and unpaid interest and all other amounts due hereunder and under the Note, the Mortgage Documents and the other Loan Documents.

2.3.4 Late Payment Charge . If any principal, interest or any other sum due under the Loan Documents (other than the Outstanding Principal Balance due and payable on the Maturity Date) is not paid by Borrower on the date on which it is due, Borrower shall pay to Lender upon demand an amount equal to the lesser of four percent (4%) of such unpaid sum or the maximum amount permitted by applicable law in order to defray the expense incurred by Lender in handling and processing such delinquent payment and to compensate Lender for the loss of the use of such delinquent payment. Any such amount shall be secured by the Borrower Security Agreement, the Mortgage Documents and the other Loan Documents to the extent permitted by law.

2.3.5 Method and Place of Payment .

(a) Except as otherwise specifically provided herein, all payments and prepayments under this Agreement and the Note shall be made to Lender not later than 2:00 p.m., New York City time, on the date when due and shall be made in lawful money of the United States of America in immediately available funds at Lender’s office or at such other place as Lender shall from time to time designate, and any funds received by Lender after such time shall, for all purposes hereof, be deemed to have been paid on the next succeeding Business Day.

(b) Whenever any payment to be made hereunder or under any other Loan Document shall be stated to be due on a day which is not a Business Day, the due date thereof shall be the immediately preceding Business Day.

(c) All payments required to be made by Borrower hereunder or under the Note or the other Loan Documents shall be made irrespective of, and without deduction for, any setoff, claim or counterclaim and shall be made irrespective of any defense thereto.

Section 2.4 Prepayments .

2.4.1 Prepayments . Except as otherwise provided herein, Borrower shall not have the right to prepay the Loan in whole or in part prior to the Stated Maturity Date.

2.4.2 Voluntary Prepayments . Provided that Borrower shall timely deliver to Lender a Prepayment Notice, Borrower may prepay all or any portion of the Outstanding Principal Balance and any other amounts outstanding under the Note, this Agreement, the Mortgage Documents and any of the other Loan Documents, on any Business Day, provided that Borrower shall comply with the provisions of and pay to Lender the amounts set forth in **Section 2.4.5** . Each such prepayment shall be in a minimum principal amount equal to One Million and No/100 Dollars (\$1,000,000) and in integral multiples of One Hundred Thousand and No/100 Dollars (\$100,000) in excess thereof and shall be made and applied in the manner set forth in **Section 2.4.5** .

2.4.3 Mandatory Prepayments .

(a) **Disqualified Properties .** If at any time any Property shall become a Disqualified Property, Borrower shall, no later than the close of business on the fifth (5th) Business Day following the last day of the applicable Cure Period, if any, give notice thereof to Lender and prepay the Debt in the applicable Release Amount with respect to such Property. No Spread Maintenance Premium shall be owing on any such prepayment unless such Property became a Disqualified Property as a result of a Voluntary Action. After the prepayment of the Debt by the Release Amount with respect to a Disqualified Property as provided above, Lender shall release the Disqualified Property from the applicable Mortgage Documents and related Lien, provided, that (x) Borrower has delivered to Lender a draft release (and, in the event the Mortgage and the Assignment of Leases and Rents applicable to the Disqualified Property encumbers other Property(ies) in addition to the Disqualified Property, such release shall be a partial release that relates only to the Disqualified Property and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such Disqualified Property is located and shall contain standard provisions protecting the rights of Lender, (y) Borrower shall pay all costs, taxes and expenses associated with such release (including, without limitation, cost to file and record the release and Lender's reasonable attorneys' fees) and (z) such Disqualified Property is a separate legal parcel from the property remaining encumbered by Mortgages. Notwithstanding the foregoing, in lieu of such prepayment, Borrower may either (1) deposit an amount equal to one hundred percent (100%) of the Allocated Loan Amount for such Disqualified Property in the Eligibility Reserve Account in accordance with and subject to **Section 6.10** or (2) substitute a Disqualified Property or a portfolio of Disqualified Properties (each, an "**Affected Property**" and collectively, the "**Affected Properties**") with a substitute Eligible Property or a portfolio of Eligible Properties (each, a "**Substitute Property**" and collectively, the "**Substitute Properties**") provided that, in the case of a proposed substitution, the following conditions are satisfied:

(i) each substitute Eligible Property is either a detached single-family residential real property or a condominium or townhome (so long as condominium units and townhomes constitute no more than two percent (2%) of the Properties by BPO Value and provided no condominium that is a Substitute Property shall consist of more than one single-family unit), but excluding housing cooperatives and manufactured housing;

(ii) no Event of Default shall have occurred and be continuing except as related to, and cured by the removal of, the Affected Property or Affected Properties being substituted;

(iii) Lender shall have obtained, at Borrower's sole cost and expense, a Broker Price Opinion for the Substitute Property (or Broker Price Opinions for a portfolio of Substitute Properties) being substituted and based on such Broker Price Opinion(s), the Substitute Property (or portfolio of Substitute Properties) being substituted shall have the same or greater BPO Value as the greater of (x) the BPO Value of the Affected Property (or portfolio of Affected Properties) being substituted as of the Closing Date and (y) the BPO Value of the Affected Property (or portfolio of Affected Properties) being substituted at the time of substitution;

(iv) Borrower shall deliver to Lender an Officer's Certificate stating that each Substitute Property satisfies each of the Property Representations and is in compliance with each of the Property Covenants on the date of the substitution after giving effect to the substitution;

(v) the Eligible Lease for each Substitute Property shall have a remaining contractual term of at least six (6) months (without giving effect to any extension option in such lease);

(vi) the in place Rents under the Lease(s) for the Substitute Property (or Substitute Properties, if a portfolio of Affected Properties are being substituted) shall be equal to or greater than the greater of (A) the in place Rents under the Lease(s) for the Affected Property (or portfolio of Affected Properties) being substituted measured as of the time of substitution and (B) the in place Rents under the Lease(s) for the Affected Property (or portfolio of Affected Properties) being substituted measured as of the Closing Date;

(vii) simultaneously with the substitution, Borrower shall convey all of Borrower's right, title and interest in, to and under the Affected Property (or portfolio of Affected Properties) being substituted to a Person other than Borrower or a Loan Party or any Person owned directly or indirectly by Borrower or a Loan Party and Borrower shall deliver to Lender a copy of the deed conveying all of Borrower's right, title and interest in such Affected Property (or portfolio of Affected Properties) being substituted;

(viii) Borrower shall deliver on or prior to the date of substitution evidence satisfactory to Lender that each Substitute Property is insured pursuant to Policies meeting the requirements of *Article 5* ;

(ix) Borrower shall deliver to Lender the Property File with respect to each Substitute Property;

(x) Borrower shall have executed and delivered to Lender, the Mortgage Documents with respect to each Substitute Property, which shall be in substantially the same form as the Mortgage, Assignment of Leases and Rents and Fixture Filing, if applicable, executed and/or delivered on the Closing Date (or with respect to any such Affected Property which was previously a Substitute Property, the date such Affected Property became collateral for the Loan) with such changes as may be necessitated or appropriate (as reasonably determined by Lender) for the jurisdiction in which the Substitute Property is located, and which may, in Lender's reasonable discretion, be Mortgage Documents with respect to only such Substitute Property (and in the event the Substitute Property is located in the same county or parish in which one or more other Properties (other than the Affected Property or Affected Properties being substituted) is located, such Mortgage and Assignment of Leases and Rents may be in the form of an amendment and spreader agreement to the existing Mortgage and Assignment of Leases and Rents covering such Property or Properties located in the same county or parish as the Substitute Property, in each case, in form and substance reasonably acceptable to Lender) (the "*Substitute Mortgage Documents* ");

(xi) Borrower shall deliver to Lender the following opinions of counsel: (A) an opinion of counsel admitted to practice under the laws of the state in which the Substitute Property (or portfolio of Substitute Properties) being substituted is located in form and substance reasonably satisfactory to Lender opining as to the enforceability of the Substitute Mortgage Documents with respect to the Substitute Property (or portfolio of Substitute Properties) and (B) an opinion stating that the Substitute Mortgage Documents were duly authorized, executed and delivered by Borrower and that the execution and delivery of such Substitute Mortgage Documents and the performance by Borrower of its obligations thereunder will not cause a breach or a default under, any agreement, document or instrument to which Borrower is a party or to which it or the Properties are bound and otherwise in form and substance reasonably satisfactory to Lender;

(xii) Lender shall have received a Title Insurance Policy for each Substitute Property (or, in the event a Substitute Property is located in the same county or parish in which one or more other Properties (other than an Affected Property being substituted) is located, an endorsement to the existing Title Insurance Policy with respect to such Property or Properties located in the same county or parish as such Substitute Property in form and substance reasonably satisfactory to Lender) insuring the Lien of the Mortgage encumbering such Substitute Property as a valid first lien on such Substitute Property, free and clear of all exceptions other than the Permitted Liens;

(xiii) each Substitute Property shall be located in a metropolitan statistical area that contains at least one property described on the Properties Schedule as of the Closing Date,

(xiv) no acquisition of a Substitute Property will result in Borrower or any Loan Party incurring any indebtedness (except as permitted by this Agreement);

(xv) the BPO Value of the Affected Properties, together with the BPO Value of all other Affected Properties since the date hereof, shall be no more than ten percent (10%) of the aggregate BPO Values of all Properties as of the Closing Date;

(xvi) if any Lien, litigation or governmental proceeding is existing or pending or, to the actual knowledge of a Responsible Officer of Manager or a Loan Party, threatened against any Affected Property being substituted with a Substitute Property or against such Substitute Property which may result in liability for Borrower, Borrower shall have deposited with Lender reserves reasonably satisfactory to Lender as security for the satisfaction of such liability;

(xvii) simultaneously with the substitution of an Affected Property or Affected Properties, Lender shall release the Affected Property or Affected Properties from the applicable Mortgage Documents and related Lien, provided, that Borrower has delivered to Lender a draft release (and, in the event the Mortgage and the Assignment of Leases and Rents applicable to the Affected Property or Affected Properties encumbers other Property(ies) in addition to the Affected Property or Affected Properties, such release shall be a partial release that relates only to the Affected Property or Affected Properties being substituted and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such Affected Property or Affected Properties are located which contains standard provisions protecting the rights of Lender;

(xviii) Borrower shall pay to Lender all reasonable out-of-pocket costs and expenses incurred by Lender in connection with the substitution (including, without limitation, costs and expenses incurred by Lender in connection with the release of the Affected Property (or portfolio of Affected Properties) being substituted from applicable Mortgage Documents) and, in addition, the current reasonable and customary fee being assessed by Lender and/or its Servicer to effect releases or assignments; and

(xix) the Affected Property or Affected Properties shall constitute separate legal parcels from the property remaining encumbered by Mortgages, and each Substitute Property shall be comprised of one or more separate legal parcels on a stand-alone basis.

Any such deposit in the Eligibility Reserve Account or any such substitution shall be completed no later than the due date for the prepayment required under this **Section 2.4.3(a)**. Notwithstanding anything to the contrary contained herein or in any other Loan Document, if the Loan is included in a REMIC Trust, no substitution under this Agreement will be permitted unless (1) either (aa) immediately after such substitution the ratio of the unpaid principal balance of the Loan to the value of the remaining Properties (as determined by Lender in its sole discretion using any commercially reasonable method permitted to a REMIC Trust; and which shall exclude the value of personal property (other than fixtures) or going concern value, if any) is equal to or less than one hundred twenty-five percent (125%) or (bb) the ratio of the unpaid principal balance of the Loan to the value of the Properties (including the Substitute Property or Substitute Properties) will not increase as a result of the substitution of the Substitute Property or

Substitute Properties for the Affected Property or Affected Properties, or (2) Lender receives an opinion of counsel that the Securitization will not fail to maintain its status as a REMIC Trust as a result of the substitution of the Substitute Property or Substitute Properties for the Affected Property or Affected Properties.

(b) Transfer. If at any time any Property is Transferred to a third party (other than for the avoidance of doubt, a Borrower TRS), then Borrower shall, no later than the close of business on the day on which such Transfer occurs, give notice thereof to Lender and prepay the Debt in the applicable Release Amount with respect to such Property in accordance with **Section 2.5**.

(c) Condemnation or Casualty. If Borrower is required to make any prepayment under **Section 5.3** or **Section 5.4** as a result of a Condemnation or Casualty, on the next occurring Monthly Payment Date following the date on which Lender actually receives the applicable Net Proceeds, one hundred percent (100%) of such Net Proceeds and all other amounts required to be prepaid pursuant to **Section 5.3** or **Section 5.4**, as applicable, shall be applied to the prepayment of the Debt in accordance with **Section 2.4.5(d)**. Notwithstanding anything herein to the contrary, no Spread Maintenance Premium shall be due in connection with any prepayment made pursuant to this **Section 2.4.3(c)**.

(d) Application of Mandatory Prepayments. Each such prepayment shall be made and applied in the manner set forth in **Section 2.4.5**.

(e) Payment from Collection Account. Lender may collect any prepayment required under this **Section 2.4.3** from the Collection Account on the date such prepayment is payable hereunder.

2.4.4 Prepayments After Default

(a) If, during the continuance of an Event of Default, payment of all or any part of the Debt is tendered by Borrower and accepted by Lender or is otherwise recovered by Lender (including through application of any Reserve Funds), such tender or recovery shall be deemed to be a voluntary prepayment by Borrower in violation of the prohibition against prepayment set forth in **Section 2.4.1**, and Borrower shall pay, as part of the Debt, all of: (i) all accrued interest calculated at the Interest Rate on the amount of principal being prepaid through and including the date of such prepayment together with an amount equal to the interest that would have accrued at the Interest Rate on the amount of principal being prepaid through the end of the Interest Period in which such prepayment occurs, notwithstanding that such Interest Period extends beyond the date of prepayment, (ii) the Interest Shortfall, if applicable, with respect to the amount prepaid, (iii) Breakage Costs, if any, without duplication of any sums paid pursuant to the preceding clauses (i) and (ii), and (iv) an amount equal to the applicable Spread Maintenance Premium (if made before the Spread Maintenance Date).

(b) Notwithstanding anything contained herein to the contrary, upon the occurrence and during the continuance of any Event of Default, any payment of principal, interest and other amounts payable under the Loan Documents from whatever source may be applied by Lender among the Components and other Obligations as Lender shall determine in its sole and absolute discretion.

2.4.5 Prepayment/Repayment Conditions.

(a) On the date on which a prepayment, voluntary or mandatory, is made under the Note or as required under this Agreement, which date must be a Business Day, Borrower shall pay to Lender:

(i) all accrued and unpaid interest calculated at the Interest Rate on the amount of principal being prepaid on the applicable Component or Components through and including the Repayment Date together with an amount equal to the interest that would have accrued at the Interest Rate on the amount of principal being prepaid through the end of the Interest Period in which such prepayment occurs, notwithstanding that such Interest Period extends beyond the date of prepayment;

(ii) if such prepayment is made during the period from and including the first day after a Monthly Payment Date through and including the last day of the Interest Period in which such prepayment occurs, all interest on the principal amount being prepaid on the applicable Component or Components which would have accrued from the first day of the Interest Period immediately following the Interest Period in which the prepayment occurs (the “**Succeeding Interest Period**”) through and including the end of the Succeeding Interest Period, calculated at (A) the Interest Rate if such prepayment occurs on or after the Interest Determination Date for the Succeeding Interest Period or (B) the Assumed Note Rate if such prepayment occurs before the Interest Determination Date for the Succeeding Interest Period (the “**Interest Shortfall**”);

(iii) Breakage Costs, if any, without duplication of any sums paid pursuant to the preceding *clauses (i) and (ii)* ;

(iv) the Spread Maintenance Premium applicable thereto (if such prepayment occurs prior to the Spread Maintenance Date); provided that no Spread Maintenance Premium shall be due in connection with a prepayment under **Section 2.4.3(a)** (except where such prepayment arises as a result of a Voluntary Action) or **Section 2.4.3(c)** ; and

(v) all other sums, then due under the Note, this Agreement and the other Loan Documents.

(b) If the Interest Shortfall for any Floating Rate Component was calculated based upon the Assumed Note Rate, upon determination of LIBOR on the Interest Determination Date for the Succeeding Interest Period then (i) if the Interest Rate applicable to such Floating Rate Component for such Succeeding Interest Period is less than the Assumed Note Rate applicable to such Floating Rate Component, Lender shall promptly refund to Borrower the amount of the Interest Shortfall paid with respect to such Floating Rate Component, calculated at a rate equal to the difference between the Assumed Note Rate applicable to such Floating Rate Component and the Interest Rate applicable to such Floating Rate Component for such Interest Period, or (ii) if the Interest Rate applicable to such Floating Rate Component is greater than the Assumed Note Rate applicable to such Floating Rate Component, Borrower shall promptly (and in no event later than the ninth (9th) day of the following month) pay Lender the amount of such additional Interest Shortfall applicable to such Floating Rate Component calculated at a rate equal to the amount by which the Interest Rate applicable to such Floating Rate Component exceeds the Assumed Note Rate applicable to such Floating Rate Component.

(c) Borrower shall pay all reasonable costs and expenses of Lender incurred in connection with the repayment or prepayment (including without limitation reasonable attorneys' fees and expenses and costs and expenses related to the Transfer or substitution of any Property); provided, for the avoidance of doubt, this provision shall not apply with respect to Taxes.

(d) Except during an Event of Default, prepayments shall be applied by Lender in the following order of priority: (i) *first*, to any amounts (other than principal, interest, Interest Shortfall, Breakage Costs and Spread Maintenance Premium) then due and payable under the Loan Documents, including any costs and expenses of Lender in connection with such prepayment; (ii) *second*, interest payable pursuant to **Section 2.4.5(a)(i)** on the applicable Component or Components being prepaid pursuant to this **clause (d)** at the Interest Rate; (iii) *third*, Interest Shortfall on the applicable Component or Components being prepaid pursuant to this **clause (d)**; (iv) *fourth*, Breakage Costs on the applicable Component or Components being prepaid pursuant to this **clause (d)**; (v) *fifth*, Spread Maintenance Premium, to the extent applicable, on the applicable Floating Rate Component or Floating Rate Components being prepaid pursuant to this **clause (d)** and (vi) *sixth*, to principal, applied as set forth in **clause (e)** below.

(e) Except during an Event of Default, prepayments of principal of the Loan made pursuant to this **Section 2.4.5** shall be applied to the Loan (i) *first*, to Component A until the Component Outstanding Principal Balance of Component A is reduced to zero, (ii) *second*, to Component B until the Component Outstanding Principal Balance of Component B is reduced to zero, (iii) *third*, to Component C until the Component Outstanding Principal Balance of Component C is reduced to zero, (iv) *fourth*, to Component D until the Component Outstanding Principal Balance of Component D is reduced to zero, (v) *fifth*, to Component E until the Component Outstanding Principal Balance of Component E is reduced to zero, (vi) *sixth*, to Component F until the Component Outstanding Principal Balance of Component F is reduced to zero and (vii) *seventh*, to Component G until the Component Outstanding Principal Balance of Component G is reduced to zero; *provided*, that so long as no Default or Event of Default shall then exist or would result therefrom, any voluntary prepayments of principal on the Loan made from Unrestricted Cash pursuant to **Section 2.4.2**, other than Debt Yield Cure Prepayments, shall be applied to the Components of the Loan on a pro rata basis based on the Component Outstanding Principal Balance of each such Component relative to the aggregate Component Outstanding Principal Balances for all of the Components until the Component Outstanding Principal Balance for each Component has been reduced to zero.

(f) Prepayments under **Section 2.4.2** shall reduce the Allocated Loan Amounts for each Property on a pro rata basis. Prepayments under **Section 2.4.3** shall reduce the Allocated Loan Amount with respect to the applicable Property, until the Allocated Loan Amount and any interest, fees or other Obligations related thereto is zero and any excess of such prepayment shall be applied to reduce the Allocated Loan Amounts for the remaining Properties on a pro rata basis.

(g) Lender shall, upon the written request and at the expense of Borrower, upon payment in full of the Debt in accordance with the terms and provisions of the Loan

Documents, release the Liens of the Mortgage Documents and cause the trustees under any of the Mortgages to reconvey the applicable Properties to Borrower. In connection with the releases of the Liens, Borrower shall submit to Lender, forms of releases of Liens (and related Loan Documents) for execution by Lender. Such releases shall be the forms appropriate in the jurisdictions in which the Properties are located and contain standard provisions protecting the rights of Lender. In addition, Borrower shall provide all other documentation Lender reasonably requires to be delivered by Borrower in connection with such releases, together with an Officer's Certificate certifying that such documentation (i) is in compliance with all Legal Requirements, and (ii) will effect such release in accordance with the terms of this Agreement. Borrower shall pay all out-of-pocket costs, taxes and expenses associated with the release of the Liens of the Mortgage Documents, including Lender's reasonable attorneys' fees.

Section 2.5 Transfers of Properties. Borrower may Transfer any Property (each, a "**Release Property**") and Lender shall release the Release Property from the applicable Mortgage Documents and release the security interest and Lien on any Collateral located at such Property, provided that the following conditions precedent to such Transfer are satisfied (the "**Release Conditions**"); provided, that, for the avoidance of doubt, the Release Conditions do not need to be satisfied in order for Lender to release its security interest and Lien on any Disqualified Property in connection with any prepayment or substitution in accordance with **Section 2.4.3(a)** :

(a) Borrower shall submit to Lender, not less than ten (10) Business Days' prior to the Transfer Date, a Request for Release, together with all attachments thereto and evidence reasonably satisfactory to Lender that the conditions precedent set forth in this **Section 2.5** will be satisfied upon the consummation of such Transfer (for the avoidance of doubt, no Request for Release need be provided in connection with a contribution of a Release Property to a Borrower TRS);

(b) No Event of Default has occurred and is continuing (other than a non-monetary Event of Default that is specific to such Release Property to which **Section 2.4.3(a)** is applicable and would be cured as a result of the release of the Release Property, so long as a mandatory prepayment is made with respect thereto in accordance with **Section 2.4.3(a)** (a "**Qualified Release Property Default**"));

(c) The Debt Yield as of the most recent Calculation Date, after giving pro forma effect to the elimination of the Underwritten Net Cash Flow for the Release Property and the repayment of the Loan in the applicable Release Amount, is at least the greater of (x) the Closing Date Debt Yield and (y) the actual Debt Yield as of such date; provided that the condition in this **clause (c)** shall not be applicable to a Transfer of a Property if the Loan is prepaid in the amount that is the greater of the applicable Release Amount and one hundred percent (100%) of the Net Transfer Proceeds for the Transferred Property;

(d) The Release Property shall be Transferred to a Person other than Borrower, any other Loan Party or, unless the release of the Release Property is effected in order to cure a Qualified Release Property Default or is a release of a Designated HOA Property, any Affiliate of Borrower or any other Loan Party; *provided* that Borrower may contribute the Release Property to a Borrower TRS;

(e) Except for (i) the release of the Release Property that is effected in order to cure a Qualified Release Property Default, (ii) any contribution to a Borrower TRS described

in the *proviso* of the foregoing **clause (d)** or (iii) a release of a Designated HOA Property, the Release Property shall be Transferred pursuant to a bona fide all-cash sale of the Release Property on arms-length terms and conditions;

(f) Except for any contribution to a Borrower TRS described in the *proviso* of the foregoing **clause (d)** , on or prior to the Transfer Date, Borrower shall prepay the Outstanding Principal Balance by an amount equal to the applicable Release Amount for the Release Property, and Borrower shall comply with the provisions and pay to Lender the amounts set forth in **Section 2.4.5** ;

(g) Except for any contribution to a Borrower TRS described in the *proviso* of the foregoing **clause (d)** , if a Trigger Period is continuing on the Transfer Date, the excess, if any, of (i) the Net Transfer Proceeds for the Release Property over (ii) the applicable Release Amount for the Release Property and any other amounts payable to Lender in connection with such release, shall be deposited into the Cash Collateral Account;

(h) Borrower shall submit to Lender, not less than five (5) Business Days prior to the Transfer Date, a draft release for the applicable Mortgage Documents (and, in the event the Mortgage and the Assignment of Leases and Rents applicable to the Release Property encumber other Property(ies) in addition to the Release Property, such release shall be a partial release that relates only to the Release Property and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which the Release Property is located and shall contain standard provisions protecting the rights of Lender. In addition, Borrower shall provide all other documentation of a ministerial or administrative nature that Lender reasonably requires to be delivered by Borrower in connection with such release or assignment;

(i) Borrower shall have paid all taxes and all reasonable out-of-pocket costs and expenses incurred by Lender and/or its Servicer in connection with any such release and, in addition, the current reasonable and customary fee being assessed by Lender and/or its Servicer to effect such release or assignment;

(j) Notwithstanding anything to the contrary contained herein or in any other Loan Document, if the Loan is included in a REMIC Trust and the ratio of the unpaid principal balance of the Loan to the value of the remaining Properties (as determined by Lender in its sole discretion using any commercially reasonable method permitted to a REMIC Trust; and which shall exclude the value of any personal property (other than fixtures) or going concern value, if any) exceeds or would exceed one hundred twenty-five percent (125%) immediately after giving effect to the release of the Release Property, no release will be permitted unless the principal balance of the Loan is prepaid by an amount not less than the greater of (i) the Release Amount or (ii) the least amount that is a "qualified amount" as that term is defined in IRS Revenue Procedure 2010-30, as the same may be amended, replaced, supplemented or modified from time to time, unless Lender receives an opinion of counsel that, if this **Section 2.5(i)** is applicable but not followed or is no longer applicable at the time of such release, the Securitization will not fail to maintain its status as a REMIC Trust as a result of the release of the Release Property; and

(k) The Release Property is a separate legal parcel from the property remaining encumbered by Mortgages.

Section 2.6 Interest Rate Cap Agreement.

2.6.1 Interest Rate Cap Agreement. Prior to or contemporaneously with the Closing Date, Borrower shall have obtained, and thereafter maintain in effect, the Interest Rate Cap Agreement, which shall have a term expiring no earlier than the last day of the Interest Period in which the Stated Maturity Date occurs and have a notional amount which shall not at any time be less than the aggregate Component Outstanding Principal Balances of the Floating Rate Components. The Interest Rate Cap Agreement shall have a strike rate equal to the Strike Price.

2.6.2 Pledge and Collateral Assignment. As security for the full and punctual payment and performance of the Obligations when due (whether upon stated maturity, by acceleration, early termination or otherwise), Borrower, as pledgor, hereby pledges, assigns, hypothecates, transfers and delivers to Lender as collateral and hereby grants to Lender a continuing first priority lien on and security interest in, to and under all of the following whether now owned or hereafter acquired and whether now existing or hereafter arising (the “**Rate Cap Collateral**”): all of the right, title and interest of Borrower in and to (a) the Interest Rate Cap Agreement; (b) all payments, distributions, disbursements or proceeds due, owing, payable or required to be delivered to Borrower in respect of the Interest Rate Cap Agreement or arising out of the Interest Rate Cap Agreement, whether as contractual obligations, damages or otherwise; and (c) all of Borrower’s claims, rights, powers, privileges, authority, options, security interests, liens and remedies, if any, under or arising out of the Interest Rate Cap Agreement, in each case including all accessions and additions to, substitutions for and replacements, products and proceeds of any or all of the foregoing.

2.6.3 Covenants.

(a) Borrower shall comply with all of its obligations under the terms and provisions of the Interest Rate Cap Agreement. All amounts paid by the Counterparty under the Interest Rate Cap Agreement to Borrower or Lender shall be deposited immediately into the Collection Account pursuant to **Section 6.1.1**. Subject to the terms hereof, provided no Event of Default has occurred and is continuing, Borrower shall be entitled to exercise all rights, powers and privileges of Borrower under, and to control the prosecution of all claims with respect to, the Interest Rate Cap Agreement and the other Rate Cap Collateral. Borrower shall take all actions reasonably requested by Lender to enforce Borrower’s rights under the Interest Rate Cap Agreement in the event of a default by the Counterparty thereunder and shall not waive, amend or otherwise modify any of its rights thereunder.

(b) Borrower shall defend Lender’s right, title and interest in and to the Rate Cap Collateral pledged by Borrower pursuant hereto or in which it has granted a security interest pursuant hereto against the claims and demands of all other Persons.

(c) In the event of any downgrade, withdrawal or qualification of the rating of the Counterparty such that it ceases to qualify as an “Approved Counterparty”, unless the Counterparty shall have posted collateral on terms acceptable to each Rating Agency, Borrower shall replace the Interest Rate Cap Agreement with a Replacement Interest Rate Cap Agreement not later than ten (10) Business Days following receipt of notice from Lender, Servicer or any other Person of such downgrade, withdrawal or qualification. In the event that the Counterparty is downgraded (i) below BBB+ by S&P or Fitch (or, if such counterparty was an approved

counterparty based on its short-term rating by S&P or Fitch, below “A-2” by S&P or “F-2” by Fitch) or (ii) below “Baa1” by Moody’s, a Replacement Interest Rate Cap Agreement shall be required regardless of the posting of collateral.

(d) In the event that Borrower fails to purchase and deliver to Lender a Replacement Interest Rate Cap Agreement as and when required hereunder, Lender may purchase a Replacement Interest Rate Cap Agreement and the cost incurred by Lender in purchasing such Replacement Interest Rate Cap Agreement shall be paid by Borrower to Lender with interest thereon at the Default Rate from the date such cost was incurred by Lender until such cost is paid by Borrower to Lender.

(e) Borrower shall not sell, assign, or otherwise dispose of, or mortgage, pledge or grant a security interest in, any of the Rate Cap Collateral or any interest therein, and any sale, assignment, mortgage, pledge or security interest whatsoever made in violation of this covenant shall be a nullity and of no force and effect, and upon demand of Lender, shall forthwith be cancelled or satisfied by an appropriate instrument in writing.

(f) Borrower shall not (i) without the prior written consent of Lender, modify, amend or supplement the terms of the Interest Rate Cap Agreement, (ii) without the prior written consent of Lender, except in accordance with the terms of the Interest Rate Cap Agreement, cause the termination of the Interest Rate Cap Agreement prior to its stated maturity date, (iii) without the prior written consent of Lender, except as aforesaid, waive or release any obligation of the Counterparty (or any successor or substitute party to the Interest Rate Cap Agreement) under the Interest Rate Cap Agreement, (iv) without the prior written consent of Lender, consent or agree to any act or omission to act on the part of the Counterparty (or any successor or substitute party to the Interest Rate Cap Agreement) which, without such consent or agreement, would constitute a default under the Interest Rate Cap Agreement, (v) fail to exercise promptly and diligently each and every material right which it may have under the Interest Rate Cap Agreement, (vi) take or intentionally omit to take any action or intentionally suffer or permit any action to be omitted or taken, the taking or omission of which would result in any right of offset against sums payable under the Interest Rate Cap Agreement or any defense by the Counterparty (or any successor or substitute party to the Interest Rate Cap Agreement) to payment or (vii) fail to give prompt notice to Lender of any notice of default given by or to Borrower under or with respect to the Interest Rate Cap Agreement, together with a complete copy of such notice. If Borrower shall have received written notice that the Securitization shall have occurred, no consent by Lender provided for in this **Section 2.6.3 (f)** shall be given by Lender unless Lender shall have received a Rating Agency Confirmation.

(g) In connection with an Interest Rate Cap Agreement, Borrower shall obtain and deliver to Lender an opinion of counsel from counsel (which counsel may be in-house counsel for the Counterparty) for the Counterparty upon which Lender and its successors and assigns may rely (the “**Counterparty Opinion**”), under New York law and, if the Counterparty is a non-U.S. entity, the applicable foreign law, which shall provide in relevant part, that: (i) the issuer is duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation and has the organizational power and authority to execute and deliver, and to perform its obligations under, the Interest Rate Cap Agreement; (ii) the execution and delivery of the Interest Rate Cap Agreement by the issuer, and any other agreement which the issuer has executed and delivered pursuant thereto, and the performance of its obligations thereunder have been and remain duly authorized by all necessary action and do not contravene any provision of

its certificate of incorporation or by-laws (or equivalent organizational documents) or any law, regulation or contractual restriction binding on or affecting it or its property; (iii) all consents, authorizations and approvals required for the execution and delivery by the issuer of the Interest Rate Cap Agreement, and any other agreement which the issuer has executed and delivered pursuant thereto, and the performance of its obligations thereunder have been obtained and remain in full force and effect, all conditions thereof have been duly complied with, and no other action by, and no notice to or filing with any governmental authority or regulatory body is required for such execution, delivery or performance; and (iv) the Interest Rate Cap Agreement, and any other agreement which the issuer has executed and delivered pursuant thereto, has been duly executed and delivered by the issuer and constitutes the legal, valid and binding obligation of the issuer, enforceable against the issuer in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

2.6.4 [Reserved].

2.6.5 Representations and Warranties. Borrower hereby covenants with, and represents and warrants to Lender as of the Closing Date as follows:

(a) The Interest Rate Cap Agreement constitutes the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, subject only to applicable bankruptcy, insolvency and similar laws affecting rights of creditors generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(b) The Rate Cap Collateral is free and clear of all claims or security interests of every nature whatsoever, except such as are created pursuant to this Agreement and the other Loan Documents, and Borrower has the right to pledge and grant a security interest in the same as herein provided without the consent of any other Person other than any such consent that has been obtained and is in full force and effect.

(c) The Rate Cap Collateral has been duly and validly pledged hereunder. All consents and approvals required to be obtained by Borrower for the consummation of the transactions contemplated by this Agreement have been obtained.

(d) Giving effect to the aforesaid grant and assignment to Lender, Lender has, as of the date of this Agreement, and as to Rate Cap Collateral acquired from time to time after such date, shall have, a valid, and upon proper filing, perfected and continuing first priority lien upon and security interest in the Rate Cap Collateral; provided that no representation or warranty is made with respect to the perfected status of the security interest of Lender in the proceeds of Rate Cap Collateral consisting of "cash proceeds" or "non-cash proceeds" as defined in the UCC except if, and to the extent, the provisions of Section 9-306 of the UCC shall be complied with.

(e) Except for financing statements filed or to be filed in favor of Lender as secured party, there are no financing statements under the UCC covering any or all of the Rate Cap Collateral and Borrower shall not, without the prior written consent of Lender, until payment in full of all of the Obligations, execute and file in any public office, any enforceable financing statement or statements covering any or all of the Rate Cap Collateral, except financing statements filed or to be filed in favor of Lender as secured party.

2.6.6 Payments. If Borrower at any time shall be entitled to receive any payments with respect to the Interest Rate Cap Agreement, Borrower shall direct Counterparty to deposit such amounts immediately upon becoming payable to Borrower into the Collection Account; *provided* that if, notwithstanding such direction, Borrower receives any payments with respect to the Interest Rate Cap Agreement, Borrower shall immediately deposit such amounts into the Collection Account.

2.6.7 Remedies. Subject to the provisions of the Interest Rate Cap Agreement, if an Event of Default shall occur and then be continuing:

(a) Lender, without obligation to resort to any other security, right or remedy granted under any other agreement or instrument, shall have the right to, in addition to all rights, powers and remedies of a secured party pursuant to the UCC, at any time and from time to time, sell, resell, assign and deliver, in its sole discretion, any or all of the Rate Cap Collateral (in one or more parcels and at the same or different times) and all right, title and interest, claim and demand therein and right of redemption thereof, at public or private sale, for cash, upon credit or for future delivery, and in connection therewith Lender may grant options and may impose reasonable conditions such as requiring any purchaser to represent that any "securities" constituting any part of the Rate Cap Collateral are being purchased for investment only, Borrower hereby waiving and releasing any and all equity or right of redemption to the fullest extent permitted by the UCC or applicable law. If all or any of the Rate Cap Collateral is sold by Lender upon credit or for future delivery, Lender shall not be liable for the failure of the purchaser to purchase or pay for the same and, in the event of any such failure, Lender may resell such Rate Cap Collateral. It is expressly agreed that Lender may exercise its rights with respect to less than all of the Rate Cap Collateral, leaving unexercised its rights with respect to the remainder of the Rate Cap Collateral, *provided*, *however*, that such partial exercise shall in no way restrict or jeopardize Lender's right to exercise its rights with respect to all or any other portion of the Rate Cap Collateral at a later time or times.

(b) Lender may exercise, either by itself or by its nominee or designee, in the name of Borrower, all of Lender's rights, powers and remedies in respect of the Rate Cap Collateral, hereunder and under law.

(c) Borrower hereby irrevocably, in the name of Borrower or otherwise, authorizes and empowers Lender and assigns and transfers unto Lender, and constitutes and appoints Lender its true and lawful attorney-in-fact, and as its agent, irrevocably, with full power of substitution for Borrower and in the name of Borrower, (i) to exercise and enforce every right, power, remedy, authority, option and privilege of Borrower under the Interest Rate Cap Agreement, including any power to subordinate or modify the Interest Rate Cap Agreement (but not, unless an Event of Default exists and is continuing, the right to terminate or cancel the Interest Rate Cap Agreement), or to give any notices, or to take any action resulting in such subordination, termination, cancellation or modification and (ii) in order to more fully vest in Lender the rights and remedies provided for herein, to exercise all of the rights, remedies and powers granted to Lender in this Agreement, and Borrower further authorizes and empowers Lender, as Borrower's attorney-in-fact, and as its agent, irrevocably, with full power of substitution for Borrower and in the name of Borrower, to give any authorization, to furnish any

information, to make any demands, to execute any instruments and to take any and all other action on behalf of and in the name of Borrower which in the opinion of Lender may be necessary or appropriate to be given, furnished, made, exercised or taken under the Interest Rate Cap Agreement, in order to comply therewith, to perform the conditions thereof or to prevent or remedy any default by Borrower thereunder or to enforce any of the rights of Borrower thereunder. These powers-of-attorney are irrevocable and coupled with an interest, and any similar or dissimilar powers heretofore given by Borrower in respect of the Rate Cap Collateral to any other Person are hereby revoked.

(d) Lender may, without notice to, or assent by, Borrower or any other Person (to the extent permitted by law), but without affecting any of the Obligations, in the name of Borrower or in the name of Lender, notify the Counterparty, or if applicable, any other counterparty to the Interest Rate Cap Agreement, to make payment and performance directly to Lender; extend the time of payment and performance of, compromise or settle for cash, credit or otherwise, and upon any terms and conditions, any obligations owing to Borrower, or claims of Borrower, under the Interest Rate Cap Agreement; file any claims, commence, maintain or discontinue any actions, suits or other proceedings deemed by Lender necessary or advisable for the purpose of collecting upon or enforcing the Interest Rate Cap Agreement; and execute any instrument and do all other things deemed necessary and proper by Lender to protect and preserve and realize upon the Rate Cap Collateral and the other rights contemplated hereby.

(e) Pursuant to the powers-of-attorney provided for above, Lender may take any action and exercise and execute any instrument which it may deem necessary or advisable to accomplish the purposes hereof; *provided, however*, that Lender shall not be permitted to take any action pursuant to said power-of-attorney that would conflict with any limitation on Lender's rights with respect to the Rate Cap Collateral. Without limiting the generality of the foregoing, Lender, after the occurrence of an Event of Default, shall have the right and power to receive, endorse and collect all checks and other orders for the payment of money made payable to Borrower representing: (i) any payment of obligations owed pursuant to the Interest Rate Cap Agreement, (ii) interest accruing on any of the Rate Cap Collateral or (iii) any other payment or distribution payable in respect of the Rate Cap Collateral or any part thereof, and for and in the name, place and stead of Borrower, to execute endorsements, assignments or other instruments of conveyance or transfer in respect of any property which is or may become a part of the Rate Cap Collateral hereunder.

(f) Lender may exercise all of the rights and remedies of a secured party under the UCC.

(g) Without limiting any other provision of this Agreement or any of Borrower's rights hereunder, and without waiving or releasing Borrower from any obligation or default hereunder, Lender shall have the right, but not the obligation, to perform any act or take any appropriate action, as it, in its reasonable judgment, may deem necessary to protect the security of this Agreement, to cure such Event of Default or to cause any term, covenant, condition or obligation required under this Agreement or the Interest Rate Cap Agreement to be performed or observed by Borrower to be promptly performed or observed on behalf of Borrower. All amounts advanced by, or on behalf of, Lender in exercising its rights under this **Section 2.6.7(g)** (including, but not limited to, reasonable legal expenses and disbursements incurred in connection therewith), together with interest thereon at the Default Rate from the date of each such advance, shall be payable by Borrower to Lender upon demand and shall be secured by this Agreement.

2.6.8 Sales of Rate Cap Collateral. No demand, advertisement or notice, all of which are, to the fullest extent permitted by law, hereby expressly waived by Borrower, shall be required in connection with any sale or other disposition of all or any part of the Rate Cap Collateral, except that Lender shall give Borrower at least thirty (30) Business Days' prior written notice of the time and place of any public sale or of the time when and the place where any private sale or other disposition is to be made, which notice Borrower hereby agrees is reasonable, all other demands, advertisements and notices being hereby waived. To the extent permitted by law, Lender shall not be obligated to make any sale of the Rate Cap Collateral if it shall determine not to do so, regardless of the fact that notice of sale may have been given, and Lender may without notice or publication adjourn any public or private sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. Upon each private sale of the Rate Cap Collateral of a type customarily sold in a recognized market and upon each public sale, unless prohibited by any applicable statute which cannot be waived, Lender (or its nominee or designee) may purchase any or all of the Rate Cap Collateral being sold, free and discharged from any trusts, claims, equity or right of redemption of Borrower, all of which are hereby waived and released to the extent permitted by law, and may make payment therefor by credit against any of the Obligations in lieu of cash or any other obligations. In the case of all sales of the Rate Cap Collateral, public or private, Borrower shall pay all reasonable costs and expenses of every kind for sale or delivery, including brokers' and attorneys' fees and disbursements and any tax imposed thereon. However, the proceeds of sale of Rate Cap Collateral shall be available to cover such costs and expenses, and, after deducting such costs and expenses from the proceeds of sale, Lender shall apply any residue to the payment of the Obligations in the order of priority as set forth in this Agreement.

2.6.9 Public Sales Not Possible. Borrower acknowledges that the terms of the Interest Rate Cap Agreement may prohibit public sales, that the Rate Cap Collateral may not be of the type appropriately sold at public sales, and that such sales may be prohibited by law. In light of these considerations, Borrower agrees that private sales of the Rate Cap Collateral shall not be deemed to have been made in a commercially unreasonably manner by mere virtue of having been made privately.

2.6.10 Receipt of Sale Proceeds. Upon any sale of the Rate Cap Collateral by Lender hereunder (whether by virtue of the power of sale herein granted, pursuant to judicial process or otherwise), the receipt by Lender or the officer making the sale or the proceeds of such sale shall be a sufficient discharge to the purchaser or purchasers of the Rate Cap Collateral so sold, and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to Lender or such officer or be answerable in any way for the misapplication or non-application thereof.

2.6.11 Replacement Interest Rate Cap Agreement. If, in connection with Borrower's exercise of any Extension Option pursuant to **Section 2.7**, Borrower delivers a Replacement Interest Rate Cap Agreement, all the provisions of this **Section 2.6** applicable to the Interest Rate Cap Agreement delivered on the Closing Date shall be applicable to the Replacement Interest Rate Cap Agreement.

Section 2.7 Extension Options

2.7.1 Extension Options. Borrower shall have the option (the “**First Extension Option**”), by written notice (the “**First Extension Notice**”) delivered to Lender (which notice may be revoked) no later than thirty (30) days prior to the Stated Maturity Date, to extend the Maturity Date to March 9, 2018 (the “**First Extended Maturity Date**”). In the event Borrower shall have exercised the First Extension Option, Borrower shall have the option (the “**Second Extension Option**”), by written notice (the “**Second Extension Notice**”) delivered to Lender (which notice may be revoked) no later than thirty (30) days prior to the First Extended Maturity Date, to extend the First Extended Maturity Date to March 9, 2019 (the “**Second Extended Maturity Date**”). In the event Borrower shall have exercised the Second Extension Option, Borrower shall have the option (the “**Third Extension Option**”), by written notice (the “**Third Extension Notice**”) delivered to Lender (which notice may be revoked) no later than thirty (30) days prior to the Second Extended Maturity Date, to extend the Second Extended Maturity Date to March 9, 2020 (the “**Third Extended Maturity Date**”). Borrower’s right to so extend the applicable Maturity Date shall be subject to the satisfaction of the following conditions precedent prior to each extension hereunder:

(a) (i) no Event of Default shall have occurred and be continuing on the applicable Extension Date;

(b) Borrower shall (i) obtain and deliver to Lender not later than the first day of the term of the Loan as extended, one or more Replacement Interest Rate Cap Agreements from an Approved Counterparty, in a notional amount equal to the aggregate Component Outstanding Principal Balances of the Floating Rate Components, which Replacement Interest Rate Cap Agreement(s) shall be (A) effective for the period commencing on the Business Day immediately following the then applicable Maturity Date (prior to giving effect to the applicable Extension Option) and ending on the last day of the Interest Period in which the applicable extended Maturity Date occurs and (B) otherwise on same terms set forth in **Section 2.6** and at the applicable Strike Price and (ii) execute and deliver an Acknowledgment with respect to each such Replacement Interest Rate Cap Agreement;

(c) Borrower shall deliver a Counterparty Opinion with respect to the Replacement Interest Rate Cap Agreement and the related Acknowledgment and shall deliver to Lender an executed Collateral Assignment of Interest Rate Protection Agreement;

(d) All amounts due and payable by Borrower and any other Person pursuant to this Agreement or the other Loan Documents as of the Stated Maturity Date, the First Extended Maturity Date, and the Second Extended Maturity Date, as applicable, and all reasonable, out-of-pocket costs and expenses of Lender, including fees and expenses of Lender’s counsel, in connection with the Loan and/or the applicable extension of the Term shall have been paid in full.

(e) If Borrower is unable to satisfy all of the foregoing conditions within the applicable time frames for each, Lender shall have no obligation to extend the Maturity Date hereunder.

2.7.2 Extension Documentation. As soon as practicable following an extension of the Maturity Date pursuant to this **Section 2.7**, Borrower shall, if requested by Lender, execute and deliver an amendment of and/or restatement of the Note and shall, if requested by Lender, enter into such amendments to the related Loan Documents as may be necessary or appropriate to

evidence the extension of the Maturity Date as provided in this **Section 2.7**; *provided, however*, that no failure by Borrower to enter into any such amendments and/or restatements shall affect the rights or obligations of Borrower or Lender with respect to the extension of the Maturity Date.

Section 2.8 Spread Maintenance Premium. Upon any repayment or prepayment of the Loan (including in connection with an acceleration of the Loan but excluding in connection with any mandatory prepayment pursuant to **Section 2.4.3(a)** (except where such prepayment arises as a result of a Voluntary Action) or **Section 2.4.3(c)**) made prior to the Spread Maintenance Date, Borrower shall pay to Lender on the date of such repayment or prepayment (or acceleration of the Loan) the Spread Maintenance Premium applicable thereto. All Spread Maintenance Premium payments hereunder shall be deemed to be earned by Lender upon the funding of the Loan.

Section 2.9 Increased Costs. In the event that any change in any requirement of law or in the interpretation or application thereof, or compliance by Lender with any request or directive (whether or not having the force of law) hereafter issued from any central bank or other Governmental Authority:

(a) shall hereafter impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, or deposits or other liabilities in or for the account of, advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of Lender which is not otherwise included in the determination of LIBOR hereunder;

(b) shall hereafter have the effect of reducing the rate of return on Lender's capital as a consequence of its obligations hereunder to a level below that which Lender could have achieved but for such adoption, change or compliance (taking into consideration Lender's policies with respect to capital adequacy) by any amount deemed by Lender to be material;

(c) shall hereafter subject Lender to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (ii) through (iv) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(d) shall hereafter impose on Lender any other condition and the result of any of the foregoing is to increase the cost to Lender of making, renewing or maintaining loans or extensions of credit or to reduce any amount receivable hereunder in each case by an amount deemed by Lender in good faith to be material;

then, in any such case, Borrower shall promptly pay Lender, upon demand, additional amounts necessary to compensate Lender for such additional cost or reduced amount receivable which Lender deems to be material as determined by Lender in good faith that Lender deems allocable to the Loan. If Lender becomes entitled to claim any additional amounts pursuant to this **Section 2.9**, Lender shall provide Borrower with not less than thirty (30) days written notice specifying in reasonable detail the event by reason of which it has become so entitled and the additional amount required to compensate Lender in accordance herewith. A certificate as to any additional costs or amounts payable pursuant to the foregoing sentence submitted by Lender to Borrower shall be conclusive in the absence of manifest error. Subject to **Section 2.10**, this **Section 2.9** shall survive payment of the Debt and the satisfaction of all other Obligations.

Section 2.10 Taxes.

2.10.1 Defined Terms. For purposes of this *Section 2.10*, the term “applicable law” includes FATCA.

2.10.2 Payments Free of Taxes. Any and all payments by or on account of any obligation of Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of Borrower) requires the deduction or withholding of any Tax from any such payment by Borrower, then Borrower shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this *Section 2.10*) Lender receives an amount equal to the sum it would have received had no such deduction or withholding been made.

2.10.3 Payment of Other Taxes by Borrower. Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law any Other Taxes.

2.10.4 Indemnification by the Loan Parties. Borrower shall indemnify Lender, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this *Section 2.10*) payable or paid by Lender or required to be withheld or deducted from a payment to Lender and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by Lender shall be conclusive absent manifest error.

2.10.5 Evidence of Payments. As soon as practicable after any payment of Taxes by Borrower to a Governmental Authority pursuant to this *Section 2.10*, Borrower shall deliver to Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Lender.

2.10.6 Status of Lender.

(a) If Lender is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document then Lender shall deliver to Borrower, at the time or times reasonably requested by Borrower, such properly completed and executed documentation reasonably requested by Borrower as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, Lender, if reasonably requested by Borrower, shall deliver such other documentation prescribed by applicable law or reasonably requested by Borrower as will enable Borrower to determine whether or not Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such

documentation (other than such documentation set forth in **Section 2.10.6(b)(i), (b)(ii) and (b)(iv)** below) shall not be required if in Lender's reasonable judgment such completion, execution or submission would subject Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of Lender.

(b) Without limiting the generality of the foregoing,

(i) If Lender is a U.S. Person it shall deliver to Borrower (in such number of copies as shall be reasonably requested by Borrower) on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), executed originals of IRS Form W-9 certifying that Lender is exempt from U.S. federal backup withholding tax;

(ii) If Lender is a Foreign Lender it shall, to the extent it is legally entitled to do so, deliver to Borrower (in such number of copies as shall be reasonably requested by Borrower) on or prior to the date on which it becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), whichever of the following is applicable:

(A) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN (in the case of an individual) or W-8BEN-E (in the case of an entity) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN (in the case of an individual) or W-8BEN-E (in the case of an entity) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(B) executed originals of IRS Form W-8ECI;

(C) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) or 871(h) of the Code, (x) a certificate substantially in the form of Exhibit F-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "**U.S. Tax Compliance Certificate**") and (y) executed originals of IRS Form W-8BEN (in the case of an individual) or W-8BEN-E (in the case of an entity); or

(D) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN (in the case of an individual) or W-8BEN-E (in the case of an entity), a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-2 or Exhibit F-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are

claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-4 on behalf of each such direct and indirect partner;

(iii) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower (in such number of copies as shall be reasonably requested by Borrower) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit Borrower to determine the withholding or deduction required to be made; and

(iv) if a payment made to Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), Lender shall deliver to Borrower at the time or times prescribed by law and at such time or times reasonably requested by Borrower such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Borrower as may be necessary for Borrower to comply with its obligations under FATCA and to determine that Lender has complied with Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (iv), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrower in writing of its legal inability to do so.

2.10.7 Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this **Section 2.10** (including by the payment of additional amounts pursuant to this **Section 2.10**), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this **Section 2.10.7** (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this **Section 2.10.7**, in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this **Section 2.10.7** the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This **Section 2.10.7** shall not be

construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

2.10.8 Survival. Each party's obligations under this **Section 2.10** shall survive any assignment of rights by, or the replacement of, Lender and the repayment, satisfaction or discharge of all obligations under any Loan Document.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

Section 3.1 General Representations. Borrower represents and warrants to Lender as of the Closing Date that, except to the extent (if any) disclosed on **Schedule III** with reference to a specific subsection of this **Section 3.1** :

3.1.1 Organization; Special Purpose. Each Loan Party and each SPC Party has been duly organized and is validly existing with requisite power and authority to own its properties and to transact the businesses in which it is now engaged. Each Loan Party and each SPC Party is duly qualified to do business and in good standing in each jurisdiction where it is required to be so qualified in connection with its properties, businesses and operations, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect. Each Loan Party and each SPC Party possesses all rights, licenses, permits and authorizations, governmental or otherwise, necessary to entitle it to own its properties and to transact the businesses in which it is now engaged, except to the extent that failure to do so could not in the aggregate reasonably be expected to have a Material Adverse Effect. The sole business of Borrower is the acquisition, ownership, maintenance, sale, transfer, refinancing, management, leasing and operation of the Properties; the sole business of Borrower GP is acting as the sole general partner of Borrower, including, providing the Borrower GP Guaranty and the Borrower GP Security Agreement; and the sole business of Equity Owner is acting as the sole limited partner of Borrower and the sole member of Borrower GP, including, providing the Equity Owner Guaranty and the Equity Owner Security Agreement. Each Loan Party and each SPC Party is a Special Purpose Bankruptcy Remote Entity.

3.1.2 Proceedings; Enforceability. Each Loan Party has taken all necessary action to authorize the execution, delivery and performance of this Agreement and each of the other Loan Documents to which it is a party. This Agreement and the other Loan Documents have been duly authorized, executed and delivered by or on behalf of each Loan Party party thereto and constitute legal, valid and binding obligations of each Loan Party party thereto, enforceable against each such Loan Party party thereto in accordance with their respective terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law). The Loan Documents are not subject to any right of rescission, set-off, counterclaim or defense by any Loan Party including the defense of usury, nor would the operation of any of the terms of the Loan Documents, or the exercise of any right thereunder, render the Loan Documents unenforceable, and no Loan Party has asserted any right of rescission, set-off, counterclaim or defense with respect thereto.

3.1.3 No Conflicts. The execution, delivery and performance of this Agreement and the other Loan Documents by each Loan Party party thereto (i) will not contravene such Loan Party's Constituent Documents, (ii) will not result in any violation of the provisions of any Legal Requirement of any Governmental Authority having jurisdiction over any Loan Party or any of each Loan Party's properties or assets, (iii) with respect to each Loan Party, will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under the terms of any indenture, mortgage, deed of trust, deed to secure debt, loan agreement, management agreement or other agreement or instrument to which any Loan Party is a party or to, which any of each Loan Party's property or assets is subject, that would be reasonably expected to have a Material Adverse Effect and (iv) with respect to each Loan Party, except for Liens created under the Loan Documents, result in or require the creation or imposition of any Lien upon or with respect to any of the assets of any Loan Party. Any consent, approval, authorization, order, registration or qualification of or with any such Governmental Authority required for the execution, delivery and performance by each Loan Party of this Agreement or any other Loan Documents to which it is a party has been obtained and is in full force and effect.

3.1.4 Litigation. There are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other entity now pending or, to the actual knowledge of a Responsible Officer of Manager or any Loan Party, threatened, against or affecting any Loan Party or any SPC Party or Manager, as applicable, which actions, suits or proceedings (i) involve this Agreement, the Mortgage Documents, the Loan Documents or the transactions contemplated thereby or (ii) if adversely determined, would reasonably be expected to have a Material Adverse Effect. There are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other entity that resulted in a judgment against any Loan Party or any SPC Party that has not been paid in full that would otherwise constitute an Event of Default under **Section 8.1**.

3.1.5 Agreements. No Loan Party is a party to any agreement or instrument or subject to any restriction which would reasonably be expected to have a Material Adverse Effect. No Loan Party is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party which default would be expected to have a Material Adverse Effect. Other than the Loan Documents, no Loan Party has a material financial obligation under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which any Loan Party is a party other than, with respect to Borrower, the Management Agreement.

3.1.6 Consents. No consent, approval, authorization or order of any court or Governmental Authority is required for the execution, delivery and performance by any Loan Party of, or compliance by any Loan Party with, this Agreement or the other Loan Documents or the consummation of the transactions contemplated hereby and thereby, other than those which have been obtained by the applicable Loan Party.

3.1.7 Solvency. Each Loan Party and each SPC Party has (a) not entered into the transaction contemplated by this Agreement nor executed any Loan Document with the actual intent to hinder, delay or defraud any creditor and (b) received reasonably equivalent value in exchange for its obligations under the Loan Documents. After giving effect to the Loans, each Loan Party and each SPC Party is Solvent. No petition in bankruptcy has been filed against any Loan Party or any SPC Party in the last seven (7) years, and no Loan Party in the last seven (7) years has made an assignment for the benefit of creditors or taken advantage of any insolvency

act for the benefit of debtors. No Loan Party or SPC Party is contemplating either the filing of a petition by it under any state or federal bankruptcy or insolvency laws or the liquidation of all or a major portion of such Person's assets or property, and to the actual knowledge of any Loan Party, no Person is contemplating the filing of any such petition against any Loan Party or SPC Party.

3.1.8 Employee Benefit Matters

(b) Assuming no portion of the assets used by Lender to fund the Loan constitutes the assets of an ERISA Plan, the assets of each Loan Party do not constitute "plan assets" of (a) any "employee benefit plan" (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, (b) any "plan" (as defined in Section 4975 of the Code) that is subject to Section 4975 of the Code or (c) any employee benefit plan or plan that is not subject to Title I of ERISA or Section 4975 of the Code but is subject to any law, rule or regulation applicable to such Loan Party which is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code (each of (a), (b) and (c), an "**ERISA Plan**") with the result that the transactions contemplated by this Agreement, including, but not limited to, the exercise by Lender of any rights under the Loan Documents will constitute a non-exempt prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code. No Loan Party or any of its ERISA Affiliates sponsors, maintains or contributes to any Plans or Foreign Plans. None of Equity Owner GP, any Loan Party or any of their respective Subsidiaries has any employees.

(c) Each Plan (and each related trust, insurance contract or fund) is in compliance in all material respects with its terms and will all applicable laws, including without limitation ERISA and the Code. Each Plan that is intended to be qualified under Section 401(a) of the Code as currently in effect has been determined by the IRS to be so qualified, and each trust related to any such Plan has been determined to be exempt from federal income tax under Section 501(a) of the Code as currently in effect, and no event has taken place which could reasonably be expected to cause the loss of such qualified status and exempt status. With respect to each Plan of a Loan Party, each Loan Party and all of its ERISA Affiliates have satisfied the minimum funding standard under Section 412(a) of the Code and Section 302(a) of ERISA and paid all required minimum contributions and all required installments on or before the due dates under Section 430(j) of the Code and Section 303(j) of ERISA. Neither any Loan Party nor any of its ERISA Affiliates has filed, pursuant to Section 412(c) of the Code or Section 302(c) of ERISA, an application for a waiver of the minimum funding standard. Neither any Loan Party nor any of its ERISA Affiliates has incurred any liability to the PBGC which remains outstanding other than the payment of premiums, and there are no premium payments which have become due which are unpaid. No Plan is in "at risk" status within the meaning of Section 430(i) of the Code or Section 303(j) of ERISA. There are no existing, pending or threatened claims (other than routine claims for benefits in the normal course), sanctions, actions, lawsuits or other proceedings or investigation involving any Plan to which any Loan Party or any of its ERISA Affiliates has incurred or otherwise has or could have an obligation or any liability. With respect to each Multiemployer Plan to which any Loan Party or any of its ERISA Affiliates is required to make a contribution, each Loan Party and all of its ERISA Affiliates have satisfied all required contributions and installments on or before the applicable due dates and have not incurred a complete or partial withdrawal under Section 4203 or 4205 of ERISA. No Plan Termination Event has or is reasonably expected to occur.

(d) Each Foreign Plan is in compliance in all material respects with all laws, regulations and rules applicable thereto and the respective requirements of the governing documents for such plan. The aggregate of the liabilities to provide all of the accrued benefits under each Foreign Plan does not exceed the current fair market value of the assets held in the trust or other funding vehicle for such plan. There are no actions, suits or claims (other than routine claims for benefits) pending or threatened against any Loan Party or any of its ERISA Affiliates with respect to any Foreign Plan.

3.1.9 Compliance with Legal Requirements. Each Loan Party is in compliance with all applicable Legal Requirements, except to the extent that any noncompliance would not reasonably be expected to have a Material Adverse Effect. No Loan Party is in default or violation of any order, writ, injunction, decree or demand of any Governmental Authority, except for any default or violation that would not reasonably be expected to have a Material Adverse Effect.

3.1.10 Perfection Representations.

(a) The Borrower Security Agreement, the Equity Owner Security Agreement and the Borrower GP Security Agreement create valid and continuing security interests (as defined in the applicable UCC) in the personal property Collateral in favor of Lender, which security interests are prior to all other Liens arising under the UCC, subject to Permitted Liens, and are enforceable as such against creditors of each Loan Party, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity);

(b) All appropriate financing statements have been filed in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest granted to Lender hereunder in the Collateral that may be perfected by filing a financing statement;

(c) Other than the security interest granted to Lender pursuant to Borrower Security Agreement, the Equity Owner Security Agreement and the Borrower GP Security Agreement, no Loan Party has pledged, assigned, collaterally assigned, sold, granted a security interest in, or otherwise conveyed any of the Collateral except to the extent expressly permitted by the terms hereof. No Loan Party has authorized the filing of and is not aware of any financing statements against any Loan Party that include a description of the Collateral other than any financing statement relating to the security interest granted to Lender hereunder or that has been terminated.

(d) No instrument or document that constitutes or evidences any Collateral has any marks or notations indicating that they have been pledged, assigned or otherwise conveyed to any Person other than Lender.

(e) The grant of the security interest in the Collateral by each Loan Party to Lender, pursuant to Borrower Security Agreement, the Equity Owner Security Agreement and the Borrower GP Security Agreement is in the ordinary course of business for each Loan Party and is not subject to the bulk transfer or any similar statutory provisions in effect in any applicable jurisdiction.

(f) The chief executive office and the location of each Loan Party's records regarding the Collateral are listed on **Schedule VII**. Except as otherwise disclosed to Lender in writing, each Loan Party's legal name is as set forth in this Agreement, each Loan Party has not changed its name since its formation. Except as otherwise listed on **Schedule VII**, each Loan Party does not have trade names, fictitious names, assumed names or "doing business as" names and each Loan Party's federal employer identification number and organizational identification number is set forth on **Schedule VII**.

(g) Borrower is a limited partnership, and the jurisdiction in which Borrower is organized is Delaware. Borrower's Tax I.D. number is 47-2448007 and Borrower's Delaware Organizational I.D. number is 5642305.

3.1.11 Business. Since its formation, no Loan Party has conducted any business other than entering into and performing its obligations under the Loan Documents to which it is a party and as described on **Schedule IV**. Since the date of formation of each Loan Party, no event has occurred which would reasonably be expected to have a Material Adverse Effect. As of the date hereof, no Loan Party owns or holds, directly or indirectly (a) any capital stock or equity security of, or any equity interest in, any Person other than a Loan Party, except as set forth on **Schedule VIII** or (b) any debt security or other evidence of indebtedness of any Person, except for Permitted Investments and as otherwise contemplated by the Loan Documents. Borrower does not have any subsidiaries.

3.1.12 Management. The ownership, leasing, management and collection practices used by each Loan Party and Manager with respect to the Properties have been, to the actual knowledge of the Responsible Officers of the Manager and each Loan Party, in compliance with all applicable Legal Requirements, and all necessary licenses, permits and regulatory requirements pertaining thereto have been obtained and remain in full force and effect, except to the extent that failure to obtain would not reasonably be expected to have a Material Adverse Effect.

3.1.13 Financial Information. All financial data that have been delivered to Lender in connection with the Loan (a) are true, complete and correct in all material respects (or, to the extent that any such financial data was incorrect in any material respect when delivered, the same has been corrected by financial data subsequently delivered to Lender prior to the date hereof), (b) accurately represent the financial condition of the Properties as of the date of such reports, and (c) have been prepared in accordance with GAAP throughout the periods covered, except as disclosed therein. The foregoing representation shall not apply to any such financial data that constitutes projections, *provided* that Borrower represents and warrants that such projections were made in good faith and that Borrower has no reason to believe that such projections were materially inaccurate. Borrower does not have any contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments that are known to Borrower and reasonably likely to have a materially adverse effect on the Properties or the operation thereof, except as referred to or reflected in said financial statements. Borrower has no liabilities or other obligations that arose or accrued prior to the date hereof that would reasonably be expected to have a Material Adverse Effect. Borrower has no known contingent liabilities.

3.1.14 Insurance. Borrower has obtained and delivered to Lender certificates evidencing the Policies required to be maintained under **Section 5.1.1**. All such Policies are in full force and

effect, with all premiums prepaid thereunder. No claims have been made that are currently pending, outstanding or otherwise remain unsatisfied under any such Policies that would reasonably be expected to have a Material Adverse Effect. With respect to any insurance policy, neither Borrower nor, to Borrower's or Manager's knowledge, any other Person, has done, by act or omission, anything which would impair the coverage of any of the Policies in any material respect.

3.1.15 Tax Filings. Each Loan Party has filed, or caused to be filed, on a timely basis all Tax returns (including, without limitation, all foreign, federal, state, local and other Tax returns) required to be filed by it, is not liable for Non-Property Taxes payable by any other Person and has paid or made adequate provisions for the payment of all Non-Property Taxes (to the extent such Taxes, assessment and other governmental charges exceed One Hundred Thousand and No/100 Dollars (\$100,000) in the aggregate) payable by such Loan Party except as permitted by **Section 4.1.3** or **4.4.7**. All material recording or other similar taxes required to be paid by any Loan Party under applicable Legal Requirements currently in effect in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Loan Documents have been paid.

3.1.16 Federal Reserve Regulations. No part of the proceeds of the Loan will be used for the purpose of purchasing or acquiring any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System ("**Margin Stock**") or for any other purpose which would be inconsistent with such Regulation U or any other Regulations of such Board of Governors, or for any purposes prohibited by Legal Requirements in any material respects or by the terms and conditions of this Agreement or the other Loan Documents. None of the Collateral is comprised of Margin Stock and less than twenty-five percent (25%) of the assets of each Loan Party are comprised of Margin Stock.

3.1.17 Organizational Chart. The organizational chart attached as **Schedule II**, relating to the Loan Parties and certain Affiliates and other parties, is true, complete and correct on and as of the date hereof. No Person other than those Persons shown on **Schedule II** has any ownership interest in, or right of control, directly or indirectly, in Borrower or any other Loan Party.

3.1.18 Bank Holding Company. Borrower is not a "bank holding company" or a direct or indirect subsidiary of a "bank holding company" as defined in the Bank Holding Company Act of 1956, as amended, and Regulation Y thereunder of the Board of Governors of the Federal Reserve System.

3.1.19 FIRPTA. No Loan Party is a "foreign person" within the meaning of Section 1445(f)(3) of the Code.

3.1.20 Investment Company Act. No Loan Party or any Person controlling such Loan Party, including Sponsor, is required to register as an "investment company" under the Investment Company Act of 1940, as amended.

3.1.21 Fiscal Year. Each fiscal year of Borrower commences on January 1.

3.1.22 Other Debt; Liens. No Loan Party has any Indebtedness other than, with respect to Borrower, Permitted Indebtedness, and with respect to each Guarantor, Guarantor Permitted Indebtedness.

3.1.23 Contracts.

(a) Borrower has not entered into, and is not bound by, any Major Contract which continues in existence, except those previously disclosed in writing to Lender.

(b) Each of the Major Contracts is in full force and effect, there are no material defaults by Borrower thereunder and, to the knowledge of Borrower and Manager, there are no monetary or other material defaults thereunder by any other party thereto. None of Borrower, Manager, any Affiliate of Borrower or any other Person acting on Borrower's behalf has given or received any notice of default under any of the Major Contracts that remains uncured or in dispute.

(c) Borrower has delivered copies of the Major Contracts (including all amendments and supplements thereto) to Lender that are true, correct and complete in all material respects.

(d) Except for the Manager under the Management Agreement, no Major Contract has as a party an Affiliate of Borrower. All fees and other compensation for services previously performed under the Management Agreement have been paid in full.

3.1.24 Full and Accurate Disclosure. All information, reports, financial statements, exhibits and schedules furnished in writing by or on behalf of each Loan Party to Lender in connection with the negotiation, preparation or delivery of this Agreement and the other Loan Documents or included herein or therein or delivered pursuant hereto or thereto (but excluding any projections, forward looking statements, budgets, estimates and general market data as to which each Loan Party only represents and warrants that such information was prepared in good faith based upon assumptions believed by it to be reasonable at the time), when taken as a whole, as of the date furnished, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not materially misleading.

3.1.25 Illegal Activity. None of the Properties has been or will be purchased with proceeds of any illegal activity.

3.1.26 Embargoed Person.

(a) No Loan Party nor any of its respective officers, directors or members is a Person (or to Borrower's knowledge, owned or controlled by a Person): (i) that is listed on a Government List, (ii) is otherwise subject to the provisions of Executive Order 13224 issued on September 24, 2001, (iii) has been previously indicted for or convicted of any felony involving a crime of moral turpitude or any Patriot Act Offense, or (iv) is currently under investigation by any Governmental Authority for alleged felony involving a crime of moral turpitude. For purposes hereof, the term "**Patriot Act Offense**" means any violation of the criminal laws of the United States of America or of any of the several states, or that would be a criminal violation if committed within the jurisdiction of the United States of America or any of the several states,

relating to terrorism or the laundering of monetary instruments, including any offense under (A) the criminal laws against terrorism; (B) the criminal laws against money laundering, (C) the Bank Secrecy Act, as amended, (D) the Money Laundering Control Act of 1986, as amended, or (E) the Patriot Act. “ **Patriot Act Offense** ” also includes the crimes of conspiracy to commit, or aiding and abetting another to commit, a Patriot Act Offense.

(b) At the time Borrower first entered into a Lease with each Tenant (excluding any Tenant who occupied a Property pursuant to an in-place Lease when such Property was acquired by Borrower’s Affiliate), no such Tenant was listed on either of the Government Lists described in **Section 4.1.17** .

3.1.27 Anti-Money Laundering . Borrower and each other Loan Party is in compliance in all material respects with all applicable anti-money laundering laws and regulations, including without limitation the USA Patriot Act of 2001 (collectively, the “ **Anti-Money Laundering Laws** ”). Without limiting the generality of the foregoing, to the extent required by the Anti-Money Laundering Laws, Borrower has (a) established an anti-money laundering compliance program that is in compliance, in all material respects, with the Anti-Money Laundering Laws, (b) conducted, in all material respects, the due diligence required under the Anti-Money Laundering Laws in connection with the Leases and Tenants, including with respect to the legitimacy of the applicable Tenant and the origin of the assets used by said Tenant to lease the applicable Property and (c) maintains sufficient information to identify the applicable Tenant for purposes of compliance, in all material respects, with the Anti-Money Laundering Laws.

Section 3.2 Property Representations . Borrower represents and warrants to Lender with respect to each Property as follows:

3.2.1 Property/Title .

(a) Borrower has good and marketable fee simple legal and equitable title to the real property comprising the Property, subject to Permitted Liens. The Mortgage Documents, when properly recorded and/or filed in the appropriate records, will create (i) a valid, first priority, perfected Lien on Borrower’s interest in the Property, subject only to the Permitted Liens, and (ii) perfected security interests in and to, and perfected collateral assignments of, all personalty (including the Leases), all in accordance with the terms thereof, in each case subject only to the Permitted Liens.

(b) All transfer taxes, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid under applicable Legal Requirements in connection with the transfer of the Property to Borrower have been paid or are being paid simultaneously herewith. All mortgage, mortgage recording, stamp, intangible or other similar tax required to be paid under applicable Legal Requirements in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Mortgage Documents with respect to such Property, including the Mortgages, have been paid or are being paid simultaneously herewith. All taxes and governmental assessments due and owing in respect of the Property have been paid, or an escrow of funds in an amount sufficient to cover such payments has been established hereunder or are insured against by the Title Insurance Policy and the Title Insurance Owner’s Policy for such Property.

(c) The Property is comprised of one (1) or more parcels which constitute separate tax lots and do not constitute a portion of any other tax lot not a part of such Property. The Property is comprised of one (1) or more separate legal parcels and no portion of any Property constitutes a portion of any legal parcel not a part of such Property.

3.2.2 Adverse Claims. Borrower's ownership of the Property is free and clear of any Liens other than Permitted Liens.

3.2.3 Title Insurance Owner's Policy. The Property File for the Property includes either (a) a Title Insurance Owner's Policy insuring fee simple ownership of such Property by Borrower in an amount equal to or greater than the initial Allocated Loan Amount of the Property, issued by a Qualified Title Insurance Company with no title exceptions other than Permitted Liens or (b) a marked or initialed binding commitment that is effective as a Title Insurance Owner's Policy in respect of such Property in an amount equal to or greater than the initial Allocated Loan Amount of the Property, issued by a Qualified Title Insurance Company with no title exceptions other than Permitted Liens, which commitment shall be accompanied by such other affidavits, transfer declarations and other documents as are necessary for the recordation of the deed for such Property and issuance of such Title Insurance Owner's Policy.

3.2.4 Deed. The Property File for such Property includes a deed for such Property conveying the Property to Borrower, with vesting in the actual name of Borrower with a certification from Borrower that such Property's deed has been recorded or presented to and accepted for recording by the applicable Qualified Title Insurance Company issuing the related Title Insurance Owner's Policy or binding commitment referred to in **Section 3.2.3**, with all fees, premiums and deed stamps and other transfer taxes paid.

3.2.5 Mortgage File Required Documents. The Property File for the Property includes (a) either (i) certified or file stamped (in each case by the applicable land registry) original executed Mortgage Documents or (ii) a copy of the Mortgage Documents in recordable form that have been submitted by the title insurance company for recording in the jurisdiction in which such Property is located (with Lender and Borrower acknowledging that the Mortgage Documents delivered on the Closing Date consist solely of Mortgages (which include Assignments of Leases and Rents and Fixture Filings as a part thereof), and that no separate Assignments of Leases and Rents or Fixture Filings are included as part of the Mortgage Documents delivered at the Closing Date), (b) an opinion of counsel admitted to practice in the state in which such Property is located in form and substance reasonably satisfactory to Lender in respect of the enforceability of such Mortgage Documents and an opinion of counsel in form and substance reasonably satisfactory to Lender stating that the Mortgage Documents were duly authorized, executed and delivered by Borrower and that the execution and delivery of such Mortgage Loan Documents and the performance by Borrower of its obligations thereunder will not cause a breach of, or a default under, any agreement, document or instrument to which Borrower is a party or to which it or such Property is bound, (c) either (x) a Title Insurance Policy insuring the Lien of the Mortgage encumbering such Property, or (y) a marked or initialed binding commitment that is effective as a Title Insurance Policy in respect of such Property, in each case, issued by a Qualified Title Insurance Company with no title exceptions other than Permitted Liens, which commitment shall be accompanied by such other affidavits, transfer declarations and other documents specified in such commitment as necessary for the issuance of such Title Insurance Policy, and (d) evidence that all taxes, fees and other charges payable in connection therewith have been paid in full.

3.2.6 Property File. The Property File for such Property has been delivered to Lender and there is no Deficiency with respect to such Property File.

3.2.7 Property Taxes, Other Charges and HOA Fees. There are no delinquent Property Taxes, Other Charges or HOA Fees outstanding with respect to the Property, other than Property Taxes, Other Charges or HOA Fees that may exist in accordance with **Section 4.4.8**. As of the Closing Date, there are no pending or, to Borrower's or Manager's knowledge, proposed, special or other assessments for HOA improvements affecting the Property that would reasonably be expected to have an Individual Material Adverse Effect with respect to the Property.

3.2.8 Compliance with Renovation Standards. If the Property is a Vacant Property, it was previously subject to an Eligible Lease. Except for the Designated Renovation Properties, if the Property is then subject to an Eligible Lease, or if the Property is a Vacant Property previously subject to an Eligible Lease, at the commencement of such Eligible Lease, such Property satisfied the Renovation Standards and all renovations thereto were conducted in accordance with applicable Legal Requirements, in all material respects.

3.2.9 Physical Condition. The Property is subject to an Eligible Lease or is a Vacant Property previously subject to an Eligible Lease, and at the commencement of such Eligible Lease, such Property was (and to Borrower's knowledge continues to be) in a good, safe and habitable condition and repair, and free of and clear of any damage or waste that has an Individual Material Adverse Effect on the Property.

3.2.10 Brokers. There is no commission or other compensation payable to any broker or finder in connection with the purchase of the Property by Borrower or its Affiliate that has not been paid or is being contested in good faith by Borrower.

3.2.11 Leasing. As of the Cut Off Date, unless such Property is a Vacant Property, or, in case of any Substitute Property, as of the date such Property becomes a Substitute Property, the Property was leased by Borrower pursuant to an Eligible Lease and each such lease was in full force and effect and was not in default in any material respect. No Person (other than the Borrower) has any possessory interest in the Property or right to occupy the same except any Tenant under and pursuant to the provisions of the applicable Lease and any Person claiming rights through any such Tenant. The copy of such Eligible Lease in the Property File is true and complete in all material respects and there are no material oral agreements with respect thereto. No Rent (or security deposits) has been paid more than one (1) month in advance of its due date. As of the date hereof, any payments, free rent, partial rent, rebate of rent or other payments, credits, allowances or abatements required to be given by Borrower to the relevant Tenant has already been provided to such Tenant. The leasing of the Property has complied in all material respects with Borrower's internal leasing guidelines.

3.2.12 Insurance. The Property is covered by property, casualty, liability, business interruption, windstorm, flood, earthquake and other applicable insurance policies as and to the extent, and in compliance with the applicable requirements of **Section 5.1.1** and Neither Borrower or Manager has taken (or omitted to take) any action that would impair or invalidate the coverage provided by any such policies. As of the date hereof, no claims have been made that are currently pending, outstanding or otherwise remain unsatisfied under any such policies and would reasonably be expected to have an Individual Material Adverse Effect with respect to the Property.

3.2.13 Lawsuits, Etc. As of the date hereof, there are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other entity pending or to the actual knowledge of Borrower or Manager, threatened against or affecting the Property, which actions, suits or proceedings would reasonably be expected to have an Individual Material Adverse Effect on such Property.

3.2.14 Orders, Injunctions, Etc. There are no orders, injunctions, decrees or judgments outstanding with respect to the Property that would reasonably be expected to have an Individual Material Adverse Effect on such Property.

3.2.15 Agreements Relating to the Property. Borrower is not a party to any agreement or instrument or subject to any restriction of record which would reasonably be expected to have an Individual Material Adverse Effect on such Property. Borrower has not received notice of a default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which the Property is bound. Borrower does not have a material financial obligation under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument by which the Property is bound, other than obligations under the Loan Documents. Borrower is not in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Permitted Lien with respect to the Property. Neither the Property nor any part thereof are subject to any purchase options, rights of first refusal, rights of first offer or other similar rights in favor of any Tenant or other third parties.

3.2.16 Accuracy of Information Regarding Property. The Property is not a housing cooperative or manufactured housing. All material information with respect to the Property included in the Property File and the Properties Schedule is true, complete and accurate in all material respects. If the Property is located in Nevada, (a) the HOA (if any) affecting such Property is accurately identified on **Schedule XIV** and (b) the notice address of each such HOA (if any) included in **Schedule XIV** hereof (as may be updated by Borrower from time to time by written notice to Lender) is true, complete, and accurate in all respects.

3.2.17 Compliance with Legal Requirements. The Property (including the leasing and intended use thereof) complies with all applicable Legal Requirements, including, without limitation, building and zoning ordinances and codes and all certifications, permits, licenses and approvals, including without limitation, certificates of completion and occupancy permits, required for the legal leasing, use, occupancy, habitability and operation of such Property, except as would not reasonably be expected to have an Individual Material Adverse Effect with respect to the Property. There is no consent, approval, permit, license, order or authorization of, and no filing with or notice to, any court or Governmental Authority related to the operation, use or leasing of the Property that has not been obtained, except as would not reasonably be expected to have an Individual Material Adverse Effect with respect to the Property. There has not been committed by Borrower or by any other Person in occupancy of or involved with the operation, use or leasing of the Property any act or omission affording any Governmental Authority the right of forfeiture as against the Property or any part thereof.

3.2.18 Environmental Laws. The Property is in material compliance with all Environmental Laws. No Loan Party nor any Affiliate of any Loan Party has caused or has knowledge of any discharge, spill, uncontrolled loss or seepage of any Hazardous Substance onto any property comprising or adjoining any location of the Property, and no Loan Party nor any Affiliate of any Loan Party nor, to the actual knowledge of Borrower or Manager, any tenant or occupant of all or part of the Property, is now or has been involved in operations at any Property which would reasonably be expected to lead to environmental liability for any Loan Party or any Affiliate of a Loan Party or the imposition of a Lien (other than a Permitted Lien) on the Property under any Environmental Law. There is no condition presently existing and no event has occurred or failed to occur prior to the date hereof, concerning the Property relating to any Hazardous Substance or other hazardous or toxic materials or condition, asbestos, mold or other environmental or similar matters which would reasonably be expected to have an Individual Material Adverse Effect on the Property.

3.2.19 Utilities and Public Access. The Property has rights of access to public ways and is served by water, sewer or septic system, and storm drain facilities adequate to service the Property for its intended uses and all public utilities necessary or convenient to the full use and enjoyment of the Property are located either in the public right-of-way abutting the Property (which are connected so as to serve the Property without passing over other property) or in recorded easements serving the Property and such easements are set forth in and insured by the applicable Title Insurance Owner's Policy and Title Insurance Policy and all roads necessary for the use of the Property for its intended purposes have been completed, except as would not reasonably be expected to have an Individual Material Adverse Effect with respect to the Property.

3.2.20 Eminent Domain. As of the date hereof, there is no proceeding pending or, to Borrower's or Manager's knowledge, threatened, for the total or partial condemnation or taking of the Property by eminent domain or for the relocation of roadways resulting in a failure of access to the Property on public roads.

3.2.21 Flood Zone. The Property is not located in an area identified by the Federal Emergency Management Agency as a special flood hazard area, or, if so located the flood insurance required pursuant to **Section 5.1.1(a)** is in full force and effect with respect to the Property.

3.2.22 Specified Liens. The Property will not be subject to any Specified Lien at any time on or after the first anniversary of the Closing Date.

Section 3.3 Survival of Representations. The representations and warranties set forth in this **Article III** and elsewhere in this Agreement and the other Loan Documents shall (a) survive until the Debt has been paid in full and (b) be deemed to have been relied upon by Lender notwithstanding any investigation heretofore or hereafter made by Lender or on its behalf.

ARTICLE 4

COVENANTS

Section 4.1 Affirmative Covenants. Borrower shall comply with the following covenants:

4.1.1 Compliance with Laws, Etc. Borrower shall and shall cause each other Loan Party to do or cause to be done all things necessary to preserve, renew and keep in full force and effect its rights, licenses and permits and to comply with all Legal Requirements applicable to it and the Properties (and the use thereof), including, without limitation, building and zoning ordinances and codes and certificates of occupancy, except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect. Any Loan Party, at such Loan Party's expense, may contest by appropriate legal proceeding promptly initiated and conducted in good faith and with due diligence, the validity of any Legal Requirement, the applicability of any Legal Requirement to a Loan Party or any Property or any alleged violation of any Legal Requirement; *provided* that (a) such proceeding shall be permitted under and be conducted in accordance with the provisions of any instrument to which a Loan Party is subject and shall not constitute a default thereunder and such proceeding shall be conducted in accordance with all applicable Legal Requirements; (b) no Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost; and (c) the Loan Party shall promptly upon final determination thereof comply with any such Legal Requirement determined to be valid or applicable or cure any violation of any Legal Requirement, except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect.

4.1.2 Preservation of Existence. Borrower shall and shall cause each other Loan Party and each SPC Party to (a) observe all procedures required by its Constituent Documents and preserve and maintain its corporate existence, rights, franchises and privileges in the jurisdiction of its organization, and (b) qualify and remain qualified in good standing (where relevant) as a foreign limited liability company or limited partnership, as applicable, in each other jurisdiction where the nature of its business requires such qualification and to the extent such concept exists in such jurisdiction and where, in the case of *clause (b)*, except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect.

4.1.3 Non-Property Taxes. Borrower shall and shall cause each other Loan Party and each SPC Party to file, cause to be filed or obtain an extension of the time to file, all Tax returns for Non-Property Taxes and reports required by law to be filed by it and to promptly pay or cause to be paid all Non-Property Taxes now or hereafter levied, assessed or imposed on it as the same become due and payable; *provided* that, after prior notice to Lender, such Loan Party or such SPC Party may contest by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity of any such Non-Property Taxes and, in such event, may permit the Non-Property Taxes so contested to remain unpaid during any period, including appeals, when a Loan Party or SPC Party is in good faith contesting the same so long as (a) no Event of Default has occurred and remains uncured, (b) such proceeding shall be permitted under and be conducted in accordance with all applicable Legal Requirements, (c) no Property or other Collateral nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, canceled or lost, (d) the applicable Loan Party or SPC Party has set aside on its books adequate reserves in accordance with GAAP, and the non-payment or non-discharge of such Non-Property Taxes would not reasonably be expected to have a Material Adverse Effect, (e) enforcement of the contested Non-Property Taxes is effectively stayed for the entire duration of such contest and no Lien is imposed on any Property or other Collateral, (f) any Non-Property Taxes determined to be due, together with any interest or penalties thereon, is promptly paid as

required after final resolution of such contest, (g) to the extent such Non-Property Taxes (when aggregated with all other Taxes that any Loan Party or SPC Party is then contesting under this **Section 4.1.3** or **Section 4.4.8** and for which Borrower has not delivered to Lender any Contest Security) exceed One Million and No/100 Dollars (\$1,000,000), Borrower shall deliver to Lender either (i) cash, or other security as may be approved by Lender, in an amount sufficient to insure the payment of any such Non-Property Taxes, together with all interest and penalties thereon or (ii) a payment and performance bond in an amount equal to one hundred percent (100%) of the contested amount from a surety acceptable to Lender in its reasonable discretion, (h) failure to pay such Non-Property Taxes will not subject Lender to any civil or criminal liability, (i) such contest shall not affect the ownership, use or occupancy of any Property or other Collateral, and (j) Borrower shall, upon request by Lender, give Lender prompt notice of the status of such proceedings and/or confirmation of the continuing satisfaction of the conditions set forth in clauses (a) through (i) of this **Section 4.1.3**. Notwithstanding the foregoing, Borrower shall and shall cause each other Loan Party and each SPC Party to pay any contested Non-Property Taxes (or, if cash or other security has been provided, Lender may pay over any such cash or other security held by Lender to the claimant entitled thereto) if, in Lender's reasonable judgment, any Property or other Collateral (or any part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, cancelled or lost or there shall be any danger of the Lien of any Collateral Document being primed by any related Lien.

4.1.4 Access to Properties. Subject to the rights of Tenants, Borrower shall permit agents, representatives and employees of Lender to inspect the Properties or any part thereof at reasonable hours upon reasonable advance notice.

4.1.5 Perform Loan Documents. Borrower shall and shall cause each other Loan Party to, in a timely manner, observe, perform and satisfy all the terms, provisions, covenants and conditions of the Loan Documents executed and delivered by, or applicable to, the Loan Party, and shall pay when due all costs, fees and expenses of Lender, to the extent required under the Loan Documents executed and delivered by, or applicable to, the Loan Party.

4.1.6 Awards and Insurance Benefits. Borrower shall cooperate with Lender, in accordance with the relevant provisions of this Agreement, to enable Lender to receive the benefits of any Awards or Insurance Proceeds lawfully or equitably payable in connection with any Property, and Lender shall be reimbursed for any expenses incurred in connection therewith (including reasonable attorneys' fees and disbursements, and the payment by the Loan Parties of the reasonable expense of an appraisal on behalf of Lender in case of Casualty or Condemnation affecting any Property or any part thereof) out of such Insurance Proceeds.

4.1.7 Security Interest; Further Assurances. Borrower shall and shall cause each other Loan Party to take all necessary action to establish and maintain, in favor of Lender a valid and perfected first priority security interest in all Collateral to the full extent contemplated herein, free and clear of any Liens (including the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Lender's security interest in the Collateral). Borrower shall and shall cause each other Loan Party to, at the Loan Party's sole cost and expense execute any and all further documents, financing statements, agreements, affirmations, waivers and instruments, and take all such further actions (including the filing and recording of financing statements) that may be required under any applicable Legal Requirement, or that Lender deems necessary or advisable, in order to grant, preserve, protect and perfect the validity and priority of the security

interests created or intended to be created hereby or by the Collateral Documents or the enforceability of any guaranty or other Loan Document. Such financing statements may describe as the collateral covered thereby "all assets of the debtor, whether now owned or hereafter acquired" or words to that effect.

4.1.8 Keeping of Records and Books of Account. Borrower shall and shall cause each other Loan Party to maintain and implement administrative and operating procedures (including an ability to recreate records regarding the Properties in the event of the destruction of the originals thereof) and keep and maintain on a calendar year basis, in accordance with the requirements for a Special Purpose Bankruptcy Remote Entity set forth herein, as applicable, GAAP, and, to the extent required under **Section 9.1**, the requirements of Regulation AB, proper and accurate documents, books, records and other information reasonably necessary for the collection of all Rents and other Collections and payments of its obligations. Such books and records shall include, without limitation, records adequate to permit the identification of each Property and all items of income and expense in connection with the operation of each Property. Lender shall have the right from time to time (but, in any event, not more than twice in any calendar year (unless an Event of Default shall have occurred and be continuing, in which case no such restriction shall apply)) during normal business hours upon reasonable notice (which may be given verbally) to Borrower to examine such books, records, accounts, agreements, leases, instruments and other documents and the collection systems of the Loan Parties and Manager at the offices of the Loan Parties or any other Person maintaining such books, records and accounts and to make such copies or extracts thereof as Lender shall desire. Borrower shall pay any reasonable out-of-pocket costs and expenses incurred by Lender in any such examination.

4.1.9 Special Purpose Bankruptcy Remote Entity/Separateness.

(a) Borrower shall and shall cause each other Loan Party and each SPC Party to be and continue to be a Special Purpose Bankruptcy Remote Entity.

(b) Borrower shall and shall cause each other Loan Party to comply in all material respects with all of the stated facts and assumptions made with respect to the Loan Parties in each Insolvency Opinion. Each entity other than a Loan Party with respect to which an assumption is made or a fact stated in an Insolvency Opinion will comply in all material respects with all of the assumptions made and facts stated with respect to it in such Insolvency Opinion.

4.1.10 Location of Records. Borrower shall and shall cause each other Loan Party to keep its chief place of business and chief executive office and the offices where it keeps the Records at the address(es) referred to on **Schedule VII** or upon thirty (30) days' prior written notice to Lender, at any other location in the United States where all actions reasonably requested by Lender to protect and perfect the interests of Lender in the Collateral have been taken and completed.

4.1.11 Business and Operations. Borrower shall and shall cause each other Loan Party to, directly or through the Manager or subcontractors of the Manager (subject to **Section 4.2.1**), continue to engage in the businesses presently conducted by it as and to the extent the same are necessary for the ownership, maintenance, sale, management, leasing and operation of the Properties. Borrower shall and shall cause each other Loan Party to qualify to do business and will remain in good standing under the laws of each jurisdiction as and to the extent the same are

required for the ownership, maintenance, management and operation of the Properties, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect. Borrower or a Borrower TRS, as applicable, shall, at all times during the term of the Loan, continue to own or lease all equipment, fixtures and personal property which are necessary to operate the Properties.

4.1.12 Leasing Matters. Borrower shall (i) observe and perform the obligations imposed upon the lessor under the Leases for its Properties in a commercially reasonable manner; and (ii) enforce the terms, covenants and conditions contained in such Leases upon the part of the Tenant thereunder to be observed or performed in a commercially reasonable manner except in each case to the extent that the failure to do so would not reasonably be expected to have an Individual Material Adverse Effect with respect to a Property. No Rent may be collected under any Lease for the Properties more than one (1) month in advance of its due date.

4.1.13 Property Management.

(a) Borrower shall (i) cause Manager to manage the Properties in accordance with the Management Agreement, (ii) diligently perform and observe all of the terms, covenants and conditions of the Management Agreement on the part of Borrower to be performed and observed, (iii) promptly notify Lender of any default under the Management Agreement of which it is aware, (iv) promptly deliver to Lender a copy of each financial statement, business plan, capital expenditures plan, report and estimate received by it under the Management Agreement, and (v) promptly enforce the performance and observance of all of the covenants required to be performed and observed by Manager under the Management Agreement in a commercially reasonable manner. If Borrower shall default in the performance or observance of any material term, covenant or condition of the Management Agreement on the part of Borrower to be performed or observed, then, without limiting Lender's other rights or remedies under this Agreement or the other Loan Documents, and without waiving or releasing Borrower from any of its Obligations hereunder or under the Management Agreement, Lender shall have the right, but shall be under no obligation, to pay any sums and to perform any act as may be appropriate to cause all the material terms, covenants and conditions of the Management Agreement on the part of Borrower to be performed or observed. In no event shall the fee payable to Manager for any Interest Period exceed the Management Fee Cap for such Interest Period and in no event shall Borrower pay or become obligated to pay to Manager, any transition or termination costs or expenses, termination fees, or their equivalent in connection with the Transfer of a Property or the termination of the Management Agreement.

(b) If any one or more of the following events occurs: (i) the occurrence of an Event of Default, (ii) Manager shall be in material default under the Management Agreement beyond any applicable notice and cure period (including as a result of any gross negligence, fraud, willful misconduct or misappropriation of funds), or (iii) Manager shall become insolvent or a debtor in any bankruptcy or insolvency proceeding, then Lender shall have the right to require Borrower to replace the Manager and enter into a Replacement Management Agreement with (x) a Qualified Manager selected by Borrower that is not an Affiliate of Borrower or (y) another property manager chosen by Borrower and approved by Lender; *provided*, that such approval shall be conditioned upon Borrower delivering a Rating Agency Confirmation as to such property manager. If Borrower fails to select a new Qualified Manager or a replacement Manager that satisfies the conditions described in the foregoing *clause (y)* and enter into a Replacement Management Agreement with such Person within sixty (60) days of Lender's

demand to replace the Manager, then Lender may choose the replacement property manager provided that such replacement property manager is a Qualified Manager or satisfies the conditions set forth in the foregoing *clause (y)* .

4.1.14 Property Files. Borrower will deliver to Lender all Property Files in an electronic format reasonably agreed by Lender and Borrower.

4.1.15 Security Deposits.

(a) All security deposits of Tenants, whether held in cash or any other form, shall be deposited into one or more Eligible Accounts (each, a “*Security Deposit Account*”) established and maintained by Borrower at a local bank which shall be an Eligible Institution, held in compliance with all Legal Requirements, and identified on *Schedule XIII* , as such schedule may be updated from time to time by delivery of written notice by the Borrower to Lender, and shall not be commingled with any other funds of Borrower. On or before the Closing Date, Borrower shall cause all security deposits of Tenants received by Borrower or Manager on or before the Closing Date to be deposited into a Security Deposit Account. Borrower shall cause all security deposits of Tenants received by Borrower or Manager after the Closing Date to be deposited into a Security Deposit Account, the Collection Account or a Rent Deposit Account within three (3) Business Days of receipt; *provided* that if Borrower receives a check or other payment that combines a security deposit of a Tenant together with Rent or other amounts owing by a Tenant, then Borrower shall deposit the combined payment into the Rent Deposit Account or Cash Management Account. Borrower shall maintain complete and accurate records of all transactions pertaining to security deposits of Tenants and the Security Deposit Accounts, with sufficient detail to identify all security deposits of Tenants separate and apart from other payments received from or by Tenants. Borrower shall, no less frequently than once each month, transfer into a Security Deposit Account any security deposits of Tenants previously received and deposited into the Collection Account or a Rent Deposit Account. The security deposits of Tenants shall be disbursed by Borrower in accordance with the terms of the applicable Leases and all Legal Requirements. In the event the Tenant under any Lease defaults such that the applicable security deposit may be drawn upon on account of such default, the proceeds of such draw shall constitute Collections and Borrower shall immediately deposit the proceeds thereof into a Rent Deposit Account or the Collection Account. Borrower shall pay for all expenses of opening and maintaining the Security Deposit Accounts. So long as the Debt is outstanding, except as otherwise provided in this *Section 4.1.15(a)* , Borrower shall not (and shall not permit Manager or any other Person to) open any other accounts for the deposit of security deposits of Tenants other than the Security Deposit Accounts.

(b) Any bond or other instrument which Borrower is permitted to hold in lieu of cash security deposits under any applicable Legal Requirements (i) shall be maintained in full force and effect in the full amount of such deposits unless replaced by cash deposits as herein above described, (ii) shall be issued by an institution reasonably satisfactory to Lender, (iii) shall, if permitted pursuant to any Legal Requirements, name Lender as payee or mortgagee thereunder (or at Lender’s option, be fully assignable to Lender), and (iv) shall in all respects comply with any applicable Legal Requirements and otherwise be satisfactory to Lender. Borrower shall, upon request, provide Lender with evidence reasonably satisfactory to Lender of Borrower’s compliance with the foregoing.

(c) (i) Upon Lender’s written request following the occurrence and during the continuance of an Event of Default, Borrower shall deliver (or cause to be delivered) to Lender (or Servicer) or to one or more accounts designated by Lender (or Servicer) the security deposits of Tenants, and (ii) upon a foreclosure of any Property or action in lieu thereof, Borrower shall deliver to Lender (or Servicer) or to an account designated by Lender (or Servicer) the security deposit applicable to the Lease with respect to such Property, except, in each case, to the extent any such security deposits were previously deposited into a Rent Deposit Account or the Collection Account in accordance with *Section 4.1.15(a)* following a default by the Tenant under the applicable Lease. Any security deposits delivered to Lender (or Servicer) pursuant to this *Section 4.1.15(c)* will be held by Lender (or Servicer) for the benefit of the applicable Tenants in accordance with the terms of the Leases and applicable law.

4.1.16 Anti-Money Laundering. Borrower shall comply and shall cause each other Loan Party to comply in all material respects with all applicable Anti-Money Laundering Laws. Without limiting the generality of the foregoing, to the extent required by the Anti-Money Laundering Laws, Borrower shall (a) maintain an anti-money laundering compliance program that is in compliance, in all material respects, with the Anti-Money Laundering Laws, (b) conduct, in all material respects, the due diligence required under the Anti-Money Laundering Laws in connection with the Leases and Tenants, including with respect to the legitimacy of the applicable Tenant and the origin of the assets used by said Tenant to lease the applicable Property and (c) maintain sufficient information to identify the applicable Tenant for purposes of compliance, in all material respects, with the Anti-Money Laundering Laws. Borrower shall provide notice to Lender, within five (5) Business Days of receipt, of any written notice of any Anti-Money Laundering Law violation or action involving a Loan Party.

4.1.17 Embargoed Persons. Prior to entering into a Lease with a prospective Tenant (excluding any existing Tenant of a Property that was previously screened in accordance with this **Section 4.1.17**), Borrower shall confirm that such prospective Tenant is not a Person whose name appears on a Government List. Borrower shall not knowingly enter into a Lease with a Person whose name appears on a Government List unless Borrower determines that such Person is not the terrorist, narcotics trafficker or other Person who is identified on such Government List but merely has the same name as such Person. If notwithstanding such confirmation, a Responsible Officer of a Loan Party or Manager obtains knowledge that a Tenant is a Person whose name appears on a Government List, it shall promptly provide notice of such fact to Lender within five (5) Business Days of acquiring knowledge thereof.

4.1.18 Cooperate in Legal Proceedings. Borrower shall cooperate fully with Lender with respect to any proceedings before any court, board or other Governmental Authority which may in any way affect the rights of Lender hereunder or any rights obtained by Lender under any of the other Loan Documents and, in connection therewith, permit Lender, at its election, to participate in any such proceedings.

4.1.19 Further Assurances. Borrower shall and shall cause each other Loan Party to, at Borrower's sole cost and expense:

(a) furnish to Lender all instruments, documents, certificates, title and other insurance reports and agreements, and each and every other document, certificate, agreement and instrument required to be furnished by Borrower pursuant to the terms of the Loan Documents or which are reasonably requested by Lender in connection therewith.

(b) cure any defects in the execution and delivery of the Loan Documents and execute and deliver, or cause to be executed and delivered, to Lender such documents, instruments, certificates, assignments and other writings, and do such other acts necessary or desirable, to correct any omissions in the Loan Documents, to evidence, preserve and/or protect the Collateral at any time securing or intended to secure the Obligations, as Lender may reasonably require; and

(c) do and execute all and such further lawful and reasonable acts, conveyances and assurances for the better and more effective carrying out of the intents and purposes of this Agreement and the other Loan Documents, as Lender may reasonably require from time to time.

4.1.20 Costs and Expenses.

(a) Except as otherwise expressly set forth herein or in any of the other Loan Documents, Borrower shall pay or, if Borrower fails to pay, reimburse Lender upon receipt of notice from Lender, for all costs and expenses (including reasonable attorneys' fees and disbursements) incurred by Lender in connection with (i) the Relevant Parties' ongoing performance of and compliance with Borrower's agreements and covenants contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date, including confirming compliance with environmental and insurance requirements (except to the extent expressly set forth in **Section 10.20**); (ii) Lender's ongoing performance of and compliance with all agreements and covenants contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date (except to the extent expressly set forth in **Section 10.20**); (iii) the negotiation, preparation, execution and delivery of any consents, amendments, waivers or other modifications to this Agreement and the other Loan Documents and any other documents or matters requested by any Relevant Party; (iv) filing and recording of any Loan Documents; (v) title insurance, surveys, inspections, Broker Price Opinions and broker opinions of market rent; (vi) the creation, perfection or protection of Lender's Liens in the Collateral (including fees and expenses for title and lien searches, intangibles taxes, personal property taxes, mortgage recording taxes, due diligence expenses, travel expenses, accounting firm fees, environmental reports and Lender's diligence consultant); (vii) enforcing or preserving any rights in response to third party claims or the prosecuting or defending of any action or proceeding or other litigation, in each case against, under or affecting any Relevant Party, the Loan Documents, any Property, or any other security given for the Loan; (viii) fees charged by Servicer (except to the extent expressly set forth in **Section 10.20**) and, if a Securitization has occurred, the Rating Agencies in connection with the Loan or any modification thereof; and (ix) enforcing any Obligations of or collecting any payments due from any Relevant Party under this Agreement, the other Loan Documents or with respect to any Property or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "work-out" or of any insolvency or bankruptcy proceedings; *provided*, *however*, that Borrower shall not be liable for the payment of any such costs and expenses to the extent the same arise by reason of the active gross negligence, illegal acts, fraud or willful misconduct of Lender; *provided*, further, that this **Section 4.1.20** shall not apply with respect to Taxes other than any Taxes that represent losses or damages arising from any non-Tax claim.

(b) In addition, in connection with any Rating Agency Confirmation, Review Waiver or other Rating Agency consent, approval or review requested or required hereunder

(other than the initial review of the Loan by the Rating Agencies in connection with a Securitization), Borrower shall pay all of the costs and expenses of Lender, Servicer and each Rating Agency in connection therewith, and, if applicable, shall pay any fees imposed by any Rating Agency in connection therewith.

(c) Any costs and expenses due and payable by Borrower hereunder which are not paid by Borrower within ten (10) days after demand may be paid from any amounts in the Collection Account, with notice thereof to Borrower. The obligations and liabilities of Borrower under this **Section 4.1.20** shall (i) become part of the Obligations, (ii) be secured by the Loan Documents and (iii) survive the Term and the exercise by Lender of any of its rights or remedies under the Loan Documents.

4.1.21 Indemnity. Borrower shall indemnify, defend and hold harmless Lender from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the reasonable fees and disbursements of counsel for Lender in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not Lender shall be designated a party thereto), that may be imposed on, incurred by, or asserted against Lender in any manner relating to or arising out of (a) any breach by any Relevant Party of its Obligations under, or any material misrepresentation by Borrower contained in, this Agreement or the other Loan Documents; and (b) the use or intended use of the proceeds of the Loan (collectively, the “**Indemnified Liabilities**”); *provided, however*, that Borrower shall not have any obligation to Lender hereunder to the extent that such Indemnified Liabilities arise from the gross negligence, illegal acts, fraud or willful misconduct of Lender. To the extent that the undertaking to indemnify, defend and hold harmless set forth in the preceding sentence may be unenforceable because it violates any law or public policy, Borrower shall pay the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by Lender.

4.1.22 ERISA Matters. Each Loan Party shall and shall cause each of its ERISA Affiliates to establish, maintain and operate all Plans to comply in all material respects with the provisions of ERISA, the Code and all applicable laws, the regulations and interpretation thereunder and the respective requirements of the governing documents for such Plans. Each Loan Party shall and shall cause each of its ERISA Affiliates to establish, maintain and operate all Foreign Plans to comply in all material respects with all laws, regulations and rules applicable thereto and the respective requirements of the governing documents for such plans.

4.1.23 Formation of a Borrower TRS. If Borrower organizes a Borrower TRS then the following covenants shall be applicable:

(a) Borrower shall cause such Borrower TRS to execute and deliver to Lender promptly after the formation of such Borrower TRS and, in any event, prior to contributing any Properties or other Collateral to such Borrower TRS: (i) a guaranty substantially in the form of the Equity Owner Guaranty, guaranteeing the Obligations; (ii) a security agreement, substantially in the form of the Borrower Security Agreement, pursuant to which all personal property assets of such Borrower TRS are pledged by such Borrower TRS as security for the Obligations and (iii) such other agreements, instruments, approvals, legal opinions or other documents as are reasonably requested by Lender in order to create, perfect or establish the first priority (subject to Permitted Liens) of any Lien purported to be covered by any such Collateral Documents or

otherwise to effect the intent that all property and assets of such Borrower TRS shall become Collateral for the Obligations; *provided*, that for the avoidance of doubt, the Lien of the Mortgage encumbering any Property contributed to the Borrower TRS shall not be released at such time and no new Mortgage shall be executed with respect to or recorded against any Property contributed to such Borrower TRS by Borrower;

(b) Borrower shall deliver promptly after the formation of such Borrower TRS and, in any event, prior to contributing any Properties or other Collateral to such Borrower TRS: (i) an updated Exhibit D to the Borrower Security Agreement reflecting the pledge of Borrower's capital stock in such Borrower TRS as Collateral for the Obligations, (ii) a certificate evidencing all of the capital stock of such Borrower TRS; (iii) undated stock powers or other appropriate instruments of assignment executed in blank with signature guaranteed and (iv) such other agreements, instruments, approvals, legal opinions or other documents as are reasonably requested by Lender in order to create, perfect or establish the first priority of (subject to Permitted Liens) Lender's Lien in such capital stock or otherwise to effect the intent that such capital stock shall become Collateral for the Obligations; and

(c) Prior to contributing a Property to such Borrower TRS, Borrower shall cause such Borrower TRS to execute and deliver to Lender an assumption of the Mortgage related to such Property, in form and substance reasonably acceptable to Lender and Borrower.

4.1.24 Loan Proceeds. Borrower shall use the proceeds of the Loan received by it on the Closing Date only for the purposes set forth in **Section 2.1.5**.

Section 4.2 Negative Covenants. Borrower shall comply with the following covenants:

4.2.1 Prohibition Against Termination or Modification. Borrower shall not (a) surrender, terminate, cancel, modify, renew or extend the Management Agreement, *provided*, that Borrower may, without Lender's consent, replace Manager so long as the replacement manager is a Qualified Manager pursuant to a Replacement Management Agreement, (b) enter into any other agreement relating to the management or operation of a Property with Manager or any other Person, *provided*, that Borrower may permit Manager to enter into sub-management agreements with third-party service providers to perform all or any portion of the services by Manager so long as (x) the fees and charges payable under any such sub-management agreements shall be the sole responsibility of Manager, (y) Borrower shall have no liabilities or obligations under any such sub-management agreements, and (z) any such sub-management agreements will be terminable without penalty upon the termination of the Management Agreement, (c) consent to the assignment by the Manager of its interest under the Management Agreement, or (d) waive or release any of its rights and remedies under the Management Agreement, in each case without the express consent of Lender, which consent shall not be unreasonably withheld. If at any time Lender consents to the appointment of a new property manager or a Qualified Manager is appointed, such new property manager (including a Qualified Manager) shall execute a Replacement Management Agreement.

4.2.2 Liens Against Collateral. Borrower shall not and shall cause each other Loan Party not to create or suffer to exist any Liens upon or with respect to, any Collateral except for Liens permitted under the Loan Documents (including, without limitation, Permitted Liens).

4.2.3 Transfers. Borrower acknowledges that Lender has examined and relied on the experience of Borrower and its Affiliates, and their principals in owning and operating properties such as the Properties in agreeing to make the Loan, and will continue to rely on Borrower's ownership of the Properties as a means of maintaining the value of the Properties in connection with the repayment of the Debt and the performance of the Other Obligations. Borrower acknowledges that Lender has a valid interest in maintaining the value of the Properties so as to ensure that, should Borrower default in the repayment of the Debt or the performance of the Other Obligations, Lender can recover the Debt by a sale of the Properties or Borrower's Equity Interests. Therefore, without the prior written consent of Lender, but, in each instance, subject to the provisions of **Article 7**, neither Borrower nor any Loan Party nor any other Person having a direct or indirect ownership or beneficial interest in Borrower or any Loan Party shall sell, convey, mortgage, grant, bargain, encumber, pledge, assign or transfer the Properties or Collateral or any part thereof, or any interest, direct or indirect, in Borrower or any Loan Party, whether voluntarily or involuntarily and whether directly or indirectly, by operation of law or otherwise (a "**Transfer**"). A Transfer within the meaning of this **Section 4.2.3** shall be deemed to include (a) an installment sales agreement wherein Borrower agrees to sell a Property or any part thereof for a price to be paid in installments; (b) an agreement by Borrower for the leasing of all or a substantial part of the Property for any purpose other than the actual occupancy by a space Tenant thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Borrower's right, title and interest in and to any Leases or any Rents; (c) if Borrower, any Guarantor or any general partner, managing member or controlling shareholder of Borrower or any Guarantor is a corporation, the voluntary or involuntary sale, conveyance or transfer of such corporation's stock (or the stock of any corporation directly or indirectly controlling such corporation by operation of law or otherwise) or the creation or issuance of new stock; (d) if Borrower, any Loan Party, any Guarantor or any general partner, managing member or controlling shareholder of Borrower, any Loan Party, or any Guarantor is a limited or general partnership, joint venture or limited liability company, the change, removal, resignation or addition of a general partner, managing partner, limited partner, joint venturer or member or the transfer of the partnership interest of any general partner, managing partner or limited partner or the transfer of the interest of any joint venturer or member; and (e) any pledge, hypothecation, assignment, transfer or other encumbrance of any direct or indirect ownership interest in Borrower or any Loan Party.

4.2.4 Change in Business. Borrower shall, and shall cause each Borrower TRS to, not enter into any line of business other than the acquisition, renovation, rehabilitation, ownership, management and operation of the Properties (and any businesses ancillary or related thereto, including the ownership of a Borrower TRS), or make any material change in the scope or nature of its business objectives, purposes or operations, or undertake or participate in activities other than the continuance of its present business. Except as provided in the Loan Documents, Borrower shall cause (a) Equity Owner to not engage in any activity other than acting as the limited partner of Borrower and the sole member of Borrower GP, (b) Borrower GP to not engage in any activity other than acting as the sole general partner of Borrower, (c) Equity Owner GP to not engage in any activity other than acting as the sole general partner of Equity Owner and (d) any Borrower TRS not to engage in any activity other than marketing and sale of Properties.

4.2.5 Changes to Accounts. Borrower shall not and shall cause each other Loan Party not to (a) open or permit to remain open any cash, securities or other account with any bank,

custodian or institution other than the Collection Account, the Accounts, the Security Deposit Accounts and Property Accounts that are subject to a Property Account Control Agreement, (b) change or permit to change any account number of the Collection Account, the Accounts or any Property Account, (c) open or permit to remain open any sub-account of the Collection Account (except any Account), the Accounts or any Property Account, (d) permit any funds of Persons other than Borrower or any Borrower TRS to be deposited or held in any of the Collection Account, the Accounts or the Property Accounts or (e) permit any Collections or other proceeds of any Properties to be deposited or held in Borrower's Operating Account other than cash that is distributed to Borrower pursuant to **Section 6.8.1(i)** .

4.2.6 Dissolution, Merger, Consolidation, Etc. Borrower shall not and shall cause each other Loan Party not to (a) engage in any dissolution, liquidation or consolidation or merger with or into any other business entity, (b) engage in any business activity other than the business activity of such Loan Party described on **Schedule IV** or otherwise herein, (c) transfer, lease or sell, in one transaction or any combination of transactions, the assets or all or substantially all of the properties or assets of any Loan Party except to the extent permitted by the Loan Documents, (d) modify, amend, waive or terminate its Constituent Documents or its qualification and good standing in any jurisdiction or (e) cause or permit any SPC Party to (i) dissolve, wind up or liquidate or take any action, or omit to take an action, as a result of which such SPC Party would be dissolved, wound up or liquidated in whole or in part, or (ii) amend, modify, waive or terminate the Constituent Documents of such SPC Party, in each case, without obtaining the prior written consent of Lender.

4.2.7 ERISA Matters. None of the Loan Parties or their ERISA Affiliates shall establish or be a party to any employee benefit plan within the meaning of Section 3(2) of ERISA that is a defined benefit pension plan that is subject to Part III of Subchapter D, Chapter 1, Subtitle A of the Code.

4.2.8 Indebtedness. Borrower shall not and shall cause any Borrower TRS not to create, incur, assume or suffer to exist any indebtedness other than (a) the Debt and (b) unsecured trade payables incurred in the ordinary course of business relating to the ownership and operation of the Properties, which in the case of such unsecured trade payables (i) are not evidenced by a note, (ii) do not exceed, at any time, a maximum aggregate amount of three percent (3%) of the original principal amount of the Loan and (iii) are paid within sixty (60) days of the date incurred (collectively, "**Permitted Indebtedness**"). Borrower shall cause each Guarantor and each other SPC Party not to create, incur, assume or suffer to exist any indebtedness other than indebtedness incurred under the Equity Owner Guaranty, the Borrower GP Guaranty, this Agreement and the other Loan Documents to which Guarantors are a party and unsecured trade payables incurred in the ordinary course of business related to the ownership of (x) with respect to Equity Owner, its limited partnership interest in Borrower and limited liability company interest in Borrower GP, (y) with respect to Borrower GP, its general partnership interest in Borrower and (z) with respect to Equity Owner GP, its general partnership interest in Equity Owner, in each case (A) do not exceed at any one time Ten Thousand and No/100 Dollars (\$10,000.00), and (B) are paid within sixty (60) days after the date incurred (collectively, the "**Guarantor's Permitted Indebtedness**"). Nothing contained herein shall be deemed to require Borrower, any Borrower TRS or any Guarantor to pay any unsecured trade payables so long as Borrower, such Borrower TRS or such Guarantor, as applicable, is in good faith at its own expense, and by proper legal proceedings, diligently contesting the validity,

amount or application thereof, provided that in each case, at the time of commencement of any such action or proceeding, and during the pendency of such action or proceeding (1) no Event of Default is continuing, (2) no Property nor any material part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost and (3) such contest operates to suspend collection or enforcement, as the case may be, of the contested amount.

4.2.9 Limitation on Transactions with Affiliates. Borrower shall not and shall cause each other Loan Party and each SPC Party not to enter into, or be a party to any transaction with any Affiliate of the Loan Parties, except for: (a) the Loan Documents; (b) capital contributions by (i) Sponsor to Equity Owner and Equity Owner GP or (ii) Equity Owner and Borrower GP to Borrower; (c) Restricted Junior Payments which are in compliance with **Section 4.2.12**; (d) the Management Agreement; (e) transactions with any Borrower TRS in accordance with the terms of this Agreement, including **Section 4.1.23**; and (f) to the extent not otherwise prohibited under this Agreement, other transactions upon fair and reasonable terms materially no less favorable to the Loan Parties than would be obtained in a comparable arm's-length transaction with a Person not an Affiliate.

4.2.10 Loan Documents. Borrower shall not and shall cause each other Loan Party not to terminate, amend or otherwise modify any Loan Document, or grant or consent to any such termination, amendment, waiver or consent, except in accordance with the terms thereof.

4.2.11 Limitation on Investments. Borrower shall not and shall cause each other Loan Party and each SPC Party not to make or suffer to exist any loans or advances to, or extend any credit to, purchase any property or asset or make any investment (by way of transfer of property, contributions to capital, purchase of stock or securities or evidences of indebtedness, acquisition of the business or assets, or otherwise) in, any Affiliate or any other Person except for acquisition of the Properties and related Collateral and Permitted Investments and for creation of a Borrower TRS and contributions of Properties to a Borrower TRS as permitted by **Section 4.1.23**.

4.2.12 Restricted Junior Payments. Borrower shall not and shall cause each other Loan Party and each SPC Party not to make any Restricted Junior Payment; *provided*, that the Loan Parties may make Restricted Junior Payments so long as (a) no Default or Event of Default shall then exist or would result therefrom, (b) such Restricted Junior Payments have been approved by all necessary action on the part of the Loan Parties or SPC Parties, as applicable, and in compliance with all applicable laws and (c) such Restricted Junior Payments are paid from Unrestricted Cash.

4.2.13 Limitation on Issuance of Equity Interests. Borrower shall not and shall cause each other Loan Party and each SPC Party not to issue or sell or enter into any agreement or arrangement for the issuance and sale of any Equity Interests.

4.2.14 Principal Place of Business. Borrower shall not and shall cause each other Loan Party and each SPC Party not to change its principal place of business from the address set forth on the first page of this Agreement without first giving Lender thirty (30) days prior written notice.

4.2.15 Change of Name, Identity or Structure. Borrower shall not and shall cause each other Loan Party and each SPC Party not to change its name, identity (including its trade name or names) or change its organizational structure without notifying Lender of such change in writing

at least thirty (30) days prior to the effective date of such change and without first obtaining the prior written consent of Lender, such consent not to be unreasonably withheld, conditioned or delayed. Borrower shall not and shall cause each other Loan Party and each SPC Party not to change its jurisdiction of organization. Prior to or contemporaneously with the effective date of any such change, Borrower shall deliver to Lender any financing statement or financing statement change required by Lender to establish or maintain the validity, perfection and priority of the security interest granted herein. At the request of Lender, Borrower shall and shall cause each other Loan Party and each SPC Party to execute a certificate in form satisfactory to Lender listing the trade names under which such Loan Party or SPC Party intends to operate its business, and representing and warranting that such Loan Party or SPC Party does business under no other trade name.

4.2.16 No Embargoed Persons. At all times throughout the term of the Loan, including after giving effect to any Transfers permitted pursuant to the Loan Documents, Borrower shall ensure that (a) none of the funds or other assets of any Loan Party or any SPC Party shall constitute property of, or shall be beneficially owned, directly or indirectly, by any Person subject to trade restrictions under United States law, including, but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder, with the result that the investment in Borrower or Guarantors, as applicable (whether directly or indirectly), would be prohibited by law (each, an “**Embargoed Person**”), or the Loan made by Lender would be in violation of law, (b) no Embargoed Person shall have any interest of any nature whatsoever in any Loan Party or SPC Party with the result that the investment in any Loan Party (whether directly or indirectly), would be prohibited by law or the Loan would be in violation of law, and (c) none of the funds of any Loan Party or SPC Party shall be derived from any unlawful activity with the result that the investment in such Loan Party or SPC Party (whether directly or indirectly), would be prohibited by law or the Loan would be in violation of law.

4.2.17 Zoning. Borrower shall not, and shall cause each Borrower TRS not to, (a) initiate or consent to any zoning reclassification of any portion of any Property or seek any variance under any existing zoning ordinance that would reasonably be expected to have an Individual Material Adverse Effect on such Property or (b) use or knowingly permit the use of any portion of any Property in any manner that results in any Property or the use thereof becoming non-conforming under any zoning ordinance or any other applicable land use law, rule or regulation, in each case, without the prior written consent of Lender, not to be unreasonably withheld, conditioned or delayed.

4.2.18 Special Purpose Bankruptcy Remote Entity. Borrower shall not and shall cause each other Loan Party and each SPC Party not to directly or indirectly make any change, amendment or modification to its Constituent Documents, or otherwise take any action, which will result in Borrower or any other Loan Party or SPC Party not being a Special Purpose Bankruptcy Remote Entity.

4.2.19 No Joint Assessment. Borrower shall not and shall cause any Borrower TRS not to suffer, permit or initiate the joint assessment of any Property (a) with any other real property constituting a tax lot separate from such Property, and (b) which constitutes real property with any portion of such Property which may be deemed to constitute personal property, or any other procedure whereby the lien of any taxes which may be levied against such personal property shall be assessed or levied or charged to such real property portion of such Property.

Section 4.3 Reporting Covenants. Borrower shall, unless Lender shall otherwise consent in writing, furnish or cause to be furnished to Lender the following reports, notices and other documents:

4.3.1 Financial Reporting. Borrower shall furnish the following financial reports to Lender:

(a) As soon as available and in any event within forty-five (45) days after the end of the first three calendar quarters of each year and within ninety (90) days after the end of the fourth calendar quarter of each year commencing with the first calendar quarter ending after the Closing Date, consolidated balance sheets, statements of operations and retained earnings, and statements of cash flows of Borrower, in each case, as at the end of such quarter and for the period commencing at the end of the immediately preceding calendar year and ending with the end of such quarter, setting forth in each case in comparative form the figures for the corresponding date or period of the immediately preceding calendar year (if any), all in reasonable detail and prepared in accordance with GAAP. Such financial statements shall contain such other information as shall be reasonably requested by Lender for purposes of calculations to be made by Lender pursuant to the terms hereof.

(b) As soon as available, and in any event (i) within ninety (90) days after the end of each calendar year, unaudited copies, and (ii) within 120 days following the end of each calendar year, audited copies, of a balance sheet, statements of operations and retained earnings, and statement of cash flows of Borrower, in each case, as at the end of such calendar year, setting forth in each case in comparative form the figures for the immediately preceding calendar year (if any), all in reasonable detail and prepared in accordance with GAAP and the inclusion of footnotes to the extent required by GAAP, such audited financial statements to be accompanied by a report and an unqualified opinion, prepared in accordance with generally accepted auditing standards, of an Independent Accountant selected by Borrower that is reasonably acceptable to Lender (which opinion on such consolidated information shall be without (1) any qualification as to the scope of such audit or (2) a “going concern” or like qualification (other than a going concern qualification that relates solely to the near term maturity of the Loans hereunder)), together with a written statement of such accountants (A) to the effect that, in making the examination necessary for their certification of such financial statements, they have not obtained any knowledge of the existence of an Event of Default or a Default and (B) if such accountants shall have obtained any knowledge of the existence of an Event of Default or such Default, describing the nature thereof.

(c) As soon as available, and in any event within forty-five (45) days after the end of each calendar month (i) an operating statement in respect of such calendar month and a calendar year-to-date operating statement for Borrower, (ii) a statement for each Property showing (A) rent roll in respect of such calendar month and calendar year-to-date, (B) expiration date of the related Lease, (C) vacancy status, (D) security deposits maintained, (E) Tenant payment status, (F) Capital Expenditures and repairs and (G) known violations of any Legal Requirements; *provided* that any of the foregoing items may be excluded from such statements if they are included in the Properties Schedule, (iii) an Officer’s Certificate certifying that such operating statement and Property statements are true, correct and complete in all material

respects as of their respective dates, and (iv) upon Lender's request, other information maintained by Borrower in the ordinary course of business that is reasonably necessary and sufficient to fairly represent the financial position, ongoing maintenance and results of operation of the Properties (on a combined basis) during such calendar month;

(d) Simultaneously with the delivery of the financial statements of Borrower required by **clauses (a) and (b)** above an Officer's Certificate certifying (i) that such statements fairly represent the financial condition and results of operations of Borrower as of the end of such quarter or calendar year (as applicable) and the results of operations and cash flows of Borrower for such quarter or calendar year (as applicable), in accordance with GAAP applied in a manner consistent with that of the most recent audited financial statements of Borrower furnished to Lender, subject to normal year-end adjustments and the absence of footnotes, (ii) stating that such Responsible Officer has reviewed the provisions of this Agreement and the other Loan Documents and has made or caused to be made under his or her supervision a review of the condition and operations of the Relevant Parties with a view to determining whether the Relevant Parties are in compliance with the provisions the Loan Documents to the extent applicable to them, and that such review has not disclosed, and such Responsible Officer has no knowledge of, the existence of an Event of Default or Default or, if an Event of Default or Default exists, describing the nature and period of existence thereof and the action which the Relevant Parties propose to take or have taken with respect thereto and (iii) that as of the date of each Officer's Certificate, no litigation exists involving Borrower or any Property or Properties in which the amount involved is Five Hundred Thousand and No/100 Dollars (\$500,000) (in the aggregate) or more or in which all or substantially all of the potential liability is not covered by insurance, or, if so, specifying such litigation and the actions being taking in relation thereto.

(e) Simultaneously with the delivery of the financial statements required by clauses (a) and (b) above, a reconciliation for the relevant period of net income to Underwritten Net Cash Flow;

(f) Simultaneously with the delivery of the financial statements required by clause (a) above, a duly completed Compliance Certificate, with appropriate insertions, containing the data and calculations set forth on **Exhibit C** ;

(g) Simultaneously with the delivery of the financial statements required by clause (a) above, a certificate executed by a Responsible Officer of Borrower certifying (i) the current Property Tax assessment amounts and Other Charges and HOA Fees payable in respect of each Property, (ii) the payment of all Property Taxes, Other Charges and HOA Fees prior to the date such Property Taxes, Other Charges or HOA Fees become delinquent, subject to any contest conducted in accordance with **Section 4.4.8** and (iii) if an Acceptable Blanket Policy is not in place with respect to all Properties, the monthly cost of the insurance required under in **Section 5.1.1** ;

(h) Simultaneously with the delivery of the financial statements required by clause (a) above, a report setting forth a quarterly summary of any and all Capital Expenditures made at each Property during the prior calendar quarter.

4.3.2 Reporting on Adverse Effects . Promptly and in no event more than two (2) Business Days after any Responsible Officer of any Loan Party obtains knowledge of any matter or the occurrence of any event concerning any Loan Party which would reasonably be expected to have a Material Adverse Effect, written notice thereof.

4.3.3 Litigation. Prompt written notice to Lender of any litigation or governmental proceedings pending or to the actual knowledge of a Responsible Officer of any Loan Party or Manager, threatened in writing against any Loan Party, any SPC Party or against Manager with respect to any Property, which would reasonably be expected to have a Material Adverse Effect or an Individual Material Adverse Effect with respect to any Property.

4.3.4 Event of Default. Promptly after any Responsible Officer of any Loan Party or Manager obtains knowledge of the occurrence of each Event of Default or Default (if such Default is continuing on the date of such notice), a statement of a Responsible Officer of Manager setting forth the details of such Event of Default or Default and the action which such Loan Party is taking or proposes to take with respect thereto.

4.3.5 Other Defaults. Promptly and in no event more than two (2) Business Days after any Responsible Officer of any Loan Party or Manager obtains actual knowledge of any default by any Loan Party or SPC Party under any agreement other than the Loan Documents to which such Loan Party or SPC Party is a party which would reasonably be expected to have a Material Adverse Effect, the statement of a Responsible Officer of Manager setting forth the details of such default and the action which such Loan Party or SPC Party is taking or proposes to take with respect thereto.

4.3.6 Properties Schedule. Borrower shall deliver to Lender no later than the tenth (10th) Business Day of each calendar month (a) an updated Properties Schedule containing each of the data fields set forth on **Schedule I.B.** (other than those under the caption “BPO Values”); *provided* that the information under the caption “Underwritten Net Cash Flow” need only be updated in the Properties Schedule that is delivered for the months of March, June, September and December of each year and (b) a calculation of the monthly turnover rate for the Properties for the prior calendar month, which shall be equal to the number of Properties that became vacant during such calendar month divided by the daily average number of Properties during such calendar month. The foregoing information shall be delivered together with a certificate of a Responsible Officer of Borrower certifying that it is true, correct and complete (i) with respect to the information in the Properties Schedule other than Underwritten Net Cash Flow data, as of the last day of the preceding calendar month, (ii) with respect to the Underwritten Net Cash Flow data in the Properties Schedule, for the calendar quarter ended on the last day of the preceding calendar month and (iii) with respect to the turnover rate of the Properties, for the prior calendar month. In addition, the Borrower shall deliver to Lender no later than sixty (60) days after the end of the first three calendar quarters and within ninety (90) days of the fourth calendar quarter of each year, (A) quarterly supplements to the Properties Schedule which includes the information set forth on **Schedule I.C.** (the “**Supplemental Quarterly Properties Information**”) and the information set forth on **Schedule I.D.** (the “**Quarterly Investor Rollup Report**”), (B) following a Sponsor Public Listing or a Sponsor Public Sale (notice of which shall be provided by Borrower to Lender), an updated Properties Schedule containing each of the data fields set forth on **Schedule I.E.**, updated to reflect the data as of the last day of the related calendar quarter or for the applicable calendar quarter and (C) a calculation of the quarterly turnover rate for the Properties for the prior calendar quarter, which shall be equal to the number of Properties that became vacant during such calendar quarter divided by the daily average number of Properties during such calendar quarter. The foregoing

information shall be delivered together with a certificate of a Responsible Officer of Borrower certifying that it is true, correct and complete (1) with respect to the information in the Properties Schedule, as of the last day of the preceding quarter and (2) with respect to the turnover rate of the Properties, for the prior calendar quarter.

4.3.7 Disqualified Properties. Promptly and in no event more than ten (10) Business Days after any Responsible Officer of Borrower or Manager obtains actual knowledge that any Property fails to comply with the Property Representations or the Property Covenants, written notice thereof and the action that Borrower is taking or proposes to take with respect thereto.

4.3.8 Security Deposits.

(a) Within five (5) days of the last day of each calendar month, written notice of the aggregate amount of security deposits deposited into the Security Deposit Account during such month, which notice shall include (i) the identity of each applicable Security Deposit Account (including, the name and identification number of the applicable Security Deposit Account, the name, address and wiring instructions of the financial institution which maintains the Security Deposit Account, and the name of the Person to contact at such financial institution) and (ii) amount of each security deposit allocable to such Security Deposit Account.

(b) Within ten (10) Business Days of Lender's request therefore, a written accounting of all security deposits of Tenants held in connection with the Leases, including the name and identification number of the accounts in which such security deposits are held, the name and address of the financial institutions in which such security deposits are held and the name of the Person to contact at such financial institution, along with any authority or release necessary for Lender to obtain information regarding such accounts directly from such financial institutions.

4.3.9 ERISA Matters.

(a) As soon as reasonably possible, and in any event within thirty (30) days after the occurrence of any ERISA Event, written notice of, and any requested information relating to such ERISA Event.

(b) As soon as reasonably possible after the occurrence of a Plan Termination Event, written notice of any action that any Loan Party or any of its ERISA Affiliates proposes to take with respect thereto, along with a copy of any notices received from or filed with the PBGC, the IRS or any Multiemployer Plan with respect to such Plan Termination Event, as applicable.

(c) As soon as reasonably possible, and in any event within thirty (30) days after a Responsible Officer of any Loan Party has actual knowledge of, or with respect to any Plan or Multiemployer Plan to which such Loan Party or any of its ERISA Affiliates makes direct contributions has reason to believe, that any of the events or conditions specified below with respect to any Plan or Multiemployer Plan has occurred or exists, a statement signed by a Responsible Officer of Borrower setting forth details respecting such event or condition and the action, if any, that the applicable Loan Party or any of its ERISA Affiliates proposes to take with respect thereto (and a copy of any report or notice required to be filed with or given to PBGC by any such Loan Party or any of its ERISA Affiliates with respect to such event or condition):

(i) any Reportable Event with respect to a Plan, as to which the PBGC has not by regulation or otherwise waived the requirement of Section 4043(a) of ERISA that it be notified within thirty (30) days of the occurrence of such event (provided that a failure to meet the minimum funding standard of Section 412 of the Code or Section 302 of ERISA, including the failure to make on or before its due date a required installment under Section 412(m) of the Code or Section 302(e) of ERISA, shall be a Reportable Event regardless of the issuance of any waivers in accordance with Section 412(d) of the Code); and any request for a waiver under Section 412(d) of the Code for any Plan;

(ii) the distribution under Section 404(c) of ERISA of a notice of intent to terminate any Plan or any action taken by any Loan Party or any of its ERISA Affiliates to terminate any Plan;

(iii) the institution by the PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by Equity Owner GP, any Loan Party or any of their ERISA Affiliates of a notice from a Multiemployer Plan that such action has been taken by PBGC with respect to such Multiemployer Plan;

(iv) the complete or partial withdrawal from a Multiemployer Plan by any Loan Party or any of its ERISA Affiliates, as applicable, that results in liability under Section 4201 or 4204 of ERISA (including the obligation to satisfy secondary liability as a result of a purchaser default) or the receipt by any Loan Party or any of its ERISA Affiliates, as applicable, of notice from a Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA;

(v) the institution of a proceeding by a fiduciary of any Multiemployer Plan against any Loan Party or any of its ERISA Affiliates, as applicable, to enforce Section 515 of ERISA; and (vi) failure to satisfy Section 436 of the Code.

4.3.10 Periodic Rating Agency Information. Borrower shall, or shall cause Manager to, deliver to the Rating Agencies the information and reports set forth on *Schedule X* (the “*Periodic Rating Agency Information*”) at the times set forth therein.

4.3.11 Other Reports. Borrower shall deliver to Lender, within ten (10) Business Days of the receipt thereof by Borrower, a copy of all material reports prepared by Manager pursuant to the Management Agreement, including, without limitation, the Annual Budget.

(b) Borrower shall deliver to Lender, within ten (10) Business Days of Lender’s request therefor, copies of any requested Property Tax, Other Charge or insurance bills, statements or invoices received by Borrower or any Loan Party with respect to the Properties.

(c) Borrower shall, as soon as reasonably practicable after request by Lender furnish or cause to be furnished to Lender in such manner and in such detail as may be reasonably requested by Lender, such additional information, documents, records or reports as may be reasonably requested with respect to the Property or the conditions or operations, financial or otherwise, of the Relevant Parties.

4.3.12 HOA Reporting.

(a) The Borrower shall deliver to Lender, within twenty-eight (28) days after the end of each calendar quarter, a report (the “**Quarterly HOA Report**”) containing the following information with respect to each Applicable HOA Property, a data tape of such Applicable HOA Property containing the following data fields: (x) the data fields set forth on the Properties Schedule under the captions “Property ID”, “YardiCode”, “Property Name”, “Address (Street)”, “City”, “County”, “State”, “Closest MSA”, and “Zip Code” and (y) the HOA name, the frequency with which payments are due to the HOA, the last HOA payment due date, the next HOA payment due date, the amount owed on the last HOA payment due date, the amount paid on the last HOA payment due date, the amount owed on the next HOA payment due date and payments to the HOA for the applicable Fiscal Year, which such Quarterly HOA Report shall be certified by a Responsible Officer of Borrower as true, correct and complete in all material respects.

(b) Subject to the remainder of this subsection (b), Borrower shall deliver to Lender, within twenty (20) Business Days after the end of each calendar quarter of each year, one or more legal opinions (which may be in the form of a bring-down or date-down opinion with respect to an earlier delivered opinion, including, without limitation, any Closing Date HOA Opinion) from a nationally recognized law firm (or one with prominent standing in the applicable state) specifying with respect to each state in which a Property is located whether such state is an Applicable HOA State (as defined under clause (a) of the definition thereof). Any opinion required to be delivered pursuant to this **Section 4.3.12(b)** may be aggregated with any other opinion required to be delivered to Lender (or Servicer on behalf of Lender) so long as all the states in which Properties are located are included in such opinion or opinions and such opinion or opinions specifically reference this Agreement and otherwise meet the requirements of this **Section 4.3.12(b)**. If, with respect to any state in which a Property is located, (i) Borrower fails to deliver to Lender an opinion pursuant to this **Section 4.3.12(b)**, Lender may in its sole and absolute discretion designate such state an Applicable HOA State by written notice to Borrower or (ii) any opinion delivered to Lender pursuant to this **Section 4.3.12(b)** shall be unsatisfactory to Lender in its reasonable discretion, Lender may request in writing that Borrower obtain a second opinion from a nationally recognized law firm (or one with prominent standing in the applicable state) and deliver such opinion to Lender within twenty (20) Business Days of such written request and (1) if Borrower fails to deliver such a second opinion to Lender, Lender may in its reasonable discretion designate such state an Applicable HOA State by written notice to Borrower or (2) if any such second opinion delivered to Lender shall be unsatisfactory to Lender in its sole and absolute discretion and Lender believes in good faith that such state is an Applicable HOA State (as defined under clause (a) of the definition thereof), Lender may designate such state an Applicable HOA State by written notice to Borrower. In addition, if Lender believes in good faith that any provisions for the subordination of Liens for HOA Fees to the Lien of the Mortgages are unenforceable under the laws of an Applicable HOA State or that such Lien for HOA Fees would be entitled to Priority, Lender may redesignate all affected HOA Properties in such Applicable HOA State as Applicable HOA Properties. On the Closing Date, Lender acknowledges based on the Closing Date HOA Opinions that the only Applicable HOA Properties are listed on **Schedule XV**.

(c) If subsequent to the Closing Date there is consummated a securitization of a single borrower single family residential rental financing similar to the transactions contemplated by this Agreement and such financing contains HOA reporting and/or HOA Opinion delivery requirements and/or HOA Funds reserve requirements that are less burdensome to the borrower thereunder than those required by this Agreement (including **Sections 4.3.12**, **4.4.11**, **6.2.3**, **6.2.4** and **Schedule X**), then subject to receipt by Borrower of a Rating Agency Confirmation, Lender at the request of Borrower shall amend this Agreement in a manner consistent with such less burdensome requirements.

Section 4.4 Property Covenants. Borrower shall comply with the following covenants with respect to each Property:

4.4.1 Ownership of the Property. Borrower shall take all necessary action to retain title to the Property and the related Collateral irrevocably in Borrower, free and clear of any Liens other than Permitted Liens. Borrower shall warrant and defend the title to the Property and every part thereof, subject only to Permitted Liens, in each case against the claims of all Persons whomsoever.

4.4.2 Liens Against the Property. Borrower shall not create, incur, assume or permit to exist any Lien on any direct or indirect interest in any Property, except for the Permitted Liens.

4.4.3 Title Insurance for the Property. If a Title Insurance Policy or a Title Insurance Owner's Policy provided in the Property File with respect to the Property initially consists of a marked or initialed binding commitment, then Borrower shall post a copy to the Property File of a fully issued Title Insurance Policy or Title Insurance Owner's Policy, as applicable, for such Property in the form and with the coverages and endorsements as provided in such marked or initialed binding commitment within one hundred eighty (180) days following the date hereof.

4.4.4 Deeds. If a deed provided in the Property File with respect to the Property does not initially consist of a certified copy of the original conforming recorded deed from the applicable recording office, then Borrower shall post a copy such a deed to the Property File within three hundred sixty (360) days following the date hereof.

4.4.5 Mortgage Documents. If any Mortgage Documents provided in the Property File with respect to the Property initially consists of a copy of such Mortgage Documents in recordable form that have been submitted by the title insurance company for recording in the jurisdiction in which the Property is located, then Borrower shall post a copy to the Property File of a certified or file stamped (in each by the applicable land registry) executed original of such Mortgage Documents within one hundred eighty (180) days following the date hereof.

4.4.6 Condition of the Property. Except if the Property has suffered a Casualty and is in the process of being restored in accordance with **Section 5.4**, Borrower shall keep and maintain in all material respects the Property in a good, safe and habitable condition and repair and free of and clear of any damage or waste, and from time to time make, or cause to be made, in all material respects, all reasonably necessary repairs, renewals, replacements, betterments and improvements thereto, that are necessary to comply with the Renovation Standards and applicable Legal Requirements in all material respects; *provided*, that a Designated Renovation Property need not comply with the Renovation Standards during the time that it is leased to the Tenant who is in occupancy of such Designated Renovation Property as of the Closing Date and for so long thereafter as is reasonably necessary to renovate such Property in accordance with the Renovation Standards.

4.4.7 Compliance with Legal Requirements. The Property (including the leasing and intended use thereof) shall comply in all material respects with all applicable Legal Requirements, including, without limitation, building and zoning ordinances and codes and all certifications, permits, licenses and approvals, including without limitation, certificates of completion and occupancy permits, required for the legal leasing, use, occupancy, habitability and operation of the Property, all such certifications, permits, licenses and approvals shall be maintained in full force and effect, except as would not reasonably be expected to have an Individual Material Adverse Effect on the Property. Borrower shall obtain and maintain in full force and effect all consents, approvals, orders, certifications, permits, licenses and authorizations of, and make all filings with or notices to, any court or Governmental Authority related to the operation, use or leasing of the Property except where the failure to obtain would not reasonably be expected to have an Individual Material Adverse Effect with respect to the Property. Borrower shall not and shall not permit any other Loan Party, any Borrower TRS, any Manager or any other Person in occupancy of or involved with the operation, use or leasing of the Property to commit any act or omission affording any Governmental Authority the right of forfeiture as against the Property or any part thereof.

4.4.8 Property Taxes, Other Charges and HOA Fees. Borrower shall promptly pay or cause to be paid all Property Taxes, Other Charges and HOA Fees now or hereafter levied, assessed or imposed on it as the same become due and payable and shall furnish to Lender evidence of payment of Property Taxes, Other Charges and HOA Fees prior to the date the same shall become delinquent, and shall promptly pay for all utility services provided to the Property as the same become due and payable (other than any such utilities which are, pursuant to the terms of any Lease, required to be paid by the Tenant thereunder directly to the applicable service provider); *provided* that, after prior written notice to Lender of its intention to contest any such Property Taxes, Other Charges and HOA Fees, such Loan Party may contest by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity of any such Property Taxes, Other Charges and HOA Fees and, in such event, may permit the Property Taxes, Other Charges and HOA Fees so contested to remain unpaid during any period, including appeals, when a Loan Party is in good faith contesting the same so long as (a) no Event of Default has occurred and remains uncured, (b) such proceeding shall be permitted under and be conducted in accordance with all applicable Legal Requirements, (c) no Property or other Collateral nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, canceled or lost, (d) the applicable Loan Party has set aside on its books adequate reserves in accordance with GAAP, and the non-payment or non-discharge of such Property Taxes, Other Charges and HOA Fees would not reasonably be expected to have an Individual Material Adverse Effect on the applicable Property, (e) enforcement of the contested Property Taxes, Other Charges and HOA Fees is effectively stayed for the entire duration of such contest and no Lien is imposed on any Property or other Collateral which is reasonably expected to have an Individual Material Adverse Effect, (f) any Property Taxes, Other Charges and HOA Fees determined to be due, together with any interest or penalties thereon, is promptly paid as required after final resolution of such contest, (g) to the extent such Property Taxes, Other Charges and HOA Fees (when aggregated with all other Taxes that any Loan Party is then contesting under this **Section 4.4.8** or **Section 4.1.3** and for which Borrower has not delivered to Lender any Contest Security) exceed Two Million Five Hundred Thousand and No/100 Dollars

(\$2,500,000), Borrower shall deliver to Lender either (i) cash, or other security as may be approved by Lender, in an amount sufficient to insure the payment of any such Property Taxes, Other Charges and HOA Fees, together with all interest and penalties thereon or (ii) a payment and performance bond in an amount equal to one hundred percent (100%) of the contested amount from a surety acceptable to Lender in its reasonable discretion, (h) failure to pay such Property Taxes, Other Charges and HOA Fees will not subject Lender to any civil or criminal liability, (i) such contest shall not affect the ownership, use or occupancy of any Property, and (j) Borrower shall, upon request by Lender, give Lender prompt notice of the status of such proceedings and/or confirmation of the continuing satisfaction of the conditions set forth in **clauses (a) through (j) of this Section 4.4.8**. Notwithstanding the foregoing, Borrower shall pay any contested Property Taxes, Other Charges and HOA Fees (or, if cash or other security has been provided, Lender may pay over any such cash or other security held by Lender to the claimant entitled thereto) if, in Lender's reasonable judgment, any Property or other Collateral (or any part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, cancelled or lost or there shall be any danger of the Lien of any Collateral Document being primed by any related Lien.

4.4.9 Compliance with Agreements Relating to the Properties. Borrower shall not enter into any agreement or instrument or become subject to any restriction which would reasonably be expected to have an Individual Material Adverse Effect on any Property. Borrower shall not default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which any Property is bound. Borrower shall not have a material financial obligation under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument by which any Property is bound, other than obligations under the Loan Documents. Borrower shall not, and shall cause each Borrower TRS not to, default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Permitted Lien with respect to any Property. No Property nor any part thereof shall be subject to any purchase options, rights of first refusal, rights of first offer or other similar rights in favor of any Tenant or other third parties.

4.4.10 Leasing. Borrower shall not enter into any Lease (including any renewals or extensions of any existing Lease) for any Property unless such Lease is an Eligible Lease.

4.4.11 Verification of HOA Payments. Borrower shall deliver to Lender, within twenty-eight (28) days after the end of each calendar quarter, with respect to each Applicable HOA Property, proof of payment of the paid HOA Fees identified in the corresponding Quarterly HOA Report (whether in the form of cancelled checks, receipts, ACH confirmations, confirmation of electronic payments or other evidence of such payment reasonably satisfactory to Lender) unless such proof of payment has previously been delivered (e.g. quarterly prepayments) as may reflect that as of the end of such calendar quarter no other amounts (except HOA Fees that may be contested in accordance with **Section 4.4.8**) remain then due and payable by Borrower or that Borrower has prepaid or otherwise has a positive credit balance (whether in the form of invoices, payment coupons, account statements, assessment letters, estoppels, receipts or other evidence reasonably satisfactory to Lender).

ARTICLE 5

INSURANCE, CASUALTY AND CONDEMNATION

Section 5.1 Insurance.

5.1.1 Insurance Policies.

(a) Borrower, at its sole cost and expense, shall obtain and maintain during the entire Term, or cause to be maintained, insurance policies for Borrower and the Properties providing at least the following coverages:

(i) comprehensive “all risk” or special causes of loss form insurance, as is available in the insurance market as of the Closing Date, including, but not limited to, loss caused by any type of windstorm (including hail) on the Properties (A) in an amount equal to one hundred percent (100%) of the “full replacement cost”, which for purposes of this Agreement shall mean actual replacement value of the Properties, subject to a loss limit equal to Fifty Million and No/100 Dollars (\$50,000,000) per occurrence; (B) containing an agreed amount endorsement with respect to the Improvements and personal property at any Property waiving all co-insurance provisions or to be written on a no co-insurance form and (C) providing for no deductible in excess of Twenty-Five Thousand and No/100 Dollars (\$25,000) (it being understood that, so long as no Default or Event of Default has occurred and is continuing (1) Borrower may utilize a Five Million and No/100 Dollars (\$5,000,000) aggregate deductible stop loss subject to a Twenty-Five Thousand and No/100 Dollars (\$25,000) per occurrence deductible and a Twenty-Five Thousand and No/100 Dollars (\$25,000) maintenance deductible following the exhaustion of the aggregate, (2) the aggregate stop loss does not contain any losses arising from named windstorm, earthquake or flood, (3) the perils of named windstorm or flood shall be permitted to have a per occurrence deductible of fifteen percent (15%) of the total insurable value of the Properties subject to a loss (with a minimum deductible of Two Hundred Fifty Thousand and No/100 Dollars (\$250,000) per occurrence for any and all locations), (4) the peril of earth movement including but not limited to earthquake shall be permitted to have a per occurrence deductible of fifteen percent (15%) of the total insurable value of the Properties subject to a loss (with a minimum deductible of Two Hundred Fifty Thousand and No/100 Dollars (\$250,000) per occurrence for any and all locations) and (5) the peril of “other wind and hail” shall be permitted to have a per occurrence deductible of fifteen percent (15%) of the total insurable value of the Properties subject to a loss (with a minimum deductible of Two Hundred Fifty Thousand and No/100 Dollars (\$250,000) per occurrence for any and all locations)). In addition, Borrower shall obtain (x) if any portion of a Property is currently or at any time in the future located in a federally designated “special flood hazard area”, flood hazard insurance in an amount equal to the maximum amount of such insurance available under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each may be amended, plus excess amounts as Lender shall require, (y) named storm insurance in an amount equal to or greater than Twenty-Five Million and No/100 Dollars (\$25,000,000) in all states other than Florida and One Hundred Sixty Million and No/100 Dollars (\$160,000,000) in Florida, provided that such coverage amount shall be increased if a higher coverage amount is indicated (and may be decreased if lower coverage amount is indicated) based upon a storm risk analysis on a 475 year event Probable Maximum Loss (*PML*) or Scenario Expected Limit (*SEL*) (such analysis to be secured by the applicable Borrower utilizing a third-party engineering firm qualified to perform such storm risk analysis

using the most current RMS software, or its equivalent, to include consideration of storm surge, if applicable and loss amplification, at the expense of the applicable Borrower at least two times per year or more frequently as may reasonably be requested by Lender and shared with Lender presented by the Properties located in areas prone to named storm activity); and (z) earthquake insurance in an amount equal to or greater than Thirty-Five Million and No/100 Dollars (\$35,000,000) in all states other than California and Washington and Seventy Million and No/100 Dollars (\$70,000,000) in California and Washington, provided that such coverage amount shall be increased if a higher coverage amount is indicated (and may be decreased if lower coverage amount is indicated) based upon a seismic risk analysis on a 475 year event Probable Maximum Loss (PML) or Scenario Expected Limit (SEL) (such analysis to be secured by the applicable Borrower utilizing a third-party engineering firm qualified to perform such seismic risk analysis using the most current RMS software, or its equivalent, to include consideration of loss amplification, at the expense of the applicable Borrower at least two times per year or more frequently as may reasonably be requested by Lender and shared with Lender presented by the Properties located in areas prone to seismic activity); *provided* that the insurance pursuant to **subclauses (x) , (y) and (z)** hereof shall be on terms consistent with the comprehensive all risk insurance policy required under this **Section 5.1.1(a)(i)** ;

(ii) business income or rental loss insurance, written on an “Actual Loss Sustained Basis” (A) with loss payable to Lender for the benefit of Lenders; (B) covering all risks required to be covered by the insurance provided for in **Section 5.1.1(a)(i) , (ii) , (iv) and (viii)** ; (C) in an amount equal to one hundred percent (100%) of the aggregate projected net income from the operation of the Properties for a period of at least twelve (12) months after the date of the Casualty; and (D) containing an extended period of indemnity endorsement which provides that after the physical loss to the Improvements and personal property at a Property has been repaired, the continued loss of income will be insured until such income either returns to the same level it was at prior to the loss, or the expiration of thirty (30) days from the date that the applicable Property is repaired or replaced and operations are resumed, whichever first occurs, and notwithstanding that the policy may expire prior to the end of such period. The amount of such business income or rental loss insurance shall be determined prior to the Closing Date and at least once each year thereafter based on Borrower’s reasonable estimate of the net income from each Property for the succeeding twelve (12) month period. All proceeds payable to Lender pursuant to this subsection shall be held by Lender and shall be applied in Lender’s sole discretion to (x) the Obligations or (y) Operating Expenses approved by Lender in its sole discretion; *provided , however* , that nothing herein contained shall be deemed to relieve Borrower of their obligation to pay the Obligations on the respective dates of payment provided for in this Agreement and the other Loan Documents except to the extent such amounts are actually paid out of the proceeds of such business income insurance;

(iii) at all times during which structural construction, repairs or renovations are being made with respect to any Property, and only if each of the property coverage form and the liability insurance coverage form does not otherwise apply, (A) owner’s contingent or protective liability insurance, otherwise known as Owner Contractor’s Protective Liability (or its equivalent), covering claims not covered by or under the terms or provisions of the above mentioned commercial general liability

insurance policy, (B) the insurance provided for in **Section 5.1.1(a)** written in a so-called builder's risk completed value form including coverage for all insurable hard and soft costs of construction (x) on a non-reporting basis, (y) against all risks insured against pursuant to **Section 5.1.1(a)(i)**, **(iii)**, **(iv)** and **(viii)**, (z) including permission to occupy such Property and (C) with an agreed amount endorsement waiving co-insurance provisions;

(iv) commercial general liability insurance against claims for personal injury, bodily injury, death or property damage occurring upon, in or about any Property, such insurance (A) to be on the so-called "occurrence" form with a combined limit of not less than One Million and No/100 Dollars (\$1,000,000.00) per occurrence; Two Million and No/100 Dollars (\$2,000,000.00) in the aggregate "per location" and overall \$20,000,000.00 in the aggregate; (B) to continue at not less than the aforesaid limit until required to be changed by Lender in writing by reason of changed economic conditions making such protection inadequate and (C) to cover at least the following hazards: (1) premises and operations; (2) products and completed operations on an "if any" basis; (3) independent contractors; (4) blanket contractual liability for all insured contracts and (5) contractual liability covering the indemnities contained in any Loan Document to the extent the same is available;

(v) automobile liability coverage for all owned and non-owned vehicles, including rented and leased vehicles containing minimum limits per occurrence of One Million and No/100 Dollars (\$1,000,000.00);

(vi) if applicable, worker's compensation subject to the worker's compensation laws of the applicable state, and employer's liability in amounts reasonably acceptable to Lender;

(vii) umbrella and excess liability insurance in an amount not less than Fifty Million and No/100 Dollars (\$50,000,000.00) per occurrence and in the aggregate on terms consistent with the commercial general liability insurance policy required under **Section 5.1.1(a)(iv)**, and including employer liability and automobile liability, if required; and

(viii) upon sixty (60) days' written notice, such other reasonable insurance, and in such reasonable amounts as Lender from time to time may reasonably request against such other insurable hazards which at the time are commonly insured against for properties similar to the Properties located in or around the region in which Properties are located.

(b) All insurance provided for in **Section 5.1.1(a)** shall be obtained under valid and enforceable policies (collectively, the "**Policies**" or in the singular, the "**Policy**") and shall be placed per the requirements of Lender as to form and substance, including insurance companies, amounts, deductibles, loss payees and insureds and evidence that the Properties are specifically covered by such policies. Certificates of insurance evidencing the Policies shall be delivered to Lender on the Closing Date with respect to the current Policies in place on the Closing Date. Not less than ten (10) days prior to the expiration dates of the Policies theretofore furnished to Lender, certificates of insurance evidencing the Policies (and, upon the written request of Lender, copies of such Policies) accompanied by evidence satisfactory to Lender of payment of the premiums then due thereunder (the "**Insurance Premiums**"), shall be delivered by Borrower to Lender.

(c) Any blanket insurance Policy shall otherwise provide the same protection as would a separate Policy insuring only the Properties in compliance with the provisions of **Section 5.1.1(a)** (any such blanket policy, an “**Acceptable Blanket Policy**”).

(d) All Policies of insurance provided for or contemplated by **Section 5.1.1(a)**, except for the Policy referenced in **Section 5.1.1(v)**, shall name Borrower as the insured and Lender and its successors and/or assigns as mortgagee and loss payee, as its interests may appear, and in the case of property damage, boiler and machinery, windstorm, flood and earthquake insurance, shall contain a so-called New York standard non-contributing mortgagee clause in favor of Lender providing that the loss thereunder shall be payable to Lender unless below the threshold for Borrower to handle such claim without Lender intervention as provided in **Section 5.2**. Additionally, if Borrower obtains property insurance coverage in addition to or in excess of that required by **Section 5.1.1(i)**, then such insurance policies shall also contain a so-called New York standard non-contributing mortgagee clause in favor of Lender providing that the loss thereunder shall be payable to Lender.

(e) All Policies of insurance provided for in **Section 5.1.1(a)**, except for the Policies referenced in **Section 5.1.1(vi)**, shall contain clauses or endorsements to the effect that:

(i) no act or negligence of Borrower, or anyone acting for Borrower, or of any Tenant or other occupant, or failure to comply with the provisions of any Policy, which might otherwise result in a forfeiture of the insurance or any part thereof, shall in any way affect the validity or enforceability of the insurance insofar as Lender is concerned;

(ii) the Policy shall not be canceled without at least thirty (30) days’ written notice to Lender and any other party named therein as an additional insured (other than in the case of non-payment in which case only ten days prior notice, or the shortest time allowed by applicable Legal Requirement (whichever is longer), will be required) and shall not be materially changed (other than to increase the coverage provided thereby) without such a thirty (30) day notice;

(iii) Lender shall not be liable for any Insurance Premiums thereon or subject to any assessments thereunder; and (iv) the issuers thereof shall give notice to Lender if a Policy has not been renewed ten (10) days prior to its expiration; and

(f) If at any time Lender is not in receipt of written evidence that all insurance required hereunder is in full force and effect, Lender shall have the right, without notice to Borrower, to take such action as Lender deems necessary to protect its interest in the Properties, including the obtaining of such insurance coverage as Lender in its sole discretion deems appropriate and all premiums incurred by Lender in connection with such action or in obtaining such insurance and keeping it in effect shall be paid by Borrower to Lender upon demand and until paid shall be secured by the Collateral Documents and shall bear interest at the Default Rate.

(g) In the event of foreclosure of the pledge of the Equity Interests of Borrower pursuant to Borrower Security Agreement the Policies shall remain in full force and effect.

5.1.2 Insurance Company. All Policies required pursuant to **Section 5.1.1** shall (a) be issued by financially sound and responsible insurance companies authorized to do business in the states where the applicable Properties are located and having a rating of "A3" or better by Moody's or, if Moody's does not provide a rating of an applicable insurance company, a rating of "A-" or better by S&P or Fitch, *provided, however*, that if Borrower elects to have its insurance coverage provided by a syndicate of insurers, then, if such syndicate consists of five (5) or more members, (i) at least sixty percent (60%) of the insurance coverage (or seventy-five percent (75%) if such syndicate consists of four (4) or fewer members) and one hundred (100%) of the first layer of such insurance coverage shall be provided by insurance companies having a rating of "A3" or better by Moody's or, if Moody's does not provide a rating of an applicable insurance company, a rating of "A-" or better by S&P or Fitch and (ii) the remaining forty percent (40%) of the insurance coverage (or the remaining twenty-five percent (25%) if such syndicate consists of four (4) or fewer members) shall be provided by insurance companies having a rating of "Baa2" by Moody's or, if Moody's does not provide a rating of an applicable insurance company, a rating of "BBB" or better by S&P or Fitch; (b) with respect to all property insurance policies, name Lender and its successors and/or assigns as their interest may appear; (c) with respect to all property insurance policies and rental loss and/or business interruption insurance policies, contain a Lender's Loss Payable Endorsement, or their equivalents, naming Lender as the person to whom all payments made by such insurance company shall be paid; (d) with respect to all liability policies, name Lender and its successors and/or assigns as an additional insured; (e) contain a waiver of subrogation against Lender; (f) contain such provisions as Lender deems reasonably necessary or desirable to protect its interest including endorsements providing that (i) neither Borrower, Lender nor any other party shall be a co-insurer under said Policies, (ii) Lender shall receive at least thirty (30) days prior written notice of any modification, reduction or cancellation, and (iii) for a deductible per loss of an amount not more than that which is customarily maintained by prudent owners of properties with a standard of operation and maintenance comparable to and in the general vicinity of the Properties, but in no event in excess of an amount reasonably acceptable to Lender; and (g) be satisfactory in form and substance to Lender and shall be approved by Lender as to amounts, form, risk coverage, deductibles, loss payees and insureds. In addition to the insurance coverages described in **Section 5.1.1**, Borrower shall obtain such other insurance as may from time to time be reasonably required by Lender in order to protect its interests. Certified copies of the Policies shall be delivered to Lender at the address below (or to such other address or Person as Lender shall designate from time to time by notice to Borrower) on the date hereof with respect to the current Policies and within thirty (30) days after the effective date thereof with respect to all renewal Policies:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION
383 Madison Avenue, Floor 31
New York, New York 10179
Attention: Chuckie C. Reddy

Borrower shall pay the Insurance Premiums annually in advance as the same become due and payable and shall furnish to Lender evidence of the renewal of each of the Policies with receipts for the payment of the Insurance Premiums or other evidence of such payment reasonably satisfactory to Lender (*provided, however*, that Borrower shall not be required to pay such Insurance Premiums nor furnish such evidence of payment to Lender in the event that the amounts required to pay such Insurance Premiums have been deposited into the Insurance Account pursuant to **Section 6.3**). Within thirty (30) days after request by Lender, Borrower shall obtain such increases in the amounts of coverage required hereunder as may be reasonably requested by Lender, taking into consideration changes in the value of money over time, changes in liability laws, changes in prudent customs and practices.

5.1.3 Special Insurance Reserve. Notwithstanding anything in this **Section 5.1** to the contrary, Borrower shall be permitted to obtain and maintain insurance policies with deductibles in excess of the amounts specified in this **Section 5.1**, so long as Borrower shall have deposited into and maintains at all times in the Special Insurance Reserve Account an amount equal to the difference between such higher deductible and the applicable deductible specified in this **Section 5.1** (such amount, the “**Excess Deductible**”).

Section 5.2 Casualty. If a Property is damaged or destroyed, in whole or in part, by fire or other casualty (a “**Casualty**”), Borrower shall give prompt notice thereof to Lender. Lender may, but shall not be obligated to make proof of loss if not made promptly by Borrower. In addition, Lender may participate in any settlement discussions with any insurance companies (and shall approve any final settlement) (a) if an Event of Default is continuing or (b) with respect to any Casualty in which the Net Proceeds or the costs of completing the Restoration are reasonably expected to be equal to or greater than the Casualty Threshold Amount and Borrower shall deliver to Lender all instruments required by Lender to permit such participation. Any Insurance Proceeds in connection with any Casualty (whether or not Lender elects to settle and adjust the claim or Borrower settles such claim) shall be due and payable solely to Lender and held by Lender in accordance with the terms of this Agreement. If Borrower or any party other than Lender receives any Insurance Proceeds or Condemnation Proceeds, Borrower shall immediately deliver such proceeds to Lender and shall endorse, and cause all such third parties to endorse, check payable therefor to the order of Lender. Borrower hereby irrevocably appoints Lender as its attorney-in-fact, coupled with an interest, to endorse any such check payable to the order of Lender. Borrower hereby releases Lender from any and all liability with respect to the settlement and adjustment by Lender of any claims in respect of any Casualty.

Section 5.3 Condemnation. Borrower shall promptly give Lender notice of the actual or threatened commencement of any proceeding for the Condemnation of all or any portion of a Property and shall deliver to Lender copies of any and all papers served in connection with such proceedings. Lender may participate in any such proceedings, and Borrower shall from time to time deliver to Lender all instruments requested by it to permit such participation. Borrower shall, at its expense, diligently prosecute any such proceedings, and shall consult with Lender, its attorneys and experts, and cooperate with them in the carrying on or defense of any such proceedings which is reasonably expected to involve an Award of an amount greater than the Casualty Threshold Amount. Notwithstanding any taking by any public or quasi-public authority through Condemnation or otherwise (including, but not limited to, any transfer made in lieu of or in anticipation of the exercise of such taking), Borrower shall continue to pay the Debt at the time and in the manner provided for its payment in the Note and in this Agreement and the

Debt shall not be reduced until any Condemnation Proceeds shall have been actually received and applied by Lender, after the deduction of expenses of collection, to the reduction or discharge of the Debt. If Borrower or any party other than Lender receives any Condemnation Proceeds, Borrower shall immediately deliver such proceeds to Lender and shall endorse, and cause all such third parties to endorse, a check payable therefore to the order of Lender. Lender shall not be limited to the interest paid on the Award by the condemning authority but shall be entitled to receive out of the Award interest at the rate or rates provided herein or in the Note. Net Proceeds from a Condemnation shall be applied as follows:

(a) If a partial Condemnation of a Property does not interfere with the use of such Property as a residential rental property, then the Net Proceeds paid by the condemning authority shall be applied to the prepayment of the Debt in accordance with **Section 2.4.3(c)**.

(b) If a partial Condemnation of a Property does interfere with the use of such Property as a residential rental property or if there occurs a complete Condemnation of a Property (each, a “**Fully Condemned Property**”), then (i) if no Event of Default shall have occurred and be continuing and, within thirty (30) days of the date of the occurrence of such Condemnation, Borrower delivers to Lender a written undertaking to substitute the Fully Condemned Property with a Substitute Property in accordance with the requirements of **Section 2.4.3(a)**, then (A) if Net Proceeds are paid by the condemning authority directly to Borrower subsequent to such substitution, such Net Proceeds may be retained by Borrower (for the avoidance of doubt, Net Proceeds received by Borrower prior to such substitution shall be immediately paid to Lender as required by **Section 5.2**), (B) if Net Proceeds are paid by the condemning authority to Lender, such Net Proceeds will be disbursed by Lender to Borrower upon the consummation of such substitution and (C) Borrower shall provide a Substitute Property within ten (10) Business Days of the date of such undertaking in accordance with the requirements of **Section 2.4.3(a)** and (ii) if an Event of Default shall have occurred and be continuing or Borrower fails to deliver such an undertaking to Lender, then (A) Lender may retain any Net Proceeds received by it, (B) Borrower shall immediately deliver to Lender any Net Proceeds paid to Borrower, (C) Net Proceeds shall be applied to the prepayment of the Debt in accordance with **Section 2.4.3(c)** and (D) Borrower shall prepay the Loan in an amount equal to the positive difference between such Net Proceeds and the Allocated Loan Amount for the Fully Condemned Property, together with all interest and other amounts required to be paid in connection therewith under **Section 2.4.5** (collectively, the “**Fully Condemned Property Prepayment Amounts**”). Following Borrower’s written request after either (1) the substitution of a Substitute Property for such Fully Condemned Property in accordance with the conditions set forth above or (2) receipt by Lender of the Net Proceeds and payment by Borrower of the Fully Condemned Property Prepayment Amounts, Lender shall release the Fully Condemned Property from the applicable Mortgage Documents and related Lien, provided, that (x) Borrower has delivered to Lender a draft release (and, in the event the Mortgage and the Assignment of Leases and Rents applicable to the Fully Condemned Property encumbers other Property(ies) in addition to the Fully Condemned Property, such release shall be a partial release that relates only to the Fully Condemned Property and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such Fully Condemned Property is located and shall contain standard provisions protecting the rights of Lender and (y) Borrower shall pay all costs, taxes and expenses associated with such release (including, without limitation, cost to file and record the release and Lender’s reasonable attorneys’ fees).

Section 5.4 Restoration. The following provisions shall apply in connection with the Restoration of any Property or Properties affected by a Casualty:

(a) If the Net Proceeds reasonably expected to be received in connection with any single Casualty event is less than the Casualty Threshold Amount, then, (i) if no Event of Default shall have occurred and be continuing and, within sixty (60) days of the date of the occurrence of such Casualty, Borrower delivers to Lender a written undertaking to expeditiously commence and to satisfactorily complete with due diligence the Restoration of the affected Properties in accordance with the terms of this Agreement, then (A) if Net Proceeds are paid by the insurance company directly to Borrower subsequent to delivering such undertaking, such Net Proceeds may be retained by Borrower (for the avoidance of doubt, Net Proceeds received by Borrower prior to delivering such undertaking shall be immediately paid to Lender as required by **Section 5.2**), (B) if Net Proceeds are paid by the insurance company to Lender, such Net Proceeds will be disbursed by Lender to Borrower and (C) Borrower shall conduct the Restoration of the affected Properties in accordance with the terms of **Section 5.4(e)** and (ii) if an Event of Default shall have occurred and be continuing or Borrower fails to deliver such an undertaking to Lender, then (A) Lender may retain any Net Proceeds received by it, (B) Borrower shall immediately deliver to Lender any Net Proceeds paid to Borrower as required by **Section 5.2**, (C) such Net Proceeds shall be applied to the prepayment of the Debt in accordance with **Section 2.4.3(c)**, (D) Borrower shall prepay the Loan in an amount equal to the positive difference between such Net Proceeds and the Allocated Loan Amount for the affected Properties, together with all interest and other amounts required to be paid in connection therewith under **Section 2.4.5**, and (E) following Borrower's written request and receipt by Lender of the Net Proceeds and payment by Borrower of the amounts set forth in clause (D) above, Lender shall release the affected Properties from the applicable Mortgage Documents and related Liens, provided, that (x) Borrower has delivered to Lender draft releases (and, in the event any of the Mortgages and the Assignments of Leases and Rents applicable to any of the affected Properties encumber other Property(ies) in addition to the affected Properties, such release shall be a partial release that relates only to the affected Property(ies) and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such affected Properties are located and shall contain standard provisions protecting the rights of Lender and (y) Borrower shall pay all costs, taxes and expenses associated with such release (including, without limitation, cost to file and record the release and Lender's reasonable attorneys' fees).

(b) If the Net Proceeds reasonably expected to be received in connection with any single Casualty event is greater than the Casualty Threshold Amount, then, (i) if no Event of Default shall have occurred and be continuing and, within sixty (60) days of the date of the occurrence of such Casualty, Borrower delivers to Lender a written undertaking to expeditiously commence and to satisfactorily complete with due diligence the Restoration of the affected Properties in accordance with the terms of this Agreement, then (A) Borrower shall immediately deliver to Lender any Net Proceeds paid to Borrower as required by **Section 5.2** and (B) Borrower shall conduct the Restoration of the affected Properties in accordance with the terms of and subject to the conditions of **Section 5.4(d)** and (ii) if an Event of Default shall have occurred and be continuing or Borrower fails to deliver such an undertaking to Lender, then (A) Lender may retain any Net Proceeds received by it, (B) Borrower shall immediately deliver to Lender any Net Proceeds paid to Borrower as required by **Section 5.2**, (C) such Net Proceeds shall be applied to the prepayment of the Debt in accordance with **Section 2.4.3(c)**, (D) Borrower shall

prepay the Loan in an amount equal to the positive difference between such Net Proceeds and the Allocated Loan Amount for the affected Properties, together with all interest and other amounts required to be paid in connection therewith under **Section 2.4.5**, and (E) following Borrower's written request and receipt by Lender of the Net Proceeds and payment by Borrower of the amounts set forth in clause (D) above, Lender shall release the affected Properties from the applicable Mortgage Documents and related Liens, provided, that (x) Borrower has delivered to Lender draft releases (and, in the event any of the Mortgages and the Assignments of Leases and Rents applicable to any of the affected Properties encumber other Property(ies) in addition to the affected Properties, such release shall be a partial release that relates only to the affected Property(ies) and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such affected Properties are located and shall contain standard provisions protecting the rights of Lender and (y) Borrower shall pay all costs, taxes and expenses associated with such release (including, without limitation, cost to file and record the release and Lender's reasonable attorneys' fees).

(c) If Borrower elects to undertake the Restoration of a Property or Properties pursuant to **Section 5.4(a)**, (i) Borrower shall commence the Restoration as soon as reasonably practicable (but in no event later than ninety (90) days after such Casualty occurs) and shall diligently pursue the same to satisfactory completion; (ii) Borrower shall cause the affected Property and the use thereof after the Restoration to be in compliance with and permitted under all applicable Legal Requirements and such Property, after Restoration, shall be of the same character as prior to such damage or destruction; (iii) the Restoration shall be done and completed by Borrower in an expeditious and diligent fashion and in compliance with all applicable Legal Requirements and the Renovation Standards and (iv) Borrower shall deliver, or cause to be delivered, to Lender a signed detailed budget approved in writing by Borrower's architect or engineer stating the entire cost of completing the Restoration, which budget shall be reasonably acceptable to Lender.

(d) If Borrower elects to undertake the Restoration of a Property or Properties pursuant to **Section 5.4(b)**, the following provisions shall apply:

(i) the Net Proceeds shall be made available to Borrower for Restoration upon the determination of Lender that the following conditions are met: (i) Borrower shall commence the Restoration as soon as reasonably practicable (but in no event later than ninety (90) days after such Casualty occurs) and shall diligently pursue the same to satisfactory completion; (ii) Lender shall be satisfied that any operating deficits, including all scheduled payments of principal and interest under the Note, which will be incurred with respect to the Properties as a result of the occurrence of the Casualty, whichever the case may be, will be covered out of (1) the Net Proceeds, (2) the insurance coverage referred to in **Section 5.1.1(a)(ii)**, if applicable, or (3) by other funds of Borrower; (iii) Lender shall be satisfied that the Restoration will be completed on or before the earliest to occur of (1) the date six (6) months prior to the Stated Maturity Date, as extended pursuant to **Section 2.7**, (2) the earliest date required for such completion under the terms of any Lease, (3) such time as may be required under applicable Legal Requirements or (4) six (6) months prior to the expiration of the insurance coverage referred to in **Section 5.1.1(a)(ii)**; (iv) Borrower shall cause the affected Property and the use thereof after the Restoration to be in compliance with and permitted under all applicable Legal Requirements and such Property, after Restoration,

shall be of the same character as prior to such damage or destruction; (v) the Restoration shall be done and completed by Borrower in an expeditious and diligent fashion and in compliance with all applicable Legal Requirements and the Renovation Standards; (vi) Borrower shall deliver, or cause to be delivered, to Lender a signed detailed budget approved in writing by Borrower's architect or engineer stating the entire cost of completing the Restoration, which budget shall be reasonably acceptable to Lender and (vii) the Net Proceeds together with any cash or cash equivalent deposited by Borrower with Lender are sufficient in Lender's discretion to cover the cost of the Restoration.

(ii) The Net Proceeds shall be held by Lender in the Casualty and Condemnation Account and, until disbursed in accordance with the provisions of this **Section 5.4(d)**, shall constitute additional security for the Debt and other obligations under the Loan Documents. The Net Proceeds shall be disbursed by Lender to, or as directed by, Borrower from time to time during the course of the Restoration, upon receipt of evidence satisfactory to Lender that (A) all materials installed and work and labor performed (except to the extent that they are to be paid for out of the requested disbursement) in connection with the Restoration have been paid for in full, and (B) there exist no notices of pendency, stop orders, mechanic's or materialman's liens or notices of intention to file same, or any other liens or encumbrances of any nature whatsoever on the Properties which have been fully bonded to the satisfaction of Lender and discharged of record or in the alternative fully insured to the satisfaction of Lender by the title company issuing the Title Insurance Policy.

(iii) All plans and specifications required in connection with the Restoration shall be subject to the prior approval of Lender and an independent consulting engineer selected by Lender (the "**Casualty Consultant**"). Lender shall have the use of the plans and specifications and all permits, licenses and approvals required or obtained in connection with the Restoration. The identity of the contractors, subcontractors and materialmen engaged in the Restoration, as well as the contracts under which they have been engaged, shall be subject to the approval of Lender and the Casualty Consultant. All costs and expenses incurred by Lender in connection with recovering, holding and advancing the Net Proceeds for the Restoration including, without limitation, reasonable attorneys' fees and disbursements and the Casualty Consultant's fees and disbursements, shall be paid by Borrower.

(iv) In no event shall Lender be obligated to make disbursements of the Net Proceeds in excess of an amount equal to the costs actually incurred from time to time for work in place as part of the Restoration, as certified by the Casualty Consultant, less the Casualty Retainage. The term "**Casualty Retainage**" shall mean, as to each contractor, subcontractor or materialman engaged in the Restoration, an amount equal to ten percent (10%) of the costs actually incurred for work in place as part of the Restoration, as certified by the Casualty Consultant, until the Restoration has been completed. The Casualty Retainage shall in no event, and notwithstanding anything to the contrary set forth above in this **Section 5.4(d)**, be less than the amount actually held back by Borrower from contractors, subcontractors and materialmen engaged in the Restoration. The Casualty Retainage shall not be released until the Casualty Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this **Section 5.4(b)** and that all approvals necessary for the re-occupancy

and use of the Property have been obtained from all appropriate Governmental Authorities, and Lender receives evidence satisfactory to Lender that the costs of the Restoration have been paid in full or will be paid in full out of the Casualty Retainage; provided, however, that Lender will release the portion of the Casualty Retainage being held with respect to any contractor, subcontractor or materialman engaged in the Restoration as of the date upon which (x) the Casualty Consultant certifies to Lender that such contractor, subcontractor or materialman has satisfactorily completed all work and has supplied all materials in accordance with the provisions of such contractor's, subcontractor's or materialman's contract, (y) the contractor, subcontractor or materialman delivers the lien waivers and evidence of payment in full of all sums due to the contractor, subcontractor or materialman as may be reasonably requested by Lender or by the title company issuing the Title Insurance Policy, and (z) Lender receives an endorsement to the Title Insurance Policy insuring the continued priority of the Lien of the Mortgage and evidence of payment of any premium payable for such endorsement. If required by Lender, the release of any such portion of the Casualty Retainage shall be approved by the surety company, if any, which has issued a payment or performance bond with respect to the contractor, subcontractor or materialman.

(v) Lender shall not be obligated to make disbursements of the Net Proceeds more frequently than once every calendar month.

(vi) If at any time the Net Proceeds or the undisbursed balance thereof shall not, in the opinion of Lender in consultation with the Casualty Consultant, be sufficient to pay in full the balance of the costs which are estimated by the Casualty Consultant to be incurred in connection with the completion of the Restoration, Borrower shall deposit the deficiency (the "**Net Proceeds Deficiency**") with Lender (for deposit into the Casualty and Condemnation Account) before any further disbursement of the Net Proceeds shall be made. The Net Proceeds Deficiency deposited with Lender shall be deposited by Lender into the Casualty and Condemnation Account and shall be disbursed for costs actually incurred in connection with the Restoration on the same conditions applicable to the disbursement of the Net Proceeds, and until so disbursed pursuant to this **Section 5.4(d)** shall constitute additional security for the Obligations.

(vii) The excess, if any, of the Net Proceeds and the remaining balance, if any, of the Net Proceeds Deficiency deposited with Lender after the Casualty Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this **Section 5.4(d)**, and the receipt by Lender of evidence satisfactory to Lender that all costs incurred in connection with the Restoration have been paid in full, shall be remitted by Lender to Borrower, provided no Event of Default shall have occurred and shall be continuing.

(e) All reasonable out-of-pocket costs and expenses incurred by Lender in connection with any Restoration including, without limitation, reasonable attorneys' fees and disbursements, shall be paid by Borrower.

(f) Notwithstanding anything to the contrary set forth in this Agreement, including the provisions of **Section 5.3** or **Section 5.4**, if the Loan is included in a REMIC Trust and, immediately following a release of any portion of the Lien of a Mortgage following a Casualty or Condemnation of a Property (but taking into account any proposed Restoration of the

remaining portion of such Property), the ratio of the unpaid principal balance of the Loan to the value of the remaining Properties is greater than one hundred twenty-five percent (125%) (such value to be determined, in Lender's sole discretion, by any commercially reasonable method permitted to a REMIC Trust; and which shall exclude the value of personal property (other than fixtures) or going concern value, if any), the Outstanding Principal Balance must be paid down (by application of the Net Proceeds or Award, as applicable, or if such amounts are not sufficient, by Borrower) by a "qualified amount" as that term is defined in the IRS Revenue Procedure 2010-30, as the same may be amended, replaced, supplemented or modified from time to time, unless Lender receives an opinion of counsel that if such amount is not paid, the applicable Securitization will not fail to maintain its status as a REMIC Trust as a result of the related release of such portion of the Lien of such Mortgage. If and to the extent the preceding sentence applies, only such amount of the net Award or net Insurance Proceeds (as applicable), if any, in excess of the amount required to pay down the principal balance of the Loan may be released for purposes of Restoration or released to Borrower as otherwise expressly provided in *Section 5.3* or *Section 5.4*.

(g) In the event of foreclosure of a Mortgage, or other transfer of title to a Property or Properties in extinguishment in whole or in part of the Debt all right, title and interest of Borrower in and to the Policies that are not blanket Policies then in force concerning such Property or Properties and all proceeds payable thereunder shall thereupon vest in the purchaser at such foreclosure or Lender or other transferee in the event of such other transfer of title.

ARTICLE 6

CASH MANAGEMENT AND RESERVE FUNDS

Section 6.1 Cash Management Arrangements.

6.1.1 Rent Deposit Account and Collection Account. Borrower shall establish and maintain one or more trust accounts for the purpose of collecting Rents (each, a "**Rent Deposit Account**") at a local bank selected by Borrower and reasonably approved by Lender which shall be an Eligible Institution (the "**Rent Deposit Bank**"). The Rent Deposit Accounts shall be subject to a Property Account Control Agreement and Borrower and Manager shall have access to and may make withdrawals from any Rent Deposit Account for the sole purpose of making refunds of partial payments of Rents to preserve rights of eviction (as provided below) until the occurrence of an Event of Default, after which Lender may exercise sole control and dominion over each Rent Deposit Account and neither Borrower nor Manager shall have the right of withdrawal from or access to the Rent Deposit Accounts; *provided* that, for the avoidance of doubt, no Property Account Control Agreement shall be required with respect to Security Deposit Accounts. Borrower shall cause all Rents which are paid to or received by Borrower or Manager to be deposited into a Rent Deposit Account or the Collection Account, provided that all Rents are deposited into the Collection Account within three (3) Business Days after receipt thereof by Borrower or Manager. Borrower shall (or instruct Manager to) cause all funds on deposit in a Rent Deposit Account to be deposited into the Collection Account every third (3rd) Business Day (or more frequently in Borrower's discretion), *provided*, that so long as no Event of Default exists, Borrower may cause Rent Deposit Bank to retain a reasonable amount of funds in the Rent Deposit Accounts (the "**Rent Deposit Account Retained Amount**") with respect to anticipated overdrafts, charge-backs and refunds of partial payments of Rents to preserve rights of eviction, provided in no event shall the Rent Deposit Account Retained

Amount exceed two and one-half percent (2.5%) of the total Rents deposited into the Rent Deposit Accounts during the immediately prior calendar month. Borrower shall cause any Rents which are paid to Borrower or Manager via wire or other electronic means to be deposited directly into a Rent Deposit Account or the Collection Account and, without limitation of the foregoing, Borrower shall notify and advise each current and future Tenant to send all payments of Rent pursuant to an instruction letter in the form of **Exhibit D** attached hereto (a “ **Tenant Direction Letter** ”). Without the consent of Lender, neither Borrower nor Manager shall terminate, amend, revoke or modify any Tenant Direction Letter in any manner whatsoever, or direct or cause any Tenant to pay any amount in any manner other than as provided in the related Tenant Direction Letter. In the event of any Transfer of any Property, Borrower shall (or shall cause the Manager or the closing title company or escrow agent, as applicable, to) deposit directly into the Collection Account the Net Transfer Proceeds for allocation in accordance with the terms of this Agreement. In addition, Borrower shall, and shall cause Manager to, deposit any other Collections received by or on behalf of Borrower directly into the Collection Account within three (3) Business Days following receipt thereof. Without in any way limiting the foregoing, any Rents and other Collections received by Borrower or Manager shall be deemed to be collateral for the Obligations and shall be held in trust for the benefit, and as the property, of Lender, and such amounts shall not be commingled with any other funds or property of Borrower or Manager. Lender may also establish subaccounts of the Collection Account which shall at all times be Eligible Accounts (and may be ledger or book entry accounts and not actual accounts) (such subaccounts are referred to herein as “ **Accounts** ”). The Collection Account and all other Accounts shall be subject to the Blocked Account Control Agreement and shall be under the sole control and dominion of Lender, and Borrower shall have no right of withdrawal therefrom. Neither Borrower nor Manager shall have the right of withdrawal with respect to the Collection Account or any Accounts except with the prior written consent of Lender, and neither Borrower, Manager, nor any Person claiming on or behalf of or through Borrower or Manager shall have any right or authority to give instructions with respect to the Collection Account or the Accounts. Borrower acknowledges and agrees that Collection Account Bank shall comply with (i) the instructions originated by Lender with respect to the disposition of funds in the Collection Account and the Accounts without the further consent of Borrower or Manager or any other Person and (ii) all “entitlement orders” (as defined in Section 8-102(a)(8) of the UCC) and instructions originated by Lender directing the transfer or redemption of any financial asset relating to the Collection Account or any Account without further consent by Borrower or any other Person. The Collection Account and each Account is and shall be treated either as a “securities account”, as such term is defined in Section 8-501(a) of the UCC, or a “deposit account”, as defined in Section 9-102(a)(29) of the UCC. Borrower shall not further pledge, assign or grant any security interest in the Rent Deposit Accounts or the monies deposited therein or permit any lien or encumbrance to attach thereto, or any levy to be made thereon, or any UCC-1 financing statements, except those naming Lender as the secured party, to be filed with respect thereto. Borrower shall indemnify Lender and hold Lender harmless from and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations and costs and expenses (including litigation costs and reasonable attorneys’ fees and expenses) arising from or in any way connected with the Rent Deposit Accounts and/or the related Property Account Control Agreement (unless arising from the gross negligence or willful misconduct of Lender) or the performance of the obligations for which the Rent Deposit Accounts were established.

6.1.2 Investment of Funds in Collection Account, Accounts, and Rent Deposit Account. Sums on deposit in the Collection Account and the Accounts may be invested in Permitted Investments. Lender shall have the right to direct Collection Account Bank to invest sums on deposit in the Collection Account and the Accounts in Permitted Investments. The Collection Account shall be assigned the federal tax identification number of Borrower. Sums on deposit in the Rent Deposit Accounts shall not be invested in Permitted Investments and shall be held solely in cash. The amount of actual losses sustained on a liquidation of a Permitted Investment in the Collection Account or an Account shall be deposited into the Collection Account or the applicable Account, as applicable, by Borrower no later than one (1) Business Day following such liquidation. Borrower shall be responsible for payment of any federal, state or local income or other tax applicable to income earned from Permitted Investments.

6.1.3 Borrower's Operating Account. Borrower shall establish and maintain an account (the "**Borrower's Operating Account**") at a local bank selected by Borrower and reasonably approved by Lender which shall be an Eligible Institution. Borrower may also establish and maintain subaccounts of Borrower's Operating Account (which may be ledger or book entry accounts and not actual accounts). Borrower's Operating Account (and any subaccounts thereof) shall be subject to a Property Account Control Agreement in which Borrower and Manager shall have access to and may make withdrawals from Borrower's Operating Account until the occurrence of an Event of Default, after which Lender may exercise sole control and dominion over Borrower's Operating Account (and any subaccounts thereof) and neither Borrower nor Manager shall have the right of withdrawal from or access to Borrower's Operating Account (and any subaccounts thereof).

6.1.4 General. Borrower shall pay for all expenses of opening and maintaining the Collection Account (and the Accounts) and the Property Accounts. There are no other accounts maintained by Borrower or Manager or any other Person other than the Rent Deposit Accounts and the Collection Account into which Rents or any other Collections shall be deposited. So long as the Debt is outstanding, Borrower shall not (and shall not permit Manager or any other Person to) open any other account for the deposit of Rents or any other Collections.

Section 6.2 Tax Funds; HOA Funds.

6.2.1 Deposits of Tax Funds. Borrower shall deposit with Lender (i) on the Closing Date, an amount equal to \$2,141,133.92 and (ii) on each Monthly Payment Date, an amount equal to one-twelfth of the Property Taxes that Lender estimates will be payable during the next ensuing twelve (12) months (initially, \$713,711.31), in order to accumulate sufficient funds to pay all such Property Taxes prior to their respective due dates, which amounts shall be transferred into an Account (the "**Tax Account**"). Amounts deposited from time to time into the Tax Account pursuant to this **Section 6.2.1** are referred to herein as the "**Tax Funds**". If at any time Lender reasonably determines that the Tax Funds will not be sufficient to pay the Property Taxes, Lender shall notify Borrower of such determination and, commencing with the first Monthly Payment Date following Borrower's receipt of such written notice, the monthly deposits for Property Taxes shall be increased by the amount that Lender estimates is sufficient to make up the deficiency at least ten (10) days prior to the respective due dates for the Property Taxes; *provided*, that if Borrower receives notice of any deficiency after the date that is ten (10) days prior to the date that Property Taxes are due, Borrower will deposit with or on behalf of Lender such amount within one (1) Business Day after its receipt of such notice.

6.2.2 Release of Tax Funds. Provided no Event of Default is continuing, Lender shall apply Tax Funds in the Tax Account to reimburse Borrower for payments of Property Taxes made by Borrower after delivery by Borrower to Lender of evidence of such payment reasonably acceptable to Lender. If the amount of the Tax Funds shall exceed the amounts due for Property Taxes, Lender shall, in its sole discretion, return any excess to Borrower or credit such excess against future payments to be made to the Tax Funds. Any Tax Funds remaining in the Tax Account after the Obligations have been paid in full shall be returned to Borrower. Provided no Default or Event of Default exists, the Tax Funds reserved for any Property will be released upon a permitted sale and release of such Property in accordance with the terms hereof.

6.2.3 Deposits of HOA Funds. Borrower shall deposit with Lender on the Closing Date, an amount equal to the HOA Fees that Lender estimates will be payable with respect to all Applicable HOA Properties during the next ensuing twelve (12) months (initially, \$62,718.08) which amounts shall be transferred into a subaccount established at the Collection Account Bank to hold such funds (the "**HOA Subaccount**"). Amounts deposited from time to time into the HOA Subaccount pursuant to this **Section 6.2.3** are referred to herein as the "**HOA Funds**". If at any time Lender reasonably determines that the HOA Funds will not be sufficient to pay the HOA Fees for the Applicable HOA Properties for the next ensuing twelve (12) months, Lender shall notify Borrower of such determination and, within thirty (30) days following Borrower's receipt of such written notice, Borrower shall deposit with Lender for transfer into the HOA Subaccount an amount that Lender estimates is sufficient to make up the deficiency.

6.2.4 Release of HOA Funds. If at any time Lender believes in good faith that HOA Fees due and payable to an HOA for any HOA Property have become delinquent, Lender shall in its sole and absolute discretion apply the HOA Funds to pay such HOA Fees. If the amount of the HOA Funds shall exceed the HOA Fees that Lender estimates will be payable with respect to all Applicable HOA Properties during the next ensuing twelve (12) months, Lender shall, in its sole discretion, return any excess to Borrower or credit such excess against future payments to be made to the HOA Funds. Any HOA Funds remaining in the HOA Subaccount after the Obligations have been paid in full shall be returned to Borrower. Provided no Default or Event of Default exists, the HOA Funds reserved for any Applicable HOA Property shall be released upon a permitted sale and release of such Property in accordance with the terms hereof.

Section 6.3 Insurance Funds .

6.3.1 Deposits of Insurance Funds. Borrower shall deposit with or on behalf of Lender on each Monthly Payment Date, an amount equal to one-twelfth of the Insurance Premiums that Lender estimates will be payable for the renewal of the coverage afforded by the Policies upon the expiration thereof, in order to accumulate sufficient funds to pay all such Insurance Premiums prior to the expiration of the Policies, which amounts shall be transferred into an Account established at the Collection Account Bank to hold such funds (the "**Insurance Account**"). Amounts deposited from time to time into the Insurance Account pursuant to this **Section 6.3.1** are referred to herein as the "**Insurance Funds**". If at any time Lender reasonably determines that the Insurance Funds will not be sufficient to pay the Insurance Premiums, Lender shall notify Borrower of such determination and the monthly deposits for Insurance Premiums shall be increased by the amount that Lender estimates is sufficient to make up the deficiency at least thirty (30) days prior to expiration of the Policies.

6.3.2 Release of Insurance Funds. Provided no Event of Default is continuing, Lender shall apply Insurance Funds in the Insurance Account to timely pay, or reimburse Borrower for payments of, Insurance Premiums. If the amount of the Insurance Funds shall exceed the amounts due for Insurance Premiums, Lender shall, in its sole discretion, return any excess to Borrower or credit such excess against future payments to be made to the Insurance Funds. Any Insurance Funds remaining in the Insurance Account after the Obligations have been paid in full shall be returned to Borrower. Provided no Default or Event of Default exists, the Insurance Funds reserved for any Property will be released upon a permitted sale and release of such Property in accordance with the terms hereof.

6.3.3 Acceptable Blanket Policy. Notwithstanding anything to the contrary contained in **Section 6.3.1**, in the event that an Acceptable Blanket Policy is in effect with respect to the Policies required pursuant to **Section 5.1.1**, deposits into the Insurance Account required for Insurance Premiums pursuant to **Section 6.3.1** shall be suspended to the extent that Insurance Premiums relate to such Acceptable Blanket Policy. As of the date hereof, an Acceptable Blanket Policy is in effect with respect to the Policies required as of the Closing Date pursuant to **Section 5.1.1**.

Section 6.4 Capital Expenditure Funds.

6.4.1 Deposits of Capital Expenditure Funds. Borrower shall deposit with or on behalf of Lender on each Monthly Payment Date, an amount equal to one-twelfth of the product of (i) \$750 multiplied by (ii) the number of Properties to which the Loan is applicable, in order to accumulate sufficient funds, for annual Capital Expenditures, which amounts shall be transferred into an Account (the "**Capital Expenditure Account**"). Amounts deposited from time to time into the Capital Expenditure Account pursuant to this **Section 6.4.1** are referred to herein as the "**Capital Expenditure Funds**".

6.4.2 Release of Capital Expenditure Funds. Provided no Event of Default is continuing, Lender shall disburse Capital Expenditure Funds out of the Capital Expenditure Account to pay for Capital Expenditures or to reimburse Borrower for Capital Expenditures actually paid for by Borrower, provided that: (i) such disbursement is for an Approved Capital Expenditure, (ii) the request for disbursement is accompanied by (A) an Officer's Certificate from Borrower (1) stating that the items to be funded by the requested disbursement are Approved Capital Expenditures, and a description thereof, (2) stating that all Approved Capital Expenditures to be funded by the requested disbursement have been completed (or completed to the extent of the requested disbursement) in a good and workmanlike manner and in accordance with all applicable Legal Requirements and the Renovation Standards and, (3) stating that the Approved Capital Expenditures to be funded from the disbursement in question have not been the subject of a previous disbursement have been paid for by Borrower and (iii) for any individual expenditure greater than Twenty-Five Thousand and No/100 Dollars (\$25,000), Borrower has delivered to Lender copies of any invoices, bills or statements related to such Approved Capital Expenditures that are requested by Lender. For the avoidance of doubt, Borrower shall not be entitled to receive a distribution of Capital Expenditure Funds for expenses related to the refurbishment or repair of a Property to the extent that Borrower has been or will be entitled to reimbursement for such expenses from a Tenant's security deposit.

Section 6.5 Special Insurance Reserve Account

(a) Deposit of Special Insurance Reserve Funds . If pursuant to **Section 5.1.3** Borrower elects maintain insurance policies with deductibles in excess of the amounts required by **Section 5.1.1** , Borrower shall deposit into and maintain in an Account (the “ **Special Insurance Reserve Account** ”) an aggregate amount equal to the difference between deductibles in respect of insurance policies maintained by Borrower that are in excess of the levels required by **Section 5.1.1** . Amounts deposited from time to time into the Special Insurance Reserve Account pursuant to this **Section 6.5** are referred to herein as the “ **Special Insurance Reserve Funds** ”.

(b) Release of Special Insurance Reserve Funds. Provided no Event of Default is continuing, in the event of a Casualty, Lender shall disburse to Borrower Special Insurance Reserve Funds in the amount of the applicable Excess Deductible within five (5) Business Days of receipt by Lender of written request therefor by Borrower; *provided* that if Borrower continues to maintain insurance policies with Excess Deductibles, then no disbursement shall be made to the extent such disbursement would result in the Special Insurance Reserve Funds on deposit in the Special Insurance Reserve Account to be less than the aggregate amount of the Excess Deductibles.

Section 6.6 Casualty and Condemnation Account. Borrower shall pay, or cause to be paid, to Lender all Insurance Proceeds or Awards due to any Casualty or Condemnation in accordance with the provisions of **Section 5.2** and **Section 5.3** , which amounts shall be transferred into an Account (the “ **Casualty and Condemnation Account** ”). Amounts deposited from time to time into the Casualty and Condemnation Account pursuant to this **Section 6.6** are referred to herein as the “ **Casualty and Condemnation Funds** ”. All Casualty and Condemnation Funds shall be held, disbursed and/or applied in accordance with the provisions of **Section 5.3** or **Section 5.4** , as applicable.

Section 6.7 Cash Collateral Reserve

6.7.1 Cash Collateral Account. If a Trigger Period shall be continuing, all Available Cash (after payment of the Monthly Budgeted Amount and any Approved Extraordinary Operating Expenses in accordance with **Section 6.8.1**) shall be paid to Lender, which amounts shall be transferred by Lender into an Account (the “ **Cash Collateral Account** ”) to be held by Lender as cash collateral for the Debt. Amounts on deposit from time to time in the Cash Collateral Account pursuant to this **Section 6.7** are referred to as the “ **Cash Collateral Funds** ”. Lender shall have the right, but not the obligation, at any time during the continuance of an Event of Default, in its sole and absolute discretion to apply any and all Cash Collateral Funds then on deposit in the Cash Collateral Account to the Debt, in such order and in such manner as Lender shall elect in its sole and absolute discretion, including to make a prepayment of principal to cause the Debt Yield to meet the Low Debt Yield Trigger (together with the applicable Spread Maintenance Premium, if any, applicable thereto) or any other amounts due hereunder.

6.7.2 Withdrawal of Cash Collateral Funds . Provided no Default or an Event of Default hereunder is continuing and there is an amount exceeding Five Million Dollars (\$5,000,000) on deposit in the Cash Collateral Account (the “ **Cash Collateral Floor** ”), Lender shall make disbursements from the Cash Collateral Account of Cash Collateral Funds in excess of the Cash Collateral Floor to pay costs and expenses in connection with the ownership, management and/or operation of the Properties to the extent such amounts are not otherwise paid

pursuant to **Section 6.8.1** or by Manager pursuant to the Management Agreement for the following items: (i) Operating Expenses including Management Fees (subject to discretionary Operating Expenses being within a five percent (5%) variation of an Approved Annual Budget), (ii) emergency repairs and/or life-safety items (including applicable Capital Expenditures for such purpose), (iii) Capital Expenditures set forth in an Approved Annual Budget (subject to a five percent (5%) variation for Capital Expenditures in such Approved Annual Budget), (iv) legal, audit and accounting costs associated with the Properties or Borrower, excluding legal fees incurred in connection with the enforcement of Borrower's, rights pursuant to the Loan Documents, (v) payment of Debt Service on the Loan, (vi) voluntary or mandatory prepayment of the Loan (together with any applicable Spread Maintenance Premium), including, without limitation, any Debt Yield Cure Prepayment, and (vii) expenses and shortfalls relating to Restoration; *provided* that no disbursements shall be made from the Cash Collateral Account for any of the Operating Expenses or Capital Expenditures described in the foregoing clauses (i) through (iv) to the extent amounts for such Operating Expenses or Capital Expenditures have been distributed to Borrower from the Collection Account under **Section 6.8.1(i)(B)**, or may be distributed to Borrower from the Tax Account, the Insurance Account or the Capital Expenditure Account, as applicable.

6.7.3 Release of Cash Collateral Funds. Provided no Trigger Period is continuing as of two (2) consecutive Calculation Dates, Lender shall release Cash Collateral Funds in the Cash Collateral Account to Borrower; provided, that in the event of a Debt Yield Cure Prepayment, Lender shall release Cash Collateral Funds in the Cash Collateral Account to Borrower within one (1) Business Day of the date of such Debt Yield Cure Prepayment.

Section 6.8 Property Cash Flow Allocation.

6.8.1 Order of Priority of Funds in Collection Account. On each Monthly Payment Date during the Term, except during the continuance of an Event of Default, Collections on deposit in the Collection Account on such day shall be applied on such Monthly Payment Date in the following order of priority:

(a) *first*, to the applicable Security Deposit Account, the amount of any security deposits that have been deposited into the Collection Account by Borrower during the calendar month ending immediately prior to such Monthly Payment Date, as set forth in a written notice from Borrower to Lender delivered pursuant to **Section 4.3.8**;

(b) *second*, to the Tax Account, to make the required payments of Tax Funds as required under **Section 6.2**;

(c) *third*, to the Insurance Account, to make any required payments of Insurance Funds as required under **Section 6.3**;

(d) *fourth*, to Lender, funds sufficient to pay the Monthly Debt Service Payment Amount, applied (A) *first*, to the payment of interest then due and payable on Component A, (B) *second*, to the payment of interest then due and payable on Component B, (C) *third*, to the payment of interest then due and payable on Component C, (D) *fourth*, to the payment of interest then due and payable on Component D, (E) *fifth*, to the payment of interest then due and payable on Component E, (F) *sixth*, to the payment of interest then due and payable on Component F, and (G) *seventh*, to the payment of interest then due and payable on Component G;

(e) *fifth* , to the Manager, management fees payable for the calendar month ending immediately prior to such Monthly Payment Date, but not in excess of six percent (6%) of gross Rents collected during such calendar month;

(f) *sixth* , to the Capital Expenditure Account, to make the required payments of Capital Expenditure Funds as required under **Section 6.4** ;

(g) *seventh* , to Lender, any other fees, costs, expenses (including Trust Fund Expenses) or indemnities then due or payable under this Agreement or any other Loan Document;

(h) *eighth* , to Lender the amount of any mandatory prepayment of the Outstanding Principal Balance pursuant to **Sections 2.4.3** then due and payable and all other amounts payable in connection therewith, such amounts to be applied in the manner set forth in **Section 2.4.5(d)** ;

(i) *ninth* , all amounts remaining after payment of the amounts set forth in clauses (a) through (h) above (the “ **Available Cash** ”) either:

(A) if as of a Monthly Payment Date no Low Debt Yield Period is continuing, any remaining amounts to Borrower’s Operating Account; and

(B) if as of a Monthly Payment Date a Low Debt Yield Period is continuing:

(1) *first* , to Borrower’s Operating Account, funds in an amount equal to the Monthly Budgeted Amount;

(2) *second* , to Borrower’s Operating Account, payments for Approved Extraordinary Operating Expenses, if any; and

(3) *third* , to the Cash Collateral Account to be held or disbursed in accordance with **Section 6.7** .

6.8.2 Application During Event of Default . Notwithstanding anything to the contrary contained herein (including this **Article 6**), upon the occurrence and during the continuance of an Event of Default, Lender, at its option, may apply any Collections then in the possession of Lender, Servicer or the Collection Account Bank (including any Reserve Funds on deposit in the Accounts) or any Property Account Bank to the payment of the Debt in such order, proportion and priority as Lender may determine in its sole and absolute discretion. Lender’s right to withdraw and apply any of the foregoing funds shall be in addition to all other rights and remedies provided to Lender under the Loan Documents.

6.8.3 Annual Budget . Prior to the date hereof, Borrower has submitted and Lender has approved an Annual Budget for the 2015 calendar year (the “ **Approved Initial Budget** ”). Borrower shall submit to Lender by November 1 of each year the Annual Budget relating to the Properties for the succeeding Fiscal Year. During the continuance of a Trigger

Period, Lender shall have the right to approve each Annual Budget (which approval shall not be unreasonably conditioned, delayed or withheld so long as no Event of Default is continuing). An Annual Budget approved by Lender during a Trigger Period or any Annual Budget submitted prior to the commencement of a Trigger Period, shall each hereinafter be referred to as an “**Approved Annual Budget**”. In the event of a Transfer of any Property the Approved Annual Budget shall be reduced as reasonably determined by Lender in consultation with Borrower in order to reflect the removal of such Property and the Operating Expenses associated therewith; *provided, further*, that no such reduction shall be made in the event such Transfer is made in connection with a substitution under **Section 2.4.3(a)**. If Lender has the right to approve an Annual Budget pursuant to this **Section 6.8.3**, neither Borrower nor Manager shall change or modify the Annual Budget that has been approved by Lender without the prior written consent of Lender (which consent shall not be unreasonably withheld, conditioned or delayed so long as no Event of Default is continuing). The “**Monthly Budgeted Amount**” for each Monthly Payment Date shall mean the monthly amount set forth in the Approved Annual Budget for Operating Expenses and Capital Expenditures for the Interest Period related to such Monthly Payment Date. If during any Trigger Period, Borrower has submitted an Annual Budget and such Annual Budget has not been approved prior to the commencement of the calendar year to which such budget relates then the previous Approved Annual Budget shall continue to be deemed to be the Approved Annual Budget for that calendar year, except that the line item for Capital Expenditures shall not exceed the Capital Expenditures set forth in the Approved Initial Budget.

6.8.4 Extraordinary Operating Expenses. During any Low Debt Yield Period, in the event that Borrower incurs or is required to incur an extraordinary operating expense not set forth in the Approved Annual Budget relating to the Properties (each an “**Extraordinary Operating Expense**”), then Borrower shall promptly deliver to Lender a reasonably detailed explanation of such proposed Extraordinary Operating Expense for Lender’s approval. Any Extraordinary Operating Expense approved by Lender is referred to herein as an “**Approved Extraordinary Operating Expense**”. Any Funds distributed to Borrower for the payment of Approved Extraordinary Operating Expenses pursuant to **Section 6.8.1** shall be used by Borrower only to pay for such Approved Extraordinary Operating Expenses or reimburse Borrower for such Approved Extraordinary Operating Expenses, as applicable.

Section 6.9 Security Interest in Reserve Funds. As security for payment of the Debt and the performance by Borrower of all other terms, conditions and provisions of the Loan Documents, Borrower hereby pledges and assigns to Lender, and grants to Lender a security interest in, all Borrower’s right, title and interest in and to all (collectively, the “**Account Collateral**”) (i) Collections, (ii) any and all Permitted Investments, (iii) in and to all payments to, cash, checks, drafts, letters of credit, certificates and instruments from time to time held in the Property Accounts, the Collection Account and/or Accounts (collectively, the “**Cash Management Accounts**”), (iv) all interest, dividends, cash, instruments, investment property and other property from time to time received, receivable or otherwise payable in respect of, or in exchange for, any or all of the foregoing, and (v) to the extent not covered by **clauses (i), (ii), (iii) or (iv)** above, all “proceeds” (as defined under the UCC) of any or all of the foregoing. Borrower hereby grants to Lender a continuing security interest in, and agrees to hold in trust for the benefit of Lender, all Rents and other Collections in its possession prior to the (x) payment of such Collections to Lender or (y) deposit of such Collections into a Rent Deposit Account or Collection Account, as applicable. Borrower shall not, without obtaining the prior written consent of Lender, further pledge, assign or grant any security interest in any Cash Management

Account, or permit any Lien to attach thereto, or any levy to be made thereon, or any UCC Financing Statements, except those naming Lender as the secured party, to be filed with respect thereto. This Agreement is, among other things, intended by the parties to be a security agreement for purposes of the UCC. Upon the occurrence and during the continuance of an Event of Default, Lender may apply any sums in any Cash Management Account in any order and in any manner as Lender shall elect in Lender's discretion without seeking the appointment of a receiver and without adversely affecting the rights of Lender to foreclose the Lien of any Mortgage Documents, Borrower Security Agreement or exercise its other rights under any other Loan Documents. Provided no Event of Default exists, all interest which accrues on the funds in the Collection Account or any Account (other than the Tax Account and the Insurance Account) shall accrue for the benefit of Borrower and shall be taxable to Borrower and shall be added to and disbursed in the same manner and under the same conditions as the principal sum on which said interest accrued. Upon repayment in full of the Debt, all remaining funds in the Collection Account and the Accounts, if any, shall be promptly disbursed to Borrower.

Section 6.10 Eligibility Reserve Account.

(a) Deposit of Eligibility Funds. If Borrower shall be required to make a prepayment in respect of any Property pursuant to **Section 2.4.3(a)** (other than in the case of any Property that constitutes a Disqualified Property due to the occurrence of a Voluntary Action in respect thereof), Borrower shall have an option to deposit into an Account (the "**Eligibility Reserve Account**") an amount equal to one hundred percent (100%) of the Allocated Loan Amount for any such Property ("**Eligibility Funds**"), provided that Borrower provides Lender with written notice of any such Eligibility Funds and, no later than the due date for the prepayment required under **Section 2.4.3(a)**, delivers such Eligibility Funds with Lender for deposit to the Eligibility Reserve Account.

(b) Release of Eligibility Funds. Provided no Default or Event of Default exists, Lender shall disburse the Eligibility Funds with respect to a Property to Borrower upon (i) the sale of such Property and payment in full of the applicable Release Amount, (ii) upon such Property becoming an Eligible Property or (iii) upon the substitution of the applicable Disqualified Property with a Substitute Property in accordance with the conditions of **Section 2.4.3(a)**.

Section 6.11 Release of Reserve Funds Generally. Notwithstanding anything to the contrary contained in this **Article 6**, disbursements of Reserve Funds to Borrower shall only occur on the Reserve Release Date after receipt by Lender of a Reserve Release Request from Borrower not less than five (5) Business Days prior to such date; *provided*, that if the amount of Reserves to be released to Borrower on any Reserve Release Date is less than the Minimum Disbursement Amount, then such Reserves shall continue to be maintained in the Reserve Accounts until the next Reserve Release Date on which an amount equal to or greater than the Minimum Disbursement Amount is available for disbursement or until the payment in full of the Obligations.

ARTICLE 7

PERMITTED TRANSFERS

Section 7.1 Permitted Transfers. Notwithstanding anything to the contrary contained in **Section 4.2.3**, the following Transfers (herein, the “**Permitted Transfers**”) shall be permitted hereunder without Lender’s consent:

- (a) an Eligible Lease entered into in accordance with the Loan Documents;
- (b) a Permitted Lien or any other Lien expressly permitted under the terms of the Loan Documents;
- (c) a Transfer of a Property in accordance with **Section 2.5**;
- (d) a substitution of a Property for a Substitute Property in accordance with **Section 2.4.3** or **Section 5.3(b)**, as applicable;
- (e) the Transfer of any direct or indirect legal or beneficial interests in any Public Vehicle, including a Public Vehicle that exists on the date hereof or a Public Vehicle which acquires a direct or indirect legal or beneficial interest in Borrower and each other Loan Party after the Closing Date in accordance with the terms of this **Section 7.1**;
- (f) a Transfer of any direct or indirect interest in Borrower or any other Loan Party provided that:
 - (i) after giving effect to such Transfer, a Qualified Transferee (A) shall own not less than fifty-one percent (51%) of the direct or indirect legal and beneficial interests in Borrower and the other Loan Parties and (B) shall continue to Control (directly or indirectly) Borrower, each other Loan Party and each SPC Party;
 - (ii) Lender shall receive notice of any Transfer described in this **Section 7.1(f)** not less than (x) if the Qualified Transferee referenced in clause (i) above is not the Sponsor, ten (10) Business Days prior to the consummation thereof or (y) if the Qualified Transferee referenced in clause (i) above is the Sponsor, thirty (30) days following the consummation thereof, but the failure to deliver the notice referred to in this clause (y) shall not constitute an Event of Default unless such failure continues for ten (10) Business Days following notice of such failure from Lender;
 - (iii) each of Borrower, Equity Owner GP, Equity Owner, Borrower GP and each SPC Party shall each continue to be a Special Purpose Bankruptcy Remote Entity;
 - (iv) after giving effect to such Transfer (A) Borrower GP shall remain the sole general partner of Borrower owning not less than one percent (1.0%) of the partnership interest in Borrower, (B) Equity Owner shall remain the sole limited partner of Borrower and the sole member of Borrower GP, (C) Equity Owner GP shall remain the sole general partner of Equity Owner owning not less than one percent (1.0%) of the partnership interest in Equity Owner and (D) Borrower shall remain the sole member of any Borrower TRS;
 - (v) the Properties shall continue to be managed by Existing Manager or by a Qualified Manager pursuant to a Replacement Management Agreement;

(vi) if such Transfer shall cause more than forty-nine percent (49%) of the direct or indirect interests in Borrower, any other Loan Party or any SPC Party to be owned by any Person and its Affiliates that owned less than forty-nine percent (49%) of the direct or indirect interest in Borrower, any other Loan Party or any SPC Party prior to such Transfer, Borrower shall deliver (or cause to be delivered) to Lender a substantive non-consolidation opinion in form and substance reasonably satisfactory to Lender and satisfactory to the applicable Rating Agencies;

(vii) notwithstanding the foregoing, no Transfer of any direct interest in Borrower or any other Loan Party which constitutes a portion of the Collateral shall be permitted; and

(viii) so long as the Loan is outstanding, (A) no pledge or other encumbrance of any direct interests in any Restricted Pledge Party (other than pledges securing the Obligations pursuant to the Collateral Documents) shall be permitted, except that a pledge of the direct ownership interests in the most upper-tier Restricted Pledge Party shall be permitted if such pledge directly or indirectly secures indebtedness that is also directly or indirectly secured by substantial assets other than the Collateral, and (B) no Restricted Pledge Party shall issue preferred equity that has the characteristics of mezzanine debt (such as a fixed maturity date, regular payments of interest, a fixed rate of return and rights of the equity holder to demand repayment of its investment); and

(g) a Sponsor Public Listing or a Sponsor Public Sale provided that:

(i) if after giving effect to any such Sponsor Public Listing or Sponsor Public Sale, more than forty-nine percent (49%) of the direct or indirect interest in Borrower, any Loan Party or any SPC Party is owned by any Person and its Affiliates that owned less than forty-nine percent (49%) of the direct or indirect interest in Borrower, any other Loan Party or any SPC Party prior to such Transfer, Borrower shall deliver (or cause to be delivered) to Lender a substantive non-consolidation opinion in form and substance reasonably satisfactory to Lender and satisfactory to the applicable Rating Agencies;

(ii) each of Borrower, Equity Owner GP, Equity Owner, Borrower GP and each SPC Party shall each continue to be a Special Purpose Bankruptcy Remote Entity;

(iii) after giving effect to such Transfer (A) Borrower GP shall remain the sole general partner of Borrower owning not less than one percent (1.0%) of the partnership interest in Borrower, (B) Equity Owner shall remain the sole limited partner of Borrower and the sole member of Borrower GP and (C) Equity Owner GP shall remain the sole general partner of Equity Owner owning not less than one percent (1.0%) of the partnership interest in Equity Owner;

(iv) the Properties shall continue to be managed by Existing Manager or by a Qualified Manager pursuant to a Replacement Management Agreement;

(v) notwithstanding the foregoing, no Transfer of any direct interest in Borrower, any other Loan Party or any SPC Party shall be permitted in connection with such Sponsor Public Listing or Sponsor Public Sale;

(vi) so long as the Loan is outstanding, (A) no pledge or other encumbrance of any direct interests in any Restricted Pledge Party (other than pledges securing the Obligations pursuant to the Collateral Documents) shall be permitted, and (B) no Restricted Pledge Party shall issue preferred equity that has the characteristics of mezzanine debt (such as a fixed maturity date, regular payments of interest, a fixed rate of return and rights of the equity holder to demand repayment of its investment);

(vii) in the case of a Transfer that is a Sponsor Public Listing, shareholder equity in an amount of at least Two Hundred Million and No/100 Dollars (\$200,000,000) has been sold to third parties in such Sponsor Public Listing and the Public Vehicle that has been listed satisfies the Eligibility Requirements; and

(viii) in the case of a Transfer that is a Sponsor Public Sale, after giving effect to such Transfer, (x) the Loan Parties shall be Controlled (directly or indirectly) by a Qualified Transferee and (y) such Qualified Transferee shall own at least fifty-one percent (51%) of the direct or indirect legal and beneficial interests in Borrower and the other Loan Parties.

(h) Following a Permitted Transfer, if Sponsor (or a Person comprising Sponsor) no longer owns a majority of the direct or indirect interest in Borrower or the Properties, Sponsor shall be released from the Sponsor Guaranty for all liability accruing after the date of such Transfer, provided, that the Qualified Transferee shall execute and deliver to Lender a replacement guaranty in substantially the same form and substance as the Sponsor Guaranty covering all liability accruing from and after the date of such Transfer (but not any which may have accrued prior thereto).

Section 7.2 Cost and Expenses; Searches; Copies.

(a) Borrower shall pay all costs and expenses of Lender in connection with any Transfer, whether or not such Transfer is deemed to be a Permitted Transfer, including, without limitation, all fees and expenses of Lender's counsel, whether internal or outside, and the cost of any required counsel opinions related to REMIC or other securitization or tax issues and any Rating Agency fees.

(b) Borrower shall provide Lender with copies of all organizational documents and all transaction documents relating to any Permitted Transfer.

(c) In connection with any Permitted Transfer, to the extent a transferee shall own ten percent (10%) or more of the direct or indirect ownership interests in Borrower immediately following such transfer (provided such transferee owned less than ten percent (10%) of the direct or indirect ownership interests in Borrower as of the Closing Date), Borrower shall deliver (and Borrower shall be responsible for any reasonable out of pocket costs and expenses in connection therewith), customary searches reasonably requested by Lender in writing (including credit, judgment, lien, litigation, bankruptcy, criminal and watch list) reasonably acceptable to Lender with respect to such transferee.

ARTICLE 8

DEFAULTS

Section 8.1 Events of Default. Each of the following events shall constitute an event of default hereunder (an “*Event of Default*”):

(i) if (A) the Obligations are not paid in full on the Maturity Date, (B) any regularly scheduled monthly payment of interest or principal due under the Note is not paid in full on the applicable Monthly Payment Date, (C) any prepayment of principal due under this Agreement or the Note is not paid when due or (D) the Spread Maintenance Premium is not paid when due,

(ii) if any deposit to the Reserve Funds is not made on the required deposit date therefor, with such failure continuing for two (2) Business Days after Lender delivers written notice thereof to Borrower;

(iii) if any other amount payable pursuant to this Agreement, the Note or any other Loan Document (other than as set forth in the foregoing **clauses (i) and (ii)**) is not paid in full when due and payable in accordance with the provisions of the applicable Loan Document, with such failure continuing for ten (10) days after Lender delivers written notice thereof to Borrower;

(iv) if the Policies are not (A) delivered to Lender within five (5) days of Lender’s written request and (B) kept in full force and effect, each in accordance with the terms and conditions hereof;

(v) a Transfer other than a Permitted Transfer occurs;

(vi) if any certification, representation or warranty made by a Relevant Party herein or any other Loan Document, other than a Property Representation, or in any report, certificate, financial statement or other instrument, agreement or document furnished to Lender shall have been false or misleading in any material and adverse respect as of the date such representation or warranty was made; *provided, however*, if any untrue certification, representation or warranty made after the Closing Date is susceptible of being cured, Borrower shall have the right to cure such certification, representation or warranty within thirty (30) days after receipt of notice from Lender;

(vii) if any Relevant Party shall make an assignment for the benefit of creditors;

(viii) if a receiver, liquidator or trustee shall be appointed for any Relevant Party or any SPC Party or if Borrower, any Relevant Party or any SPC Party shall be adjudicated a bankrupt or insolvent, or if any petition for bankruptcy, reorganization or arrangement pursuant to federal bankruptcy law, or any similar federal or state law, shall be filed by or against, consented to, or acquiesced in by, Borrower, any Relevant Party or any SPC Party, or if any proceeding for the dissolution or liquidation of Borrower, any Relevant Party or any SPC Party shall be instituted, or if Borrower is substantively consolidated with any other Person; *provided, however*, if such

appointment, adjudication, petition, proceeding or consolidation was involuntary and not consented to by such Relevant Party, upon the same not being discharged, stayed or dismissed within sixty (60) days following its filing;

(ix) if any Loan Party attempts to assign its rights under this Agreement or any of the other Loan Documents or any interest herein or therein in contravention of the Loan Documents;

(x) if any of the assumptions contained in the Insolvency Opinion, or in any other non-consolidation opinion delivered to Lender in connection with the Loan, or in any other non-consolidation opinion delivered subsequent to the closing of the Loan, is or shall become untrue in any material respect;

(xi) a breach of the covenants set forth in **Sections 4.1.1 , 4.1.2 , 4.1.3 , 4.1.9 , 4.1.24 , 4.2.1 , 4.2.2 , 4.2.3 , 4.2.4 , 4.2.5 , 4.2.7 , 4.2.8 , 4.2.9 , 4.2.13 or 4.2.18** ;

(xii) if with respect to any Disqualified Property, Borrower fails to within the time periods specified in **Section 2.4.3(a)** either: (A) pay the Release Amount in respect thereof, (B) substitute such Disqualified Property with a Substitute Property in accordance with **Section 2.4.3(a)** or (C) or deposit an amount equal to one hundred percent (100%) of the Allocated Loan Amount for the Disqualified Property in the Eligibility Reserve Account in accordance with **Section 2.4.3(a)** and such failure continues for more than five (5) Business Days after written notice thereof from Lender to Borrower;

(xiii) if, without Lender's prior written consent, (i) any Management Agreement is terminated (unless simultaneously therewith, Borrower and a new Qualified Manager enter into a Replacement Management Agreement in accordance with **Section 4.2.1**), or (ii) there is a default by Borrower under any Management Agreement beyond any applicable notice or grace period that permits such Manager to terminate or cancel the applicable Management Agreement (unless, within thirty (30) days after the expiration of such notice or grace period, Borrower and a new Qualified Manager enter into a Replacement Management Agreement in accordance with **Section 4.2.1**);

(xiv) if any Loan Party or any Person owning a direct or indirect ownership interest in any Loan Party shall be convicted of a Patriot Act Offense by a court of competent jurisdiction;

(xv) any failure on the part of any Borrower to duly observe or perform any of its covenants set forth in **Section 4.1.17** or the representation and warranty in **Section 3.1.26** shall fail to be correct in respect of a Tenant of any Property and, in each case, Borrower fails to notify OFAC within five (5) Business Days of Borrower or Manager obtaining knowledge that such Tenant is on any of the lists described in those sections and promptly take such steps as may be required by OFAC with respect to such Tenant;

(xvi) if there shall be a default under any of the other Loan Documents beyond any applicable cure periods contained in such Loan Documents, whether as to any Relevant Party or the Properties, or if any other such event shall occur or condition

shall exist, if the effect of such event or condition is to accelerate the maturity of any portion of the Obligations or to permit Lender to accelerate the maturity of all or any portion of the Obligations;

(xvii) if Borrower fails to obtain or maintain an Interest Rate Cap Agreement or replacement thereof in accordance with **Section 2.6** and/or **Section 2.7** hereof;

(xviii) if any Loan Document or any Lien granted thereunder by any Relevant Party shall (except in accordance with its terms or pursuant to Lender's written consent), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of the parties thereto or (y) any Relevant Party or any other party shall disaffirm or contest, in writing, in any manner such effectiveness, validity, binding nature or enforceability (other than as a result of the occurrence of the payment in full of the Obligations);

(xix) one or more final judgments for the payment of Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000) or more rendered against any Loan Party, and such amount is not covered by insurance or indemnity or not discharged, paid or stayed within sixty (60) days after (i) the date on which the right to appeal thereof has expired if no such appeal has commenced, or (ii) the date on which all rights to appeal have been extinguished;

(xx) unless BREP has agreed in writing to be primarily liable for all obligations of the Sponsor under the Sponsor Guaranty, as of any Calculation Date, Sponsor or any Qualified Transferee that executes and delivers a replacement guaranty pursuant to **Section 7.1** fails to comply with the Sponsor Financial Covenant; or

(xxi) if any Relevant Party shall continue to be in Default under any of the other terms, covenants or conditions of this Agreement or any other Loan Document not specified in subsections (i) to (xx) above, and such Default shall continue for ten (10) days after notice to Borrower from Lender, in the case of any such Default which can be cured by the payment of a sum of money, or for thirty (30) days after notice to Borrower from Lender in the case of any other such Default; *provided, however*, that if such non-monetary Default is susceptible of cure but cannot reasonably be cured within such 30-day period, and provided further that Borrower shall have commenced to cure such Default within such 30-day period shall and thereafter diligently and expeditiously proceed to cure the same, such 30-day period shall be extended for such time as is reasonably necessary for Borrower in the exercise of due diligence to cure such Default, such additional period not to exceed ninety (90) days.

Section 8.2 Remedies .

8.2.1 Acceleration. Upon the occurrence of an Event of Default (other than an Event of Default described in *clauses (vii)*, *(viii)* or *(ix)* of **Section 8.1**) and at any time thereafter, Lender may, in addition to any other rights or remedies available to it pursuant to this Agreement and the other Loan Documents or at law or in equity, take such action, without notice or demand (and Borrower hereby expressly waives any such notice or demand), that Lender deems advisable to protect and enforce its rights against any Relevant Party and in and to the

Properties, including declaring the Obligations to be immediately due and payable, and Lender may enforce or avail itself of any or all rights or remedies provided in the Loan Documents against the Relevant Parties, including all rights or remedies available at law or in equity; and upon any Event of Default described in *clauses (vii) , (viii) or (ix) of Section 8.1* , the Obligations of Borrower hereunder and under the other Loan Documents shall immediately and automatically become due and payable in full, without notice or demand, and the Loan Parties hereby expressly waives any such notice or demand, anything contained herein or in any other Loan Document to the contrary notwithstanding.

8.2.2 Remedies Cumulative .

(a) During the continuance of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to Lender against each Relevant Party under this Agreement or any of the other Loan Documents executed and delivered by, or applicable to, a Relevant Party or at law or in equity may be exercised by Lender at any time and from time to time, whether or not all or any of the Obligations shall be declared due and payable, and whether or not Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Loan Documents with respect to the Collateral. The rights, powers and remedies of Lender under this Agreement shall be cumulative and not exclusive of any other right, power or remedy which Lender may have against a Relevant Party pursuant to this Agreement or the other Loan Documents, or existing at law or in equity or otherwise. Lender's rights, powers and remedies may be pursued independently, singly, successively, together or otherwise, at such time and in such order as Lender may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of Lender permitted by law or contract or as set forth herein or in the other Loan Documents or by equity. Without limiting the generality of the foregoing, if an Event of Default is continuing (i) Lender shall not be subject to any "one action" or "election of remedies" law or rule, and (ii) all Liens and other rights, remedies or privileges provided to Lender shall remain in full force and effect until Lender has exhausted all of its remedies against the Properties and the other Collateral and each Mortgage has been foreclosed, sold and/or otherwise realized upon in satisfaction of the Obligations or the Obligations have been paid in full including, without limitation, any liquidation fees, workout fees, special servicing fees and interest payable on advances made by the Servicer with respect to delinquent debt service payments or expenses of curing Borrower's or any Loan Party's defaults under the Loan Documents or other similar fees payable to Servicer or any special servicer in connection therewith. No delay or omission to exercise any remedy, right or power accruing upon an Event of Default shall impair any such remedy, right or power or shall be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Default or Event of Default with respect to a Relevant Party shall not be construed to be a waiver of any subsequent Default or Event of Default by such Relevant Party or to impair any remedy, right or power consequent thereon.

(b) With respect to Borrower, the other Loan Parties and the Collateral, nothing contained herein or in any other Loan Document shall be construed as requiring Lender to resort to any Property or other portion of the Collateral for the satisfaction of any of the Debt in preference or priority to any other portion of the Collateral, and Lender may seek satisfaction out of all of the Collateral or any part thereof, in its absolute discretion in respect of the Debt. During the continuance of an Event of Default, Lender shall have the right from time to time to

partially foreclose any Mortgage or the Lien of any of the other Collateral Documents in any manner and for any amounts secured by the Collateral Documents then due and payable as determined by Lender in its sole discretion, including the following circumstances: (i) in the event Borrower defaults beyond any applicable grace period in the payment of one or more scheduled payments of principal and interest, Lender may foreclose one or more of the Mortgages or other Collateral Documents to recover such delinquent payments, or (ii) in the event Lender elects to accelerate less than the entire Outstanding Principal Balance, Lender may foreclose one or more of the Mortgages or other Collateral Documents to recover so much of the principal balance of the Loan as Lender may accelerate and such other sums secured by the Mortgages and the other Collateral Documents as Lender may elect. Notwithstanding one or more partial foreclosures, the Collateral shall remain subject to the Mortgages and the other Collateral Documents to secure payment of the sums secured by the Collateral Documents and not previously recovered.

8.2.3 Severance.

(b) During the continuance of an Event of Default, Lender shall have the right from time to time to sever the Note and the other Loan Documents into one or more separate notes, Collateral Documents and other security documents in such denominations as Lender shall determine in its sole discretion for purposes of evidencing and enforcing its rights and remedies provided hereunder. The Loan Parties shall execute and deliver to Lender from time to time, promptly after the request of Lender, a severance agreement and such other documents as Lender shall request in order to effect the severance described in the preceding sentence, all in form and substance reasonably satisfactory to Lender. The Loan Parties hereby absolutely and irrevocably appoint Lender as its true and lawful attorney, coupled with an interest, in its name and stead to make and execute all documents necessary or desirable to effect the aforesaid severance, Borrower ratifying all that its said attorney shall do by virtue thereof; *provided, however*, Lender shall not make or execute any such documents under such power until three (3) days after notice has been given to a Loan Party by Lender of Lender's intent to exercise its rights under such power.

(c) During the continuance of an Event of Default, any amounts recovered from the Collateral may be applied by Lender toward the payment of any interest and/or principal of the Loan and/or any other amounts due under the Loan Documents, in such order, priority and proportions as Lender in its sole discretion shall determine.

(d) As used in this **Section 8.2**, a "foreclosure" shall include, without limitation, any sale by power of sale.

8.2.4 Lender's Right to Perform. If any Loan Party fails to perform any covenant or obligation contained herein and such failure shall continue for a period of five (5) Business Days after Borrower's receipt of written notice thereof from Lender, without in any way limiting Lender's right to exercise any of its rights, powers or remedies as provided hereunder, or under any of the other Loan Documents, Lender may, but shall have no obligation to, perform, or cause the performance of, such covenant or obligation, and all costs, expenses, liabilities, penalties and fines of Lender incurred or paid in connection therewith shall be payable by Borrower to Lender upon demand and if not paid shall be added to the Obligations (and to the extent permitted under applicable laws, secured by the Mortgages and the other Collateral Documents) and shall bear interest thereafter at the Default Rate. Notwithstanding the foregoing, Lender shall have no obligation to send notice to Borrower of any such failure.

ARTICLE 9

SECURITIZATION

Section 9.1 Securitization

(a) Lender shall have the right (i) to sell or otherwise transfer the Loan or any portion thereof as a whole loan, (ii) to sell participation interests in the Loan, or (iii) to securitize the Loan or any portion thereof in a single asset securitization or a pooled loan securitization. (The transactions referred to in **clauses (i)**, **(ii)** and **(iii)** are each hereinafter referred to as a “*Secondary Market Transaction*” and the transactions referred to in **clause (iii)** shall hereinafter be referred to as a “*Securitization*”. Any certificates, notes or other securities issued in connection with a Secondary Market Transaction are hereinafter referred to as “*Securities*”). At Lender’s election, each note and/or component comprising the Loan may be subject to one or more Secondary Market Transactions.

(b) If requested by Lender, the Loan Parties shall use reasonable efforts to provide information in the possession or control of Borrower or its Affiliates, attorneys, accountants or other agents or which may be reasonably required by Lender in order to satisfy the market standards to which Lender customarily adheres or which may be required in the marketplace, by prospective investors, the Rating Agencies, applicable Legal Requirements and/or otherwise in the marketplace in connection with any Secondary Market Transactions, including to:

(i) (A) provide updated financial and other information with respect to the Properties, the business operated at the Properties, Borrower, Sponsor and the Manager, including, without limitation, the information set forth on **Exhibit C** attached hereto, and (B) provide updated budgets and other information (to extent required by investors or Rating Agencies) relating to the Properties (the “*Updated Information*”) which were obtained in connection with the origination of the Loan;

(ii) provide (A) an updated Insolvency Opinion, and (B) updated opinions of Borrower’s and Guarantors’ New York and Delaware counsel, substantially the same as those delivered as of the Closing Date, which opinions shall be addressed, for purposes or reliance thereon, to each Person acquiring any interest in the Loan in connection with any Secondary Market Transaction (including, without limitation, any “B Note” purchasers), or otherwise reasonably satisfactory to Lender and the Rating Agencies;

(iii) (A) confirm that as of the closing date of any Secondary Market Transaction, the representations and warranties as set forth in the Loan Documents are true, complete and correct in all material respects as of the closing date of the Secondary Market Transaction (except to the extent that any such representations and warranties are and can only be made as of a specific date and the facts and circumstances upon which such representation and warranty is based are specific solely to a certain date in which case confirmation as to truth, completeness and correctness shall be provided as of such

specific date or to the extent such representations are no longer true and correct as a result of subsequent events in which case Borrower shall provide an updated representation or warranty) and (B) make such additional representations and warranties as the Rating Agencies may customarily require; and

(iv) execute amendments to the Loan Documents and the Loan Parties' organizational documents requested by Lender; *provided*, *however*, that Borrower shall not be required to modify or amend any Loan Document if such modification or amendment would (A) cause the initial weighted average of the interest rates for all Components in the aggregate immediately after the effective date of such modification to exceed the weighted average interest rate of the original Components in the aggregate immediately prior to such modification, (B) cause the outstanding principal balance of all Components in the aggregate immediately after the effective date of such modification to exceed the outstanding principal balance of all Components in the aggregate immediately prior to such modification, (C) require Borrower to make or remake any representations or warranties, (D) require principal amortization of the Loan (other than repayment in full on the Maturity Date), (E) change any Stated Maturity Date or (F) otherwise increase the obligations or reduce the rights of Borrower or any Guarantor under the Loan Documents.

(c) If, at the time a Disclosure Document is being prepared for a Securitization, Lender reasonably determines that Borrower alone or Borrower and one or more Affiliates of Borrower (including any guarantor or other Person that is directly or indirectly committed by contract or otherwise to make payments on all or a part of the Loan) collectively, or the Properties alone or the Properties and Related Properties collectively, will be a Significant Obligor, Borrower shall furnish to Lender upon request the following financial information:

(i) if Lender reasonably determines that the principal amount of the Loan together with any Related Loans, as of the cut-off date for such Securitization, may equal or exceed ten percent (10%) (but less than twenty percent (20%)) of the aggregate principal amount of all mortgage loans included or expected to be included in the Securitization, net operating income for the Properties and the Related Properties for the most recent Fiscal Year and interim period as required under Item 1112(b)(1) of Regulation AB (or, if the Loan is not treated as a non-recourse loan under Instruction 3 for Item 1101(k) of Regulation AB, selected financial data meeting the requirements and covering the time periods specified in Item 301 of Regulation S-K and Item 1112(b)(1) of Regulation AB), or

(ii) if Lender reasonably determines that the principal amount of the Loan together with any Related Loans, as of the cut-off date for such Securitization, may equal or exceed twenty percent (20%) of the aggregate principal amount of all mortgage loans included or expected to be included in the Securitization, the financial statements required under Item 1112(b)(2) of Regulation AB (which includes, but may not be limited to, a balance sheet with respect to the entity that Lender determines to be a Significant Obligor for the two most recent Fiscal Years and applicable interim periods, meeting the requirements of Rule 3-01 of Regulation S-X, and statements of income and statements of cash flows with respect to the Properties for the three most recent Fiscal Years and applicable interim periods, meeting the requirements of Rule 3-02 of Regulation S-X (or if Lender determines that the Properties is the Significant Obligor and

the Properties (other than properties that are hotels, nursing homes, or other properties that would be deemed to constitute a business and not real estate under Regulation S-X or other legal requirements) was acquired from an unaffiliated third party and the other conditions set forth in Rule 3-14 of Regulation S-X have been met, the financial statements required by Rule 3-14 of Regulation S-X)).

(d) Further, if requested by Lender, Borrower shall, promptly upon Lender's request, furnish to Lender financial data or financial statements meeting the requirements of Item 1112(b)(1) or (2) of Regulation AB, as specified by Lender, for any Tenant of the Properties if, in connection with a Securitization, Lender reasonably determines there to be, as of the cutoff date for such Securitization, a concentration with respect to such Tenant or group of Affiliated Tenants within all of the mortgage loans included or expected to be included in the Securitization such that such Tenant or group of Affiliated Tenants would constitute a Significant Obligor. Borrower shall furnish to Lender, in connection with the preparation of the Disclosure Documents and on an ongoing basis, financial data and/or financial statements with respect to such Tenants meeting the requirements of Item 1112(b)(1) or (2) of Regulation AB, as specified by Lender, but only for so long as such entity or entities are a Significant Obligor and either (x) filings pursuant to the Exchange Act in connection with or relating to the Securitization (an "**Exchange Act Filing**") are required to be made under applicable Legal Requirements or (y) comparable information is required to otherwise be "available" to holders of the Securities under Regulation AB or applicable Legal Requirements.

(e) If Lender determines that Borrower alone or Borrower and one or more Affiliates of Borrower collectively, or the Properties alone or the Properties and Related Properties collectively, are a Significant Obligor, then Borrower shall furnish to Lender, on an ongoing basis, selected financial data or financial statements meeting the requirements of Item 1112(b)(1) or (2) of Regulation AB, as specified by Lender, but only for so long as such entity or entities are a Significant Obligor and either (x) Exchange Act Filings are required to be made under applicable Legal Requirements or (y) comparable information is required to otherwise be "available" to holders of the Securities under Regulation AB or applicable Legal Requirements.

(f) If reasonably requested by Lender, Borrower shall provide Lender, within a reasonable period of time following Lender's request therefor, with any other or additional financial statements, or financial, statistical or operating information, as Lender shall reasonably determine to be required pursuant to Regulation S-K or Regulation S-X, as applicable, Regulation AB, or any amendment, modification or replacement thereto or other Legal Requirements relating to a Securitization or as shall otherwise be reasonably requested by Lender.

Section 9.2 Securitization Indemnification .

(a) Borrower understands that information provided to Lender by Borrower, the Guarantors and their respective agents, counsel and representatives may be included in preliminary and final disclosure documents in connection with any Secondary Market Transaction, including a Securitization, including an offering circular, a prospectus, prospectus supplement, private placement memorandum or other offering document (each, a "**Disclosure Document**") and may also be included in filings with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "**Securities Act**"), or the Securities and Exchange Act of 1934, as amended (the "**Exchange Act**"), and may be made available to

investors or prospective investors in the Securities, investment banking firms, NRSROs, accounting firms, law firms and other third-party advisory and service providers relating to any Secondary Market Transaction, including a Securitization. Borrower also understands that the findings and conclusions of any third-party due diligence report obtained by Lender, Issuer or the Securitization placement agent or underwriter may be made publicly available if required, and in the manner prescribed, by Section 15E(s)(4)(A) of the Exchange Act and any rules promulgated thereunder.

(b) Borrower hereby agrees to indemnify Lender (and for purposes of this **Section 9.2**, Lender shall include the initial lender, its successors and assigns, and their respective officers and directors) and each Person who controls Lender within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the “**Lender Group**”), the issuer of the Securities (the “**Issuer**” and for purposes of this **Section 9.2**, Issuer shall include its officers, director and each Person who controls the Issuer within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act), and any placement agent or underwriter with respect to the Securitization, each of their respective officers and directors and each Person who controls the placement agent or underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the “**Underwriter Group**”) for any losses, claims, damages or liabilities (collectively, the “**Liabilities**”) to which Lender, Lender Group, the Issuer or the Underwriter Group may become subject insofar as the Liabilities arise out of, or are based upon, (A) any untrue statement or alleged untrue statement of any material fact contained in the Covered Disclosure Information (defined below), (B) the omission or alleged omission to state in the Covered Disclosure Information a material fact required to be stated in such information or necessary in order to make the statements in such information, in light of the circumstances under which they were made, not misleading, or (C) a breach of the representations and warranties made by any Loan Party in **Section 3.1.24** of this Agreement (Full and Accurate Disclosure). For purposes of the foregoing, the “**Covered Disclosure Information**” shall mean the information provided by or on behalf of Borrower relating to Borrower, Guarantors, Manager, Sponsor, the Properties and the Loan which is contained in the sections of the Disclosure Documents entitled as follows, or comparable sections thereto: “Summary of the Offering Circular,” “Risk Factors,” “Description of the Relevant Parties and the Manager,” “Description of the Properties,” “Description of the Management Agreement and the Assignment and Subordination of Management Agreement,” “Description of the Loan,” and “Certain Legal Aspects of the Loan”, which Disclosure Documents shall be delivered for review and comment by Borrower not less than five (5) Business Days prior to the date upon which Borrower is otherwise required to confirm such Disclosure Documents. Borrower also agrees to reimburse Lender, Lender Group, the Issuer and/or the Underwriter Group for any legal or other expenses reasonably incurred by Lender, Lender Group, the Issuer and/or the Underwriter Group in connection with investigating or defending the Liabilities. This indemnification provision will be in addition to any liability which Borrower may otherwise have.

(c) In connection with any Exchange Act Filing or other reports containing comparable information that is required to be made “available” to holders of the Securities under Regulation AB or applicable Legal Requirements, Borrower agrees to (i) indemnify Lender, Lender Group, the Issuer and the Underwriter Group for Liabilities to which Lender, Lender Group, the Issuer and/or the Underwriter Group may become subject insofar as the Liabilities arise out of, or are based upon any untrue statement or alleged untrue statement of any material fact in the Covered Disclosure Information, or the omission or alleged omission to state in the

Covered Disclosure Information a material fact required to be stated therein or necessary in order to make the statements in the Covered Disclosure Information, in light of the circumstances under which they were made, not misleading, and (ii) reimburse Lender, Lender Group, the Issuer and/or the Underwriter Group for any legal or other expenses reasonably incurred by Lender, Lender Group, the Issuer and/or the Underwriter Group in connection with defending or investigating the Liabilities.

(d) Promptly after receipt by an indemnified party under this **Section 9.2** of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this **Section 9.2**, notify the indemnifying party in writing of the commencement thereof, but the omission to so notify the indemnifying party will not relieve the indemnifying party from any liability which the indemnifying party may have to any indemnified party under **Section 9.2(b)** or **(c)** except to the extent that failure to notify causes prejudice to the indemnifying party. In the event that any action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel satisfactory to such indemnified party. After notice from the indemnifying party to such indemnified party pursuant to the immediately preceding sentence of this **Section 9.2(d)**, such indemnifying party shall pay for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation; *provided, however*, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there are any legal defenses available to it and/or other indemnified parties that are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party at the cost of the indemnifying party. The indemnifying party shall not be liable for the expenses of more than one separate counsel unless an indemnified party shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to the indemnifying party. Without the prior written consent of Lender (which consent shall not be unreasonably withheld or delayed), no indemnifying party shall settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not any indemnified party is an actual or potential party to such claim, action, suit or proceeding) unless the indemnifying party shall have given Lender reasonable prior written notice thereof and shall have obtained an unconditional release of each indemnified party hereunder from all liability arising out of such claim, action, suit or proceedings, and such settlement requires no statement as to, or an admission of, fault, culpability or a failure to act, by or on behalf of the indemnified party.

(e) In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in **Section 9.2(b)** or **(c)** is for any reason held to be unenforceable as to an indemnified party in respect of any Liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under **Section 9.2(b)** or **(c)**, the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such Liabilities (or action in respect thereof); *provided, however*, that no Person guilty

of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the Issuer's and Borrower's relative knowledge and access to information concerning the matter with respect to which the claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable considerations appropriate in the circumstances. Lender and Borrower hereby agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

(f) The liabilities and obligations of both Borrower and Lender under this **Section 9.2** shall survive the termination of this Agreement and the satisfaction and discharge of the Debt.

Section 9.3 Severance.

9.3.1 Severance Documentation. Lender, without in any way limiting Lender's other rights hereunder, in its sole and absolute discretion, shall have the right, at any time (whether prior to or after any sale, participation or other Secondary Market Transaction with respect to all or any portion of the Loan), to require Borrower (at Lender's expense) to execute and deliver "component" notes (including certificating existing uncertificated "component" notes) and/or modify the Loan or the existing "component note" structure in order to create one or more senior and subordinate notes (i.e., an A/B or A/B/C structure) and/or one or more additional components of the Note or Notes), or make any other change to the Loan, the Note or Components including but not limited to: reducing the number of Components of the Note or Notes, revising the interest rate for each Component, reallocating the principal balances of the Notes and/or the Components, increasing or decreasing the monthly debt service payments for each Component or eliminating the Component structure and/or the multiple note structure of the Loan (including the elimination of the related allocations of principal and interest payments); *provided* that (A) the outstanding principal balance of all Components in the aggregate immediately after the effective date of such modification equals the outstanding principal balance immediately prior to such modification, (B) the initial weighted average of the interest rates for all Components in the aggregate immediately after the effective date of such modification equals the weighted average interest rate of the original Components immediately prior to such modification, (C) no principal amortization of the Loan (or any Components thereof) shall be required (other than repayment in full on the Maturity Date), (D) there shall be no change to any Stated Maturity Date and (E) Borrower and Guarantors shall not be required to amend any Loan Documents that would otherwise increase the obligations or reduce the rights of Borrower or Guarantors under the Loan Documents. At Lender's election, each note comprising the Loan may be subject to one or more Secondary Market Transactions. Lender shall have the right to modify the Note and/or Notes and any Components in accordance with this **Section 9.3** and, provided that such modification shall comply with the terms of this **Section 9.3**, it shall become immediately effective.

9.3.2 Cooperation; Execution; Delivery. Borrower shall reasonably cooperate with all reasonable requests of Lender in connection with this **Section 9.3**. If requested by Lender, Borrower shall promptly execute and deliver such documents as shall be required by Lender and any Rating Agency in connection with any modification pursuant to this **Section 9.3**, all in form and substance satisfactory to Lender and satisfactory to any applicable Rating

Agency. It shall be an Event of Default under this Agreement, the Note, and the other Loan Documents if Borrower fails to comply with any of the terms, covenants or conditions of this **Section 9.3** after expiration of ten (10) Business Days after notice thereof.

ARTICLE 10

MISCELLANEOUS

Section 10.1 Survival; Successors and Assigns. This Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by Lender of the Loan and the execution and delivery to Lender of the Note, and shall continue in full force and effect so long as all or any of the Obligations are outstanding and unpaid unless a longer period is expressly set forth herein or in the other Loan Documents. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the legal representatives, successors and assigns of such party. All covenants, promises and agreements in this Agreement, by or on behalf of Borrower and the other Loan Parties, shall inure to the benefit of the legal representatives, successors and assigns of Lender.

Section 10.2 Lender's Discretion; Rating Agency Review Waiver.

(a) Whenever pursuant to this Agreement Lender exercises any right given to it to approve or disapprove any matter, or any arrangement or term is to be satisfactory to Lender, the decision of Lender to approve or disapprove such matter or to decide whether arrangements or terms are satisfactory or not satisfactory shall (except as is otherwise specifically herein provided) be in the sole discretion of Lender and shall be final and conclusive. Prior to a Securitization, whenever pursuant to this Agreement the Rating Agencies are given any right to approve or disapprove any matter, or any arrangement or term is to be satisfactory to the Rating Agencies, the decision of Lender to approve or disapprove such matter or to decide whether arrangements or terms are satisfactory or not satisfactory, based upon Lender's determination of Rating Agency criteria, shall be substituted therefor.

(b) Whenever, pursuant to this Agreement or any other Loan Documents, a Rating Agency Confirmation is required from each applicable Rating Agency, in the event that any applicable Rating Agency "declines review", "waives review" or otherwise indicates to Lender's or Servicer's satisfaction that no Rating Agency Confirmation will or needs to be issued with respect to the matter in question (each, a "**Review Waiver**"), then the requirement to obtain a Rating Agency Confirmation from such Rating Agency shall not apply with respect to such matter; *provided, however*, if a Review Waiver occurs with respect to a Rating Agency and Lender does not have a separate and independent approval right with respect to the matter in question, then such matter shall require the written reasonable approval of Lender. It is expressly agreed and understood, however, that receipt of a Review Waiver (i) from any one Rating Agency shall not be binding or apply with respect to any other Rating Agency and (ii) with respect to one matter shall not apply or be deemed to apply to any subsequent matter for which Rating Agency Confirmation is required.

Section 10.3 Governing Law.

(a) THIS AGREEMENT WAS NEGOTIATED IN THE STATE OF NEW YORK, AND MADE BY LENDER AND ACCEPTED BY BORROWER AND GUARANTORS IN THE STATE OF NEW YORK, AND THE PROCEEDS OF THE NOTE DELIVERED PURSUANT HERETO WERE DISBURSED FROM THE STATE OF NEW YORK, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY, AND IN ALL RESPECTS, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE (PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW) AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA. TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER AND GUARANTORS HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS AGREEMENT AND THE NOTE.

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST LENDER, BORROWER OR GUARANTORS ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY AT LENDER'S OPTION BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY OF NEW YORK, COUNTY OF NEW YORK, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, AND BORROWER AND EACH GUARANTOR WAIVE ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND BORROWER AND EACH GUARANTOR HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING. BORROWER AGREES THAT SERVICE OF PROCESS UPON BORROWER AT THE ADDRESS FOR BORROWER SET FORTH HEREIN AND WRITTEN NOTICE OF SAID SERVICE MAILED OR DELIVERED TO BORROWER IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON BORROWER IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK, AND EACH GUARANTOR AGREES THAT SERVICE OF PROCESS UPON SUCH GUARANTOR AT THE ADDRESS FOR SUCH GUARANTOR SET FORTH HEREIN AND WRITTEN NOTICE OF SAID SERVICE MAILED OR DELIVERED TO SUCH GUARANTOR IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON GUARANTOR IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK. BORROWER (I) SHALL GIVE PROMPT NOTICE TO LENDER OF ANY CHANGE IN THE ADDRESS FOR BORROWER SET FORTH HEREIN, (II) MAY AT ANY TIME AND FROM TIME TO TIME DESIGNATE AN AUTHORIZED AGENT OF BORROWER WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH AGENT AND OFFICE SHALL BE DESIGNATED AS THE PERSON AND ADDRESS FOR SERVICE OF PROCESS), AND (III) SHALL PROMPTLY DESIGNATE AN AUTHORIZED AGENT IF BORROWER CEASES TO HAVE AN OFFICE IN NEW YORK, NEW YORK. EACH GUARANTOR (I) SHALL GIVE PROMPT NOTICE TO LENDER OF ANY CHANGE IN THE ADDRESS FOR SUCH GUARANTOR SET FORTH HEREIN, (II) MAY AT ANY TIME AND FROM TIME TO TIME DESIGNATE AN

AUTHORIZED AGENT OF SUCH GUARANTOR WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH AGENT AND OFFICE SHALL BE DESIGNATED AS THE PERSON AND ADDRESS FOR SERVICE OF PROCESS), AND (III) SHALL PROMPTLY DESIGNATE AN AUTHORIZED AGENT IF SUCH GUARANTOR CEASES TO HAVE AN OFFICE IN NEW YORK, NEW YORK NOTHING CONTAINED HEREIN SHALL AFFECT THE RIGHT OF LENDER TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST BORROWER IN ANY OTHER JURISDICTION.

Section 10.4 Modification, Waiver in Writing. No modification, amendment, extension, discharge, termination or waiver of any provision of this Agreement or of any other Loan Document, nor consent to any departure by any Loan Party therefrom, shall in any event be effective unless the same shall be in a writing signed by the party or parties against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein, no notice to, or demand on, any Loan Party shall entitle any Loan Party to any other or future notice or demand in the same, similar or other circumstances. Neither any failure nor any delay on the part of Lender in insisting upon strict performance of any term, condition, covenant or agreement, or exercising any right, power, remedy or privilege hereunder or under any other Loan Document, shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under this Agreement or any other Loan Document, Lender shall not be deemed to have waived any right either to require prompt payment when due of all other amounts due under this Agreement or the other Loan Documents, or to declare a default for failure to effect prompt payment of any such other amount. Lender shall have the right to waive or reduce any time periods that Lender is entitled to under the Loan Documents in its sole and absolute discretion.

Section 10.5 Notices. All notices, demands, requests, consents, approvals or other communications (any of the foregoing, a “*Notice*”) required, permitted or desired to be given hereunder shall be in writing and shall be sent by facsimile (with answer back acknowledged) or by registered or certified mail, postage prepaid, return receipt requested, or delivered by hand or by reputable overnight courier, addressed to the party to be so notified at its address hereinafter set forth, or to such other address as such party may hereafter specify in accordance with the provisions of this **Section 10.5**. Any Notice shall be deemed to have been received: (a) three (3) days after the date such Notice is mailed, (b) on the date of sending by facsimile if sent during business hours on a Business Day (otherwise on the next Business Day), (c) on the date of delivery by hand if delivered during business hours on a Business Day (otherwise on the next Business Day), and (d) on the next Business Day if sent by an overnight commercial courier, in each case addressed to the parties as follows:

If to Lender: JPMorgan Chase Bank, National Association
383 Madison Avenue, Floor 31
New York, New York 10179
Attention: Chuckie C. Reddy

with a copy to: Midland Loan Services, a Division of PNC Bank, National Association
10851 Mastin Street, Suite 700
Overland Park, KS 66210
Attention: Executive Vice President – Division Head
Facsimile No. (913) 253-9001

with a copy to: Andrascik & Tita LLC
1425 Locust Street, Suite 26B
Philadelphia, PA 19102
Attention: Stephanie M. Tita
Email: Stephanie@kanlegal.com

If to a Loan Party: [INSERT NAME OF LOAN PARTY]
c/o Invitation Homes
901 Main Street, Suite 4700
Dallas, TX 75202
Attention: General Counsel
Facsimile No. (972) 421-3601

With a copy to: [INSERT NAME OF LOAN PARTY]
c/o Invitation Homes
901 Main Street, Suite 4700
Dallas, TX 75202
Attention: Jonathan Olsen
Facsimile No. (214) 481-5057

and a copy to: Blackstone Real Estate Advisors L.P.
345 Park Avenue
New York, NY 10154
Attention: William J. Stein and Judy Turchin
Facsimile No. (212) 583-5202

and a copy to: Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Gregory J. Ressa, Esq.
Facsimile No.: (212) 455-2502

Any party may change the address to which any such Notice is to be delivered by furnishing ten (10) days written notice of such change to the other parties in accordance with the provisions of this **Section 10.5**. Notices shall be deemed to have been given on the date as set forth above, even if there is an inability to actually deliver any such Notice because of a changed address of which no Notice was given, or there is a rejection or refusal to accept any Notice offered for delivery. Notice for any party may be given by its respective counsel. Additionally, Notice from Lender may also be given by Servicer and Lender hereby acknowledges and agrees that Borrower shall be entitled to rely on any Notice given by Servicer as if it had been sent by Lender.

Section 10.6 Waiver of Trial by Jury. BORROWER AND LENDER EACH HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THE LOAN DOCUMENTS OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY BORROWER AND LENDER AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. EACH PARTY IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER.

Section 10.7 Headings, Schedules and Exhibits. The Article and/or Section headings and the Table of Contents in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose. The Schedules and Exhibits annexed hereto are hereby incorporated herein as a part of this Agreement with the same effect as if set forth in the body hereof.

Section 10.8 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 10.9 Preferences. Lender shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by Borrower to any portion of the Obligations of Borrower hereunder. To the extent Borrower makes a payment or payments to Lender, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the Obligations hereunder or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by Lender.

Section 10.10 Waiver of Notice. Borrower shall not be entitled to any notices of any nature whatsoever from Lender except with respect to matters for which this Agreement or the other Loan Documents specifically and expressly provide for the giving of notice by Lender to Borrower and except with respect to matters for which Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. Borrower hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Agreement or the other Loan Documents do not specifically and expressly provide for the giving of notice by Lender to Borrower. Except as specifically and expressly provided for in the Loan Documents, Guarantors shall not be entitled to any notices of any nature whatsoever from Lender under this Agreement or the other Loan Documents, and each Guarantor hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Agreement or the other Loan Documents do not specifically and expressly provide for the giving of notice by Lender to such Guarantor.

Section 10.11 Remedies of Borrower. In the event that a claim or adjudication is made that Lender or its agents have acted unreasonably or unreasonably delayed acting in any case where, by law or under this Agreement or the other Loan Documents, Lender or such agent, as the case may be, has an obligation to act reasonably or promptly, neither Lender nor its agents shall be liable for any monetary damages and Borrower's sole remedy shall be limited to commencing an action seeking injunctive relief or declaratory judgment. Any action or proceeding to determine whether Lender has acted reasonably shall be determined by an action seeking declaratory judgment.

Section 10.12 Offsets, Counterclaims and Defenses. Any assignee of Lender's interest in and to this Agreement and the other Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses which are unrelated to such documents which Borrower may otherwise have against any assignor of such documents, and no such unrelated counterclaim or defense shall be interposed or asserted by Borrower in any action or proceeding brought by any such assignee upon such documents and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by Borrower.

Section 10.13 No Joint Venture or Partnership; No Third Party Beneficiaries.

(a) Borrower and Lender intend that the relationships created hereunder and under the other Loan Documents be solely that of borrower and lender. Nothing herein or therein is intended to create a joint venture, partnership, tenancy-in-common or joint tenancy relationship between Borrower and Lender nor to grant Lender any interest in any Property other than that of beneficiary or lender.

(b) The Loan Documents are solely for the benefit of Lender and Borrower and nothing contained in any Loan Document shall be deemed to confer upon anyone other than Lender and Borrower any right to insist upon or to enforce the performance or observance of any of the obligations contained therein.

Section 10.14 Publicity. All news releases, publicity or advertising by Borrower or any of its Affiliates through any media intended to reach the general public which refers to the Loan Documents or the financing evidenced by the Loan Documents, to Lender (with respect to the Loan and the Securitization of the Loan only), the Affiliate of Lender that acts as the issuer with respect to a Securitization or any of their other Affiliates (in each case, with respect to the Loan and the Securitization of the Loan only) (a) shall be prohibited prior to the final Securitization of the Loan and (b) after the final Securitization of the Loan, shall be subject to the prior written approval of Lender. Lender shall have the right to publicly describe the Loan in general terms advertising and public communications of all kinds, including press releases, direct mail, newspapers, magazines, journals, e-mail, or internet advertising or communications. Notwithstanding the foregoing, Borrower's approval shall not be required for the publication by Lender of notice of the Loan and the Securitization of the Loan by means of a customary tombstone advertisement, which, for the avoidance of doubt, may include the amount of the Loan, the amount of securities sold, the number of Properties as of the Closing Date, the settlement date and the parties involved in the transactions contemplated hereby and the Securitization.

Section 10.15 Waiver of Marshalling of Assets. To the fullest extent permitted by law, Borrower, for itself and its successors and assigns, waives all rights to a marshalling of the assets of Borrower, Borrower's members or partners, as applicable, and others with interests in Borrower, and of the Collateral, and shall not assert any right under any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lender under the Loan Documents to a sale of the Collateral for the collection of the Obligations without any prior or different resort for collection, or of the right of Lender to the payment of the Obligations out of the net proceeds of the Collateral in preference to every other claimant whatsoever.

Section 10.16 Certain Waivers. Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by Lender or its agents or otherwise to offset any obligations to make the payments required by the Loan Documents. No failure by Lender to perform any of its obligations hereunder shall be a valid defense to, or result in any offset against, any payments which Borrower is obligated to make under any of the Loan Documents. Without limiting any of the other provisions contained herein, Borrower hereby unconditionally and irrevocably waives, to the maximum extent not prohibited by applicable law, any rights it may have to claim or recover against Lender in any legal action or proceeding any special, exemplary, punitive or consequential damages.

Section 10.17 Conflict; Construction of Documents; Reliance. In the event of any conflict between the provisions of this Agreement and any of the other Loan Documents, the provisions of this Agreement shall control. The parties hereto acknowledge that they were represented by competent counsel in connection with the negotiation, drafting and execution of the Loan Documents and that such Loan Documents shall not be subject to the principle of construing their meaning against the party which drafted same. Borrower acknowledges that, with respect to the Loan, Borrower shall rely solely on its own judgment and advisors in entering into the Loan, without relying in any manner on any statements, representations or recommendations of Lender or any parent, subsidiary or affiliate of Lender. Lender shall not be subject to any limitation whatsoever in the exercise of any rights or remedies available to it under any of the Loan Documents or any other agreements or instruments which govern the Loan by virtue of the ownership by it or any parent, subsidiary or affiliate of Lender of any equity interest any of them may acquire in Borrower, and Borrower hereby irrevocably waives the right to raise any defense or take any action on the basis of the foregoing with respect to Lender's exercise of any such rights or remedies. Borrower acknowledges that Lender engages in the business of real estate financings and other real estate transactions and investments which may be viewed as adverse to or competitive with the business of Borrower or its Affiliates.

Section 10.18 Brokers and Financial Advisors. Borrower hereby represents that neither Borrower or any other Loan Party has dealt with any financial advisors, brokers, underwriters, placement agents, agents or finders in connection with the transactions contemplated by this Agreement. Borrower shall indemnify, defend and hold Lender harmless from and against any and all claims, liabilities, losses, costs and expenses of any kind (including Lender's attorneys' fees and expenses) in any way relating to or arising out of a claim by any Person that such Person acted on behalf of Borrower, any Loan Party or Lender in connection with the transactions contemplated herein. The provisions of this **Section 10.18** shall survive the expiration and termination of this Agreement and the payment of the Obligations.

Section 10.19 Prior Agreements. This Agreement and the other Loan Documents contain the entire agreement of the parties hereto and thereto and their respective affiliates in respect of the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, including any confidentiality agreements or any similar agreements between or among any such parties, whether oral or written, are superseded by the terms of this Agreement and the other Loan Documents.

Section 10.20 Servicer. At the option of Lender, the Loan may be serviced by a servicer or special servicer (the “*Servicer*”) selected by Lender and Lender may delegate all or any portion of its responsibilities under this Agreement and the other Loan Documents to the Servicer pursuant to the trust and servicing agreement or pooling and servicing agreement (the “*Servicing Agreement*”) governing the Securitization. Borrower shall not be responsible for any set-up fees or any other initial costs relating to or arising under the Servicing Agreement. Borrower shall not be responsible for payment of the monthly master servicing fee due to the Servicer under the Servicing Agreement. Notwithstanding the foregoing, Borrower shall pay all Trust Fund Expenses. For the avoidance of doubt, this **Section 10.20** shall not be deemed to limit Borrower’s obligations under **Section 4.1.20**.

Section 10.21 Joint and Several Liability. If more than one Person has executed this Agreement as “Borrower,” the representations, covenants, warranties and obligations of all such Persons hereunder shall be joint and several.

Section 10.22 Creation of Security Interest. Notwithstanding any other provision set forth in this Agreement, the Note, the Mortgage Documents or any of the other Loan Documents, Lender may at any time create a security interest in all or any portion of its rights under this Agreement, the Note, the Mortgage Documents and any other Loan Document (including the advances owing to it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

Section 10.23 Assignments and Participations. In addition to the right to securitize the Loan under **Section 9.1**, to sever the interests in the Loan into “component” notes under **Section 9.3** and any other rights of Lender hereunder, the Loan, the Note, the Loan Documents and/or Lender’s rights, title, obligations and interests therein may be sold, assigned, participated or otherwise transferred by Lender and any of its successors and assigns to any Person at any time in its sole and absolute discretion, in whole or in part, whether by operation of law (pursuant to a merger or other successor in interest) or otherwise without notice to or consent from Borrower or any other Person. Upon such assignment, all references to Lender in this Agreement and in any Loan Document shall be deemed to refer to such assignee or successor in interest and such assignee or successor in interest shall thereafter stand in the place of Lender in all respects (subject to the requirements and limitations therein, including the requirements under **Section 2.10.6**). Borrower agrees that each beneficial owner of the Securities or component notes issued pursuant to **Sections 9.1** and **9.3** shall be entitled to the benefits of **Sections 2.9** and **2.10** (subject to the requirements and limitations therein, including the requirements under **Section 2.10.6**). Each participant shall be entitled to the benefits of **Sections 2.9** and **2.10** (subject to the requirements and limitations therein, including the requirements under **Section 2.10.6**, it being understood that the documentation required under **Section 2.10.6** shall be delivered to the participating Lender) to the same extent as if it were a Lender and had acquired its interest by assignment; provided that such participant shall not be entitled to receive any greater payment pursuant to **Sections 2.9** or **Section 2.10** than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a change in law that occurs after the participant acquired the applicable participation.

Section 10.24 Register and Participant Register. Lender or its designee (the “*Registrar*”), as a non-fiduciary agent of Borrower, shall maintain a record that identifies each owner (including successors and assignees) of an interest in the Loan, any Securities or any component notes, including the name and address of the owner, and each owner’s rights to principal and stated interest (the “*Register*”), and shall record all transfers of an interest in the Loan, any Securities or any component notes, including each assignment, in the Register. Transfers of interests in the Loan (including assignments), any Securities or any component notes shall be subject to the applicable conditions set forth in the Loan Documents with respect thereto and the Registrar will update the Register to reflect the transfer. The Register shall be available for inspection by Borrower, at any reasonable time and from time to time upon reasonable prior notice. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph. Furthermore, each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts and stated interest of each participant’s interest in the Loan or other obligations under the Loan Documents (the “*Participant Register*”); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any participant or any information relating to a participant’s interest) except to the extent that such disclosure is necessary to establish that such Loan or other obligation is in registered form under Section 5f.103-1(c) of the U.S. Department of Treasury regulations. The entries in the Register and Participant Register shall be conclusive absent manifest error. Borrower, Lender and any of its successors and assigns, and the Registrar shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement and the participating Lender shall treat each Person whose name is recorded in the Participant Register pursuant to the terms hereof as the owner of such participation for all purposes of this Agreement. Failure to make any such recordation, or any error in such recordation, however, shall not affect Borrower’s obligations in respect of the Loan.

Section 10.25 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

Section 10.26 Set-Off. In addition to any rights and remedies of Lender provided by this Agreement and by law, Lender shall have the right in its sole discretion, without prior notice to Borrower, any such notice being expressly waived by Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by Borrower hereunder (whether at the stated maturity, by acceleration or otherwise), to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by Lender or any Affiliate thereof to or for the credit or the account of Borrower; provided however, Lender may only exercise such right during the continuance of an Event of Default. Lender agrees promptly to notify Borrower after any such set-off and application made by Lender; provided that the failure to give such notice shall not affect the validity of such set-off and application.

Section 10.27 Cross-Default; Cross-Collateralization; Waiver of Marshalling of Assets .

(a) Borrower acknowledges that Lender has made the Loan to Borrower upon, among other things, the security of its collective interest in the Properties and in reliance upon the aggregate of the Properties taken together being of greater value as collateral security than the sum of each Property taken separately. Borrower agrees that the Mortgages are and will be cross-collateralized and cross-defaulted with each other so that (i) an Event of Default under any of the Mortgages shall constitute an Event of Default under each of the other Mortgages which secure the Note; (ii) an Event of Default under the Note or this Agreement shall constitute an Event of Default under each Mortgage; (iii) each Mortgage shall constitute security for the Note as if a single blanket lien were placed on all of the Properties as security for the Note; and (iv) such cross-collateralization shall in no event be deemed to constitute a fraudulent conveyance.

(b) To the fullest extent permitted by law, Borrower for itself and its successors and assigns, waives all rights to a marshalling of the assets of Borrower, Borrower's partners or members and of the Properties, or to a sale in inverse order of alienation in the event of foreclosure of all or any of the Mortgages, and agrees not to assert any right under any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lender under the Loan Documents to a sale of the Properties for the collection of the Debt without any prior or different resort for collection or of the right of Lender to the payment of the Debt out of the net proceeds of the Properties in preference to every other claimant whatsoever. In addition, Borrower, for itself and its successors and assigns, waives in the event of foreclosure of any or all of the Mortgages, any equitable right otherwise available to Borrower which would require the separate sale of the Properties or require Lender to exhaust its remedies against any Property or any combination of the Properties before proceeding against any other Property or combination of Properties; and further in the event of such foreclosure Borrower does hereby expressly consent to and authorizes, at the option of Lender, the foreclosure and sale either separately or together of any combination of the Properties

Section 10.28 Certificated Interests .

(a) If any ownership interest in an Equity Interest is represented by a certificate (each, an "*Equity Certificate*") that has been pledged and delivered to Lender and such Equity Certificate is lost, stolen or destroyed, then, upon the written request of Lender to the applicable Loan Party, such Loan Party shall issue to Lender a new Equity Certificate in place of the Equity Certificate that was lost, stolen or destroyed, provided such Lender: (i) makes proof by written, notarized affidavit, in form and substance reasonably satisfactory to the applicable Loan Party that such previously issued Equity Certificate has been lost, stolen or destroyed and has not been assigned, endorsed, transferred or hypothecated, (ii) delivers a written indemnity (in form and substance and from an indemnitor reasonably satisfactory to the applicable Loan Party) to the extent required by any title company proposing to provide title insurance with respect to such Equity Certificate and (iii) requests the issuance of a new Equity Certificate before the Loan party has notice that such previously issued Equity Certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim.

(b) Upon repayment in full of the Loan, in the event Lender fails to return to a Loan Party an Equity Certificate previously delivered by such Loan Party to Lender in connection with the Loan, Lender shall deliver to the applicable Loan Party, within ten (10) days of such Loan Party's demand, (i) a written, notarized affidavit, in form and substance reasonably satisfactory to the applicable Loan Party that such previously issued Equity Certificate has been lost, stolen or destroyed and has not been assigned, endorsed, transferred or hypothecated and (ii) a written indemnity (in form and substance and from an indemnitor reasonably satisfactory to the applicable Loan Party) to the extent required by any title company proposing to provide title insurance with respect to such Equity Certificate.

Section 10.29 Exculpation of Lender. Lender neither undertakes nor assumes any responsibility or duty to Borrower or any other party to select, review, inspect, examine, supervise, pass judgment upon or inform Borrower or any third party of (a) the existence, quality, adequacy or suitability of Broker Price Opinions of the Properties or other Collateral, (b) any environmental report, or (c) any other matters or items, including property inspections that are contemplated in the Loan Documents. Any such selection, review, inspection, examination and the like, and any other due diligence conducted by Lender, is solely for the purpose of protecting Lender's rights under the Loan Documents, and shall not render Lender liable to Borrower or any third party for the existence, sufficiency, accuracy, completeness or legality thereof.

Section 10.30 No Fiduciary Duty.

(a) Borrower acknowledges that, in connection with this Agreement, the other Loan Documents and the Transaction, Lender has relied upon and assumed the accuracy and completeness of all of the financial, legal, regulatory, accounting, tax and other information provided to, discussed with or reviewed by Lender for such purposes, and Lender does not assume any liability therefor or responsibility for the accuracy, completeness or independent verification thereof. Lender, its affiliates and their respective equityholders and employees (for purposes of this Section, the "**Lending Parties**") have no obligation to conduct any independent evaluation or appraisal of the assets or liabilities (including any contingent, derivative or off-balance sheet assets and liabilities) of Sponsor, Borrower or any other Person or any of their respective affiliates or to advise or opine on any related solvency or viability issues.

(b) It is understood and agreed that (i) the Lending Parties shall act under this Agreement and the other Loan Documents as an independent contractor, (ii) the Transaction is an arm's-length commercial transaction between the Lending Parties, on the one hand, and Borrower, on the other, (iii) each Lending Party is acting solely as principal and not as the agent or fiduciary of Borrower, Sponsor or their respective affiliates, stockholders, employees or creditors or any other Person and (iv) nothing in this Agreement, the other Loan Documents, the Transaction or otherwise shall be deemed to create (A) a fiduciary duty (or other implied duty) on the part of any Lending Party to Sponsor, Borrower, any of their respective affiliates, stockholders, employees or creditors, or any other Person or (B) a fiduciary or agency relationship between Sponsor, Borrower or any of their respective affiliates, stockholders, employees or creditors, on the one hand, and the Lending Parties, on the other. Borrower agrees that neither it nor Sponsor nor any of their respective affiliates shall make, and hereby waives,

any claim against the Lending Parties based on an assertion that any Lending Party has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to Borrower, Sponsor or their respective affiliates, stockholders, employees or creditors. Nothing in this Agreement or the other Loan Documents is intended to confer upon any other Person (including affiliates, stockholders, employees or creditors of Borrower and Sponsor) any rights or remedies by reason of any fiduciary or similar duty.

(c) Borrower acknowledges that it has been advised that the Lending Parties are a full service financial services firm engaged, either directly or through affiliates in various activities, including securities trading, investment banking and financial advisory, investment management, principal investment, hedging, financing and brokerage activities and financial planning and benefits counseling for both companies and individuals. In the ordinary course of these activities, the Lending Parties may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and/or financial instruments (including loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and/or instruments. Such investment and other activities may involve securities and instruments of affiliates of Borrower, including Sponsor, as well as of other Persons that may (i) be involved in transactions arising from or relating to the Transaction, (ii) be customers or competitors of Borrower, Sponsor and/or their respective affiliates, or (iii) have other relationships with Borrower, Sponsor and/or their respective affiliates. In addition, the Lending Parties may provide investment banking, underwriting and financial advisory services to such other Persons. The Lending Parties may also co-invest with, make direct investments in, and invest or co-invest client monies in or with funds or other investment vehicles managed by other parties, and such funds or other investment vehicles may trade or make investments in securities of affiliates of Borrower, including Sponsor, or such other Persons. The Transaction may have a direct or indirect impact on the investments, securities or instruments referred to in this **Section 10.30(c)**. Although the Lending Parties in the course of such other activities and relationships may acquire information about the Transaction or other Persons that may be the subject of the Transaction, the Lending Parties shall have no obligation to disclose such information, or the fact that the Lending Parties are in possession of such information, to Borrower, Sponsor or any of their respective affiliates or to use such information on behalf of Borrower, Sponsor or any of their respective affiliates.

(d) Borrower acknowledges and agrees that Borrower has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to this Agreement, the other Loan Documents, the Transaction and the process leading thereto.

Section 10.31 Arizona Provision. Anything to the contrary herein or elsewhere notwithstanding, in no event shall Borrower have any liability or other obligation under or with respect to the Sponsor Guaranty, the Equity Owner Guaranty or the Borrower GP Guaranty. The following Arizona provision does not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Arizona law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Arizona or any other Loan Document:

(a) **Waiver of Surety Defenses.** Each Loan Party hereby expressly waives, to the extent permitted by law, any and all defenses and discharges available to a surety,

guarantor or accommodation co-obligor, including, without limitation, the benefits of Arizona Revised Statutes Sections 12-1641 through 12-1646 and Rule 17(f) of the Arizona Rules of Civil Procedure, and, to the extent permitted by law, the benefits, if any, of Arizona Revised Statutes Section 33-814, in each case as amended, and any successor statutes or rules, or any similar statute.

(b) Anything to the contrary herein or elsewhere notwithstanding, the Equity Owner Guaranty and the Sponsor Guaranty and all obligations arising under any of them are not and shall not be secured in any manner whatsoever, including by any Mortgage or by any lien encumbering any Property; *provided, however*, that any environmental indemnity provisions set forth in this Agreement or any Environmental Indemnity shall be so secured, except as to the obligations of Sponsor and the Equity Owner and subject to the rights of Lender to proceed on an unsecured basis thereunder pursuant to applicable law.

Section 10.32 California Provision. Anything to the contrary herein or elsewhere notwithstanding, in no event shall Borrower have any liability or other obligation under or with respect to the Sponsor Guaranty, the Equity Owner Guaranty or the Borrower GP Guaranty. The following California provisions do not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, California law is held to govern this Agreement, any Mortgage Document encumbering a Property located in California or any other Loan Document:

(a) **Waiver of Offset.** Notwithstanding anything contained herein to the contrary, no portion of any of the Obligations shall be or be deemed to be offset or compensated by all or any part of any claim, cause of action, counterclaim, or cross-claim, whether liquidated or unliquidated, that Borrower may have or claim to have against any other Relevant Party. Borrower hereby waives, to the fullest extent permitted by applicable law, the benefits of California Code of Civil Procedure Section 431.70.

(b) **Insurance Notice.** Lender hereby notifies Borrower of the provisions of Section 2955.5(a) of the California Civil Code, which reads as follows:

“No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.”

This disclosure is being made by Lender to Borrower pursuant to Section 2955.5(b) of the California Civil Code. Borrower hereby acknowledges receipt of this disclosure and acknowledges that this disclosure has been made by Agent before execution of the Note.

(c) **Environmental Provisions.** The provisions contained in **Section 3.2.1** of this Agreement are intended by the parties to constitute “environmental provisions” as defined in California Code of Civil Procedure Section 736, and Lender shall have all rights and remedies provided in such section.

(d) **Access to Properties.** Lender’s rights under **Section 4.1.4** of this Agreement shall be deemed to include, without limitation, its rights under California Civil Code Section 2929.5, as such provisions may be amended from time to time.

Section 10.33 Florida Provision. The following Florida provision does not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Florida law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Florida or any other Loan Document:

(a) **Interest on Judgments.** The parties acknowledge and agree that the Default Rate provided for herein shall also be the rate of interest payable on any judgments entered in favor of Lender in connection with the loan evidenced hereby.

Section 10.34 Georgia Provision. The following Georgia provision does not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Georgia law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Georgia or any other Loan Document:

(a) **Attorney's Fees.** Notwithstanding anything contained in this Agreement or any other Loan Document, in any instance where Borrower or any other Relevant Party is required to reimburse Lender for any legal fees or expenses incurred by Lender or Servicer, (i) "reasonable attorneys' fees," "reasonable counsel's fees," "attorneys' fees" and other words of similar import, are not, and shall not be statutory attorneys' fees under O.C.G.A. § 13-1-11, (ii) if, under any circumstances a Relevant Party is required to pay any or all of Lender's or Servicer's attorneys' fees and expenses, howsoever described or referenced, such Relevant Party shall be responsible only for reasonable legal fees and out of pocket expenses actually incurred by Lender or Servicer at customary hourly rates actually charged to Lender or Servicer for the work done, and (iii) no Relevant Party shall be liable under any circumstances for additional attorneys' fees or expenses, howsoever described or referenced, under O.C.G.A. § 13-1-11.

Section 10.35 Nevada Provisions. The following Nevada provisions do not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Nevada law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Nevada or any other Loan Document:

(a) **Waiver of Offset.** Notwithstanding anything contained herein to the contrary, no portion of any of the Obligations shall be or be deemed to be offset or compensated by all or any part of any claim, cause of action, counterclaim, or cross-claim, whether liquidated or unliquidated, that Borrower may have or claim to have against any other Loan Party.

(b) **Waiver of Prepayment.** Borrower hereby expressly (i) waives, to the extent permitted by law, any right it may have to prepay any Loan in whole or in part, without penalty, upon acceleration of the Maturity Date; and (ii) agrees that if a prepayment of any or all

of any Loan is made, Borrower shall be obligated to pay, concurrently therewith, any fees applicable thereto. By initialing this provision in the space provided below, the Loan Parties hereby declare that Lender's agreement to make the subject Loan at the Interest Rate and for the term set forth herein constitutes adequate consideration, given individual weight by the undersigned, for this waiver and agreement.

(c) BORROWER'S INITIALS AS TO SECTION 10.35(b): /s/ JO

[*No Further Text on This Page*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives, all as of the day and year first above written.

LENDER:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,
a banking association chartered under the laws of the United
States of America

By: /s/ Chuckie Reddy

Name: Chuckie Reddy

Title: Managing Director

Signature Page to IH 2015-SFR1 Loan Agreement

BORROWER:

2015-1 IH2 BORROWER L.P. ,
a Delaware limited partnership

By: 2015-1 IH2 Borrower G.P. LLC, a Delaware limited liability
company its General Partner

By: /s/ Jonathan Olsen

Name: Jonathan Olsen

Title: Managing Director, Capital Markets

Signature Page to IH 2015-SFR1 Loan Agreement

LOAN AGREEMENT

Dated as of April 10, 2015

between

2015-2 IH2 BORROWER L.P.,

as Borrower,

and

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,

as Lender

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Exhibits :

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- Exhibit B - Form of Property Account Control Agreement
- Exhibit C - Form of Compliance Certificate
- Exhibit D - Form of Tenant Direction Letter
- Exhibit E - Request for Release
- Exhibit F - Forms of U.S. Tax Compliance Certificate

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of April 10, 2015 (as amended, restated, replaced, supplemented or otherwise modified from time to time, this “*Agreement*”), between JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, a banking association chartered under the laws of the United States of America, having an address at 383 Madison Avenue, New York, New York 10179 (together with its successors and assigns, collectively, “*Lender*”) and 2015-2 IH2 BORROWER L.P., a Delaware limited partnership, having an address at c/o Blackstone Real Estate Advisors L.P., 345 Park Avenue, New York, New York 10154 (together with its permitted successors and assigns, collectively, “*Borrower*”).

All capitalized terms used herein shall have the respective meanings set forth in *Article 1* hereof.

WITNESSETH:

WHEREAS, Borrower desires to obtain the Loan from Lender; and

WHEREAS, Lender is willing to make the Loan to Borrower, subject to and in accordance with the terms and conditions of this Agreement and the other Loan Documents.

NOW, THEREFORE, in consideration of the covenants set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree, represent and warrant as follows:

ARTICLE 1

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1 Specific Definitions.

For all purposes of this Agreement, except as otherwise expressly provided:

“*Acknowledgment*” means the Acknowledgment, dated on or about the date hereof made by Counterparty, or as applicable, Approved Counterparty.

“*Actual Rent Collections*” means, for any period of determination, actual cash collections of Rents in respect of the Properties by Borrower (or, for the period prior to the Closing Date, by Borrower’s Affiliates that owned the Properties) to the extent such Rents relate to such period of determination, regardless of when actually collected.

“*Affiliate*” means, as to any Person, any other Person that (i) owns directly or indirectly forty-nine percent (49%) or more of all equity interests in such Person, and/or (ii) is in Control of, is Controlled by or is under common ownership or Control with such Person, and/or (iii) is a director or officer of such Person or of an Affiliate of such Person, and/or (iv) is the spouse, issue or parent of such Person or of an Affiliate of such Person.

“*Allocated Loan Amount*” means, with respect to each Property, an amount equal to the portion of the Loan made with respect to such Property, as set forth on *Schedule V* as the same may be reduced in accordance with *Section 2.4*; provided that (i) if a single Substitute Property

is substituted for an Affected Property or portfolio of Affected Properties pursuant to **Section 2.4.3(a)** , then the initial Allocated Loan Amount of such Substitute Property shall be the Allocated Loan Amount of such Affected Property (or the aggregate Allocated Loan Amounts of such Affected Properties) immediately prior to its (or their) substitution, and (ii) if two (2) or more Substitute Properties are substituted for an Affected Property or portfolio of Affected Properties pursuant to **Section 2.4.3(a)** , then the initial Allocated Loan Amount of each such Substitute Property shall be a pro rata portion of the Allocated Loan Amount of such Affected Property (or the aggregate Allocated Loan Amounts of such Affected Properties) immediately prior to its (or their) substitution, with such pro rata portion determined based on the BPO Values of the Substitute Properties. For the avoidance of doubt, in connection with calculating any prepayments contemplated by this Agreement, Lender will fix the Allocated Loan Amount for any individual Property as of the date Lender received notice of the prepayment from Borrower.

“ **ALTA** ” means American Land Title Association, or any successor thereto.

“ **Annual Budget** ” means the operating and capital budget for the Properties in the aggregate setting forth, on a month-by-month basis, in reasonable detail, each line item of Borrower’s good faith estimate of anticipated Rents and other recurring income, Operating Expenses and Capital Expenditures for the applicable Fiscal Year.

“ **Applicable HOA Properties** ” means with respect to any Applicable HOA State, (i) all HOA Properties located in such Applicable HOA State except for any Property (A)(1) as to which any Liens for HOA Fees are expressly subordinated to the Lien of the Mortgage encumbering such Property and (2) the applicable Title Insurance Policy insures against any loss sustained by Lender if such Liens for HOA Fees, including after-arising HOA Liens, have Priority or (B) with respect to which Borrower (x) delivered to Lender an opinion, reasonably satisfactory to Lender, from a nationally recognized law firm (or one with prominent standing in the applicable state) that affirmatively concludes that any Liens for HOA Fees (including after-arising Liens for HOA Fees) would not have Priority and (y) delivers to Lender an updated legal opinion with the same conclusion (which may be in the form of a bring-down or date-down opinion with respect to an earlier delivered opinion) within twenty (20) Business Days after the end of each calendar quarter, and (ii) all HOA Properties located in such Applicable HOA State designated as an Applicable HOA Property pursuant to **Section 4.3.12(b)** .

“ **Applicable HOA State** ” means (i) a state in which, pursuant to applicable Legal Requirements, (A) a Lien in favor of a homeowner’s association may be created through the non-payment of fees assessed against a residential property by such homeowner’s association and (B) any such Lien would extinguish the Lien of a mortgage upon the valid and proper foreclosure of such Lien for homeowner’s association fees or (ii) a state designated as an Applicable HOA State pursuant to **Section 4.3.12(b)** . For the avoidance of doubt, if any reported decision of a state appellate court would result in the foregoing **clauses (i)(A)** and **(i)(B)** applying in such state or if the legal opinion described in clause (B)(x) of the definition of “Applicable HOA Properties” in respect of a state, is conditioned on the presence of subordination language or the absence of provisions which would otherwise allow a Lien for homeowner’s association fees to extinguish the Lien of a mortgage upon the valid and proper foreclosure of such Lien for homeowner’s association fees, then such state shall constitute an Applicable HOA State.

“ **Approved Capital Expenditures** ” means Capital Expenditures incurred by Borrower and either (i) if no Trigger Period is continuing, included in the Annual Budget or, if during a Trigger Period, an Approved Annual Budget or (ii) approved by Lender, which approval shall not be unreasonably withheld, conditioned or delayed.

“**Approved Counterparty**” means a counterparty to the Interest Rate Cap Agreement (or the guarantor of such counterparty’s obligations) that (i) has and shall maintain, until the expiration of the applicable Interest Rate Cap Agreement, (A)(1) a long-term unsecured debt rating of not less than “A” by S&P and a short-term senior unsecured debt rating of at least “A-1” from S&P or (2) if no short-term debt rating exists, a long-term senior unsecured debt rating of at least “A+” from S&P, (B)(1) a long-term unsecured debt rating of not less than “A2” from Moody’s and a short-term senior unsecured debt rating of at least “P1” from Moody’s or (2) if no short-term debt rating exists, a long-term senior unsecured debt rating of at least “A1” from Moody’s, (C)(1) if any Securities or any class thereof in any Securitization are then rated by Fitch (determined as of the date of the Interest Rate Cap Agreement or any Replacement Interest Rate Cap Agreement) and (2) if the counterparty is rated by Fitch, a long-term unsecured debt rating of at least “A-” by Fitch and short-term unsecured debt rating of at least “F1” and (D) other than with respect to the Commonwealth Bank of Australia, if the counterparty is then rated by KBRA (determined as of the date of such Interest Rate Cap Agreement or any Replacement Interest Rate Cap Agreement, as applicable), (1) a long-term senior unsecured debt rating of not less than “A” from KBRA and a short-term debt/deposit rating of at least “K1” from KBRA, or (2) if no short-term debt rating exists, a long-term senior unsecured debt rating of at least “A+” from KBRA or (ii) is otherwise acceptable to the Rating Agencies, as evidenced by a Rating Agency Confirmation to the effect that such counterparty shall not cause a downgrade, withdrawal or qualification of the ratings assigned, or to be assigned, to the Securities or any class thereof in any Securitization.

“**Assignment of Leases and Rents**” means an Assignment of Leases and Rents for each Property or for multiple Properties located within the same county or parish, dated as of the Closing Date (or, in connection with a Property which is a Substitute Property, dated as of the date of the substitution), executed and delivered by Borrower, constituting an assignment of the Lease or the Leases, as applicable, and the proceeds thereof as Collateral for the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time. The Assignment of Leases and Rents may be included as part of the Mortgage for such Property or Properties.

“**Assignment of Management Agreement**” means an Assignment of Management Agreement and Subordination of Management Fees among Borrower, Manager and Lender, substantially in the form delivered on the date hereof by Borrower, Existing Manager and Lender.

“**Assumed Note Rate**” means (i) with respect to each Floating Rate Component of the Loan, an interest rate equal to the sum of one-half of one percent (0.50%), plus the applicable Floating Rate Component Spread, plus LIBOR as determined on the preceding Interest Determination Date and (ii) with respect to Component G, the Component G Interest Rate.

“**Award**” means any compensation paid by any Governmental Authority in connection with a Condemnation in respect to all or any part of a Property.

“**Bankruptcy Code**” means Title 11 of the United States Code, 11 U.S.C. Section 101 et seq., as the same may be amended from time to time, and any successor statute or statutes and all

rules and regulations from time to time promulgated thereunder, and any comparable foreign laws relating to bankruptcy, insolvency or creditors' rights or any other Federal or state bankruptcy or insolvency law.

“**Blocked Account Control Agreement**” means the Cash Management Agreement among Borrower, Collection Account Bank and Lender providing for the exclusive control of the Collection Account and all other Accounts by Lender, substantially in the form of **Exhibit A** or such other form as may be reasonably acceptable to Lender.

“**Borrower GP**” means 2015-2 IH2 Borrower G.P. LLC, a Delaware limited liability company.

“**Borrower GP Guaranty**” that certain Borrower GP Guaranty, dated as of the date hereof, executed by Borrower GP in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Borrower GP Security Agreement**” that certain Security Agreement, dated as of the date hereof, executed by Borrower GP in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Borrower Security Agreement**” that certain Security Agreement, dated as of the date hereof, executed by Borrower in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Borrower TRS**” means a wholly-owned Delaware limited liability company subsidiary of Borrower that is treated for U.S. federal income tax purposes as a “taxable REIT subsidiary”.

“**BPO Value**” means, with respect to any Property, the “as is” value for such Property set forth in a Broker Price Opinion obtained by Lender with respect to a Property.

“**BREP**” means, collectively, Blackstone Real Estate Partners VII.F L.P., Blackstone Real Estate Partners VII.TE.8 L.P., Blackstone Real Estate Partners VII.TE.7 L.P., Blackstone Real Estate Partners VII.TE.6 L.P., Blackstone Real Estate Partners VII.TE.5 L.P., Blackstone Real Estate Partners VII.TE.4 L.P., Blackstone Real Estate Partners VII.TE.3 L.P., Blackstone Real Estate Partners VII.TE.2 L.P., Blackstone Real Estate Partners VII.TE.1 L.P., Blackstone Real Estate Partners VII L.P. and any other parallel partnerships and alternative investment vehicles comprising the real estate fund commonly known as Blackstone Real Estate Partners VII L.P.

“**Broker Price Opinion**” means a broker price opinion obtained by Lender.

“**Business Day**” means any day other than a Saturday, a Sunday or a legal holiday on which national banks are not open for general business in (i) the State of New York, (ii) the state where the corporate trust office of the Trustee is located, or (iii) the state where the servicing offices of the Servicer are located.

“**Calculation Date**” means the last day of each calendar quarter during the Term.

“**Capital Expenditures**” for any period means amounts expended for replacements and alterations to a Property and required to be capitalized according to GAAP.

“ **Cap Receipts** ” means all amounts received by Borrower pursuant to an Interest Rate Cap Agreement.

“ **Casualty Threshold Amount** ” means, with respect to all Casualties arising from any single Casualty event, an amount equal to two percent (2%) of the Outstanding Principal Balance as of the date of such Casualty Event.

“ **Closing Date** ” means the date of the funding of the Loan.

“ **Closing Date Debt Yield** ” means 5.89%.

“ **Closing Date HOA Opinions** ” means the opinions of counsels to Borrower executed and delivered on or prior to the Closing Date.

“ **Code** ” means the Internal Revenue Code of 1986, as amended, and as it may be further amended from time to time, any successor statutes thereto, and applicable U.S. Department of Treasury regulations issued pursuant thereto in temporary or final form.

“ **Collateral** ” means, collectively, all of the real, personal and mixed property in which Liens are purported to be granted pursuant to the Collateral Documents as security for the Obligations.

“ **Collateral Assignment of Interest Rate Protection Agreement** ” means a Collateral Assignment of Interest Rate Protection Agreement between Borrower and Lender, substantially in the form delivered on the date hereof by Borrower and Lender.

“ **Collateral Documents** ” means the Borrower Security Agreement, the Borrower GP Security Agreement, the Equity Owner Security Agreement, the Blocked Account Control Agreement, each Property Account Control Agreement, the Collateral Assignment of Interest Rate Protection Agreement, the Assignment of Management Agreement, each Mortgage Document and all other instruments, documents and agreements delivered by any Loan Party pursuant to this Agreement or any of the other Loan Documents in order to grant to Lender a Lien on any real, personal or mixed property of that Loan Party as security for the Obligations, as the same may be (and each of the foregoing defined terms shall refer to such documents as they may be) amended, restated, replaced, supplemented or otherwise modified from time to time.

“ **Collection Account** ” means an Eligible Account at the Collection Account Bank.

“ **Collection Account Bank** ” means the Eligible Institution selected by Lender to maintain the Collection Account.

“ **Collections** ” means, without duplication, with respect to any Property, all Rents, Other Receipts, Insurance Proceeds (whether or not Lender elects to treat any such Insurance Proceeds as business or rental interruption Insurance Proceeds pursuant to **Section 5.4(d)**), Condemnation Proceeds, Net Transfer Proceeds, Cap Receipts, interest on amounts on deposit in the Collection Account and the Reserve Funds, amounts paid to Borrower pursuant to the terms of the applicable Purchase Agreement, amounts drawn on security deposits that become Collections pursuant to **Section 4.1.15** , amounts paid by Borrower to the Collection Account pursuant to this Agreement and all other payments received with respect to such Property (except for security deposits) and all “proceeds” (as defined in Section 9-102 of the UCC) of such Property.

“ **Commission** ” means the Securities and Exchange Commission.

“ **Compliance Certificate** ” means the certificate in the form attached hereto as **Exhibit C** .

“ **Component** ” means individually or collectively, as the context may require, any one of Component A, Component B, Component C, Component D, Component E, Component F and Component G, each as more particularly set forth in **Section 2.1.2** .

“ **Component G Interest Rate** ” means a rate of five ten thousandths of one percent (0.0005%) per annum.

“ **Component Outstanding Principal Balance** ” means, as of any given date, with respect to each Component, the outstanding principal balance of such Component.

“ **Concessions** ” means, for any period of determination, the value of concessions (other than free Rent) provided with respect to the Properties by Borrower (or, for the period prior to the Closing Date, by Borrower’s Affiliates that owned the Properties).

“ **Condemnation** ” means a temporary or permanent taking by any Governmental Authority as the result or in lieu or in anticipation of the exercise of the right of condemnation or eminent domain, of all or any part of a Property, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting a Property or any part thereof.

“ **Connection Income Taxes** ” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“ **Constituent Document** ” means, (i) with respect to any partnership (whether limited or general), (a) the certificate of partnership (or equivalent filings), (b) the partnership agreement (or equivalent organizational documents) of such partnership and (c) any document setting forth the designation, amount and/or rights, limitations and preferences of any of such partnership’s partnership interests or the holders thereof; (ii) with respect to any limited liability company, (a) the certificate of formation (or the equivalent organizational documents) of such entity, (b) the operating agreement (or the equivalent governing documents) of such entity and (c) any document setting forth the designation, amount and/or rights, limitations and preferences of any of such limited liability company’s membership interests or the holders thereof; and (iii) with respect to any other type of entity, the organizational and governing document for such entity which are equivalent to those described in **clauses (i) and (ii)** above, as applicable.

“ **Contest Security** ” means any security delivered to Lender by Borrower under **Section 4.1.3** or **Section 4.4.8** .

“ **Control** ” means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, by contract or otherwise, and the terms Controlled, Controlling and Common Control shall have correlative meanings.

“**Counterparty**” means, with respect to the Interest Rate Cap Agreement, SMBC Capital Markets, Inc., and with respect to any Replacement Interest Rate Cap Agreement, any Approved Counterparty thereunder.

“**Cure Period**” means, (i) with respect to the failure of any Property to qualify as an Eligible Property (other than with respect to the failure of a Property to comply with the representation in **Section 3.2.22**) if such failure is reasonably susceptible of cure, a period of thirty (30) days after the earlier of actual knowledge of such condition by a Responsible Officer of Borrower or the Manager or notice thereof by Lender to Borrower; *provided* that, if Borrower is diligently pursuing such cure during such thirty (30) day period and such failure is susceptible of cure but cannot reasonably be cured within such thirty (30) day period, then such cure period shall be extended for another ninety (90) days so long as Borrower continues to diligently pursue such cure and, *provided further*, that if the Obligations have been accelerated pursuant to **Section 8.2.1**, then the cure period hereunder shall be reduced to zero (0) days and (ii) with respect to the failure of a Property to comply with the representation in **Section 3.2.22**, zero (0) days. If any failure of any Property to qualify as an Eligible Property is not reasonably susceptible of cure, then no cure period shall be available. If any failure of any Property to qualify as an Eligible Property is due to a Voluntary Action, then no cure period shall be available.

“**Cut Off Date**” means January 13, 2015.

“**Debt**” means the Outstanding Principal Balance together with all interest accrued and unpaid thereon and all other sums (including the Spread Maintenance Premium, if applicable) due to Lender from time to time in respect of the Loan under the Note, this Agreement, the Mortgage Documents, the Environmental Indemnity or any other Loan Document.

“**Debt Service**” means, with respect to any particular period of determination, the scheduled interest payments due under the Note for such period.

“**Debt Service Coverage Ratio**” means, as of any date of determination, a ratio in which:

(i) the numerator is the Underwritten Net Cash Flow calculated for the twelve (12) month period ending on the Stated Maturity Date, the First Extended Maturity Date or the Second Extended Maturity Date, as applicable; and

(ii) the denominator is the aggregate debt service for the twelve (12) month period following such date of determination, calculated as the sum of (A) with respect to Component A, the product of (1) the Component Outstanding Principal Balance for Component A as of such date and (2) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component A and (y) the Strike Price described in clause (ii)(B) of the definition of Strike Price, (B) with respect to Component B, the product of (1) the Component Outstanding Principal Balance for Component B as of such date and (2) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component B and (y) the Strike Price described in clause (ii)(B) of the definition of Strike Price, (C) with respect to Component C, the product of (1) the Component Outstanding Principal Balance for Component C as of such date and (2) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component C and (y) the

Strike Price described in clause (ii)(B) of the definition of Strike Price, (D) with respect to Component D, the product of (1) the Component Outstanding Principal Balance for Component D as of such date and (2) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component D and (y) the Strike Price described in clause (ii)(B) of the definition of Strike Price, (E) with respect to Component E, the product of (1) the Component Outstanding Principal Balance for Component E as of such date and (2) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component E and (y) the Strike Price described in clause (ii)(B) of the definition of Strike Price, (F) with respect to Component F, the product of (1) the Component Outstanding Principal Balance for Component F as of such date and (2) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component F and (y) the Strike Price described in clause (ii)(B) of the definition of Strike Price, (G) with respect to Component G, the product of (1) the Component Outstanding Principal Balance for Component G as of such date and (2) the Component G Interest Rate, and (H) the regular monthly fee of the certificate administrator (deemed to be \$5,533 per month) and the trustee (deemed to be \$417 per month) under the Servicing Agreement.

“**Debt Yield**” means, as of any date of determination, a fraction expressed as a percentage in which:

(i) the numerator is the Underwritten Net Cash Flow; and

(ii) the denominator is the aggregate Component Outstanding Principal Balances of the Floating Rate Components.

“**Default**” means the occurrence of any event hereunder or under any other Loan Document which, but for the giving of notice or passage of time, or both, would constitute an Event of Default.

“**Default Rate**” means, with respect to each Floating Rate Component and any other Obligations (other than the Class G Component), a rate per annum equal to the lesser of (i) the Maximum Legal Rate and (ii) three percent (3%) above the Interest Rate applicable to such Floating Rate Component.

“**Deficiency**” means, with respect to any Property File, (i) the failure of one or more Specified Documents contained therein to be fully executed or to match the information on the most recent Properties Schedule required to be delivered by **Section 4.3.6**, (ii) one or more Specified Documents contained therein are mutilated, materially damaged or torn or otherwise physically altered or unreadable or (iii) the absence from a Property File of any Specified Document required to be contained in such Property File.

“**Designated HOA Properties**” means, with respect to any state, HOA Properties located in such state that (i) were not Applicable HOA Properties on the Closing Date, (ii) became Applicable HOA Properties after the Closing Date and (iii) are designated by Borrower to Lender in writing as Designated HOA Properties.

“**Disqualified Property**” means any Property that fails to constitute an Eligible Property (after the lapse of any applicable Cure Period).

“**Eligibility Requirements**” means, with respect to any Person, the requirement that such Person has a net worth of not less than Three Hundred Million and No/100 Dollars (\$300,000,000.00) (exclusive of such Person’s direct or indirect interest in the Properties and Borrower).

“**Eligible Account**” means a separate and identifiable account from all other funds held by the holding institution that is an account or accounts (or subaccounts thereof) maintained with a federal or state-chartered depository institution or trust company which complies with the definition of Eligible Institution. An Eligible Account will not be evidenced by a certificate of deposit, passbook or other instrument.

“**Eligible Institution**” means:

(i) JPMorgan Chase Bank, National Association or PNC Bank, National Association so long as PNC Bank, National Association’s long term unsecured debt rating shall be at least “A2” from Moody’s and the equivalent by KBRA (if then rated by KBRA) (if the deposits are to be held in the applicable account for more than 30 days) or such institution’s short term deposit or short term unsecured debt rating shall be at least “P-1” from Moody’s and the equivalent by KBRA (if then rated by KBRA) (if the deposits are to be held in the applicable account for 30 days or less); or

(ii) a depository institution or trust company insured by the Federal Deposit Insurance Corporation the short term unsecured debt obligations or commercial paper of which are rated at least A-1 by S&P, P-1 by Moody’s, and F-1+ by Fitch in the case of accounts in which funds are held for thirty (30) days or less or, in the case of letters of credit or accounts in which funds are held for more than thirty (30) days, the long term unsecured debt obligations of which are rated at least (i) “AA” by S&P, (ii) “AA” and/or “F1+” (for securities) and/or “AAmmf” (for money market funds), by Fitch and (iii) “Aa2” by Moody’s;

provided that, Bank of America, National Association shall be an Eligible Institution with respect to Property Accounts and the Security Deposit Accounts only, so long as Bank of America, National Association’s long term unsecured debt rating shall be at least “A3” from Moody’s and the equivalent by KBRA (if then rated by KBRA).

“**Eligible Lease**” means, as of any date of determination, a Lease for a Property that satisfies all of the following:

(i) the Lease reflects customary market standard terms;

(ii) the Lease is entered into on an arms-length basis without payment support by Borrower or its Affiliates (provided that any incentives offered to Tenants shall not be deemed to constitute such payment support);

(iii) the Lease had, as of its commencement date, an initial lease term of at least six (6) months;

(iv) the Lease is to a bona fide third-party lessee; and

(v) the Lease is in compliance with all applicable Legal Requirements in all material respects.

“**Eligible Property**” means, as of any date of determination, a Property that is in compliance with each of the Property Representations and each of the Property Covenants.

“**Environmental Indemnity**” means that certain Environmental Indemnity Agreement dated as of the date hereof executed by Borrower in connection with the Loan for the benefit of Lender.

“**Environmental Laws**” has the meaning set forth in the Environmental Indemnity.

“**Equity Interests**” means, with respect to any Person, shares of capital stock, partnership interests, membership interests, beneficial interests or other equity ownership interests in such Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest from such Person.

“**Equity Owner**” means 2015-2 IH2 Equity Owner L.P., a Delaware limited partnership.

“**Equity Owner GP**” means 2015-2 IH2 Equity Owner G.P. LLC, a Delaware limited liability company.

“**Equity Owner Guaranty**” means that certain Equity Owner Guaranty, dated as of the date hereof, executed by Equity Owner in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Equity Owner Security Agreement**” means that certain Equity Owner Security Agreement, dated as of the date hereof, executed by Equity Owner in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor statute.

“**ERISA Affiliate**” means any corporation or trade or business that is a member of any group of organizations (i) described in Section 414(b) or (c) of the Code of which another entity is a member or (ii) described in Section 414(m) or (o) of the Code of which another entity is a member, except that this clause (ii) shall apply solely for purposes of potential liability under Section 302(b) of ERISA and Section 412(b) of the Code and the lien created under Section 303(k) of ERISA and Section 430(k) of the Code.

“**ERISA Event**” means (i) the failure to pay a minimum required contribution or installment to a Plan on or before the due date provided under Section 430 of the Code or Section 303 of ERISA, (ii) the filing of an application with respect to a Plan for a waiver of the minimum funding standard under Section 412(c) of the Code or Section 302(c) of ERISA, (iii) the failure of a Loan Party or any of its ERISA Affiliates to pay a required contribution or installment to a Multiemployer Plan on or before the applicable due date, (iv) any officer of any Loan Party or any of its ERISA Affiliates knows or has reason to know that a Plan is in “at risk” status within the meaning of Section 430(i) of the Code or Section 303(i) of ERISA or (v) the occurrence of a Plan Termination Event.

“**Excluded Taxes**” means any of the following Taxes imposed on or with respect to a Lender or required to be withheld or deducted from a payment to a Lender, (i) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (A) imposed as a result of such Lender being organized under the laws of, or having its principal office or its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (B) that are Other Connection Taxes, (ii) U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan pursuant to a law in effect on the date on which (A) such Lender acquires such interest in the Loan or (B) such Lender changes its lending office, except in each case to the extent that, pursuant to **Section 2.10**, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (iii) Taxes attributable to such Lender’s failure to comply with **Section 2.10.6** and (iv) any U.S. federal withholding Taxes imposed under FATCA.

“**Existing Management Agreement**” means that certain Management Agreement, dated as of the date hereof, between Borrower and Existing Manager, pursuant to which Existing Manager is to provide management and other services with respect to the Properties, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Existing Manager**” means THR Property Management L.P.

“**Extension Date**” means the Stated Maturity Date, the First Extended Maturity Date or the Second Extended Maturity Date, as applicable.

“**Extension Option**” means the First Extension Option, the Second Extension Option or the Third Extension Option, as applicable.

“**FATCA**” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“**Fiscal Year**” means each twelve (12) month period commencing on January 1 and ending on December 31 during each year of the Term.

“**Fitch**” means Fitch, Inc.

“**Fixture Filing**” means, with respect to any jurisdiction in which any Property or Properties are located in which a separate, stand alone fixture filing is required or generally recorded or filed pursuant to the local law or custom (as reasonably determined by Lender), a Uniform Commercial Code financing statement (or other form of financing statement required in the jurisdiction in which the applicable Property or Properties are located) recorded or filed in the real estate records in which the applicable Property or Properties are located.

“**Floating Rate Component Prime Rate Spread**” means, in connection with any conversion of the Floating Rate Components from a LIBOR Loan to a Prime Rate Loan, with respect to each Floating Rate Component of the Loan, the difference (expressed as the number

of basis points) between (i) the sum of (A) LIBOR, determined as of the Interest Determination Date for which LIBOR was last available, plus (B) the Floating Rate Component Spread applicable to such Floating Rate Component, minus (ii) the Prime Rate as of such Interest Determination Date; *provided, however*, that if such difference is a negative number for such Floating Rate Component, then the Floating Rate Component Prime Rate Spread for such Component shall be zero.

“**Floating Rate Component Spread**” means, (i) with respect to Component A, 1.4180% *per annum*; (ii) with respect to Component B, 1.7180% *per annum*; (iii) with respect to Component C, 2.0680% *per annum*; (iv) with respect to Component D, 2.3680% *per annum*; (v) with respect to Component E, 3.2180% *per annum*; and (vi) with respect to Component F, 3.7680% *per annum*.

“**Floating Rate Components**” means Component A, Component B, Component C, Component D, Component E and Component F.

“**Foreign Lender**” means a Lender that is not a U.S. Person.

“**Foreign Plan**” means any “employee benefit plan” as defined in Section 3(3) of ERISA that (i) neither is subject to ERISA nor is a governmental plan within the meaning of Section 3(32) of ERISA and that is maintained, or contributed to, by a Loan Party or any of its ERISA Affiliates and (ii) is mandated by a government other than the United States (other than a state within the United States or an instrumentality thereof) for employees of a Loan Party or any of its ERISA Affiliates.

“**GAAP**” means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession), or in such other statements by such entity as may be in general use by significant segments of the U.S. accounting profession.

“**Government List**” means (i) the Annex to E.O. 13224, (ii) OFAC’s most current list of “Specifically Designated National and Blocked Persons” (which list may be published from time to time in various mediums including, but not limited to, the OFAC website, <http://www.treasury.gov/ofac/downloads/t11sdn.pdf> or any successor website or webpage) and (iii) any other list of terrorists, terrorist organizations or narcotics traffickers maintained by a Governmental Authority that Lender notifies Borrower in writing is now included in “**Government Lists**”.

“**Governmental Authority**” means any court, board, agency, commission, office or authority of any nature whatsoever or any governmental unit (federal, state, commonwealth, county, district, municipal, city or otherwise) whether now or hereafter in existence.

“**GPR**” means, as of any date of determination, the sum of (i) the annualized in place Rents under bona fide Eligible Leases for the Properties as of such date and (ii) the annualized market rents for Properties that are vacant as of such date. For purposes of *clause (ii)* market rents shall be determined by Lender in its reasonable discretion; *provided* that Borrower may object to any such determination by delivering written notice to Lender within five (5) Business

Days of any such determination and, in such event, the market rents so objected to shall be as determined by an independent broker opinion of market rent obtained by Lender at Borrower's sole cost and expense.

“ **Guarantors** ” means Equity Owner and Borrower GP.

“ **Hazardous Substance** ” has the meaning set forth in the Environmental Indemnity.

“ **HOA** ” means a homeowners or condominium association, board, corporation or similar entity with authority to create a Lien on a Property as a result of the non-payment of HOA Fees that are payable with respect to such Property.

“ **HOA Fees** ” means all homeowner's and condominium dues, fees, assessments and impositions, and any other charges levied or assessed or imposed against a Property, or any part thereof, by an HOA.

“ **HOA Policy** ” has the meaning set forth in **Section 5.2** .

“ **HOA Property** ” means a Property which is subject to an HOA.

“ **Improvements** ” means the buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on a Property.

“ **Indebtedness** ” means, for any Person, without duplication: (i) all indebtedness of such Person for borrowed money, for amounts drawn under a letter of credit, or for the deferred purchase price of property for which such Person or its assets is liable, (ii) all unfunded amounts under a loan agreement, letter of credit, or other credit facility for which such Person would be liable if such amounts were advanced thereunder, (iii) all amounts required to be paid by such Person as a guaranteed payment to partners or a preferred or special dividend, including any mandatory redemption of shares or interests, (iv) all indebtedness guaranteed by such Person, directly or indirectly, (v) all obligations under leases that constitute capital leases for which such Person is liable, (vi) all obligations of such Person under interest rate swaps, caps, floors, collars and other interest hedge agreements, in each case for which such Person is liable or its assets are liable, whether such Person (or its assets) is liable contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss and (vii) any other contractual obligation for the payment of money which are not settled within thirty (30) days.

“ **Indemnified Taxes** ” means (i) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (ii) to the extent not otherwise described in **clause (i)** , Other Taxes.

“ **Independent** ” means, when used with respect to any Person, a Person who: (i) does not have any direct financial interest or any material indirect financial interest in Borrower or in any Affiliate of Borrower, (ii) is not connected with Borrower or any Affiliate of Borrower as an officer, employee, promoter, underwriter, trustee, partner, member, manager, creditor, director, supplier, customer or person performing similar functions and (iii) is not a member of the immediate family of a Person defined in **clause (i)** or **(ii)** above.

“**Independent Accountant**” means (i) a firm of nationally recognized, certified public accountants which is Independent and which is selected by Borrower and reasonably acceptable to Lender or (ii) such other certified public accountant(s) selected by Borrower, which is Independent and reasonably acceptable to Lender.

“**Individual Material Adverse Effect**” means, in respect of a Property, any event or condition that has a material adverse effect on the value, use, occupation, leasing or marketability of such Property or results in any material liability to, claim against or obligation of Lender or material liability or obligation on the part of any Loan Party.

“**Insolvency Opinion**” means that certain bankruptcy non-consolidation opinion letter dated the date hereof delivered by Richards, Layton & Finger, P.A. in connection with the Loan.

“**Interest Determination Date**” means, (i) with respect to the Initial Interest Period and the first Interest Period, the date that is two (2) Business Days before the Closing Date and (ii) with respect to any other Interest Period, the date which is two (2) Business Days prior to the commencement of such Interest Period. When used with respect to an Interest Determination Date, Business Day shall mean any day on which banks are open for dealing in foreign currency and exchange in London.

“**Interest Rate**” shall mean, with respect to each Interest Period, (i) with respect to each Floating Rate Component, an interest rate per annum equal to (A) for a LIBOR Loan, the sum of (1) LIBOR, determined as of the Interest Determination Date immediately preceding the commencement of such Interest Period, plus (2) the Floating Rate Component Spread applicable to such Floating Rate Component (or, when applicable pursuant to this Agreement or any other Loan Document, the Default Rate); and (B) for a Prime Rate Loan, the sum of (1) the Prime Rate, plus (2) the Floating Rate Component Prime Rate Spread applicable to such Floating Rate Component (or, when applicable pursuant to this Agreement or any other Loan Document, the applicable Default Rate) and (ii) with respect to Component G, the Component G Interest Rate.

“**Interest Rate Cap Agreement**” means the Confirmation and Agreement (together with the schedules relating thereto), dated on or about the date hereof, between the Counterparty and Borrower, obtained by Borrower and collaterally assigned to Lender pursuant to this Agreement. After delivery of a Replacement Interest Rate Cap Agreement to Lender, the term Interest Rate Cap Agreement shall be deemed to mean such Replacement Interest Rate Cap Agreement and such Replacement Interest Rate Cap Agreement shall be subject to all requirements applicable to the Interest Rate Cap Agreement. The Interest Rate Cap Agreement shall be governed by the laws of the State of New York and shall contain each of the following:

(i) the notional amount of the Interest Rate Cap Agreement shall be equal to or greater than the aggregate Component Outstanding Principal Balances of the Floating Rate Components;

(ii) the remaining term of the Interest Rate Cap Agreement shall at all times extend through the end of the Interest Period in which the Maturity Date occurs as extended from time to time pursuant to this Agreement and the other Loan Documents;

(iii) the Interest Rate Cap Agreement shall be issued by the Counterparty to Borrower and shall be pledged to Lender by Borrower in accordance with this Agreement;

(iv) the Counterparty under the Interest Rate Cap Agreement shall be obligated to make payments, directly to the Collection Account (whether or not an Event of Default has occurred) from time to time equal to the product of (A) the notional amount of such Interest Rate Cap Agreement multiplied by (B) the excess, if any, of LIBOR (including any upward rounding under the definition of LIBOR) over the Strike Price and shall provide that such payment shall be made on a monthly basis in each case not later than (after giving effect to and assuming the passage of any cure period afforded to the Counterparty under the Interest Rate Cap Agreement, which cure period shall not in any event be more than three Business Days) each Monthly Payment Date;

(v) the Counterparty under the Interest Rate Cap Agreement shall execute and deliver the Acknowledgment; and

(vi) the Interest Rate Cap Agreement shall impose no material obligation on the beneficiary thereof (after payment of the acquisition cost) and shall be in all material respects satisfactory in form and substance to Lender and shall satisfy applicable Rating Agency standards and requirements, including, without limitation, provisions satisfying Rating Agencies standards, requirements and criteria (A) that incorporate customary tax “gross up” provisions, (B) whereby the Counterparty agrees not to file or join in the filing of any petition against Borrower under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law, and (C) that incorporate, if the Interest Rate Cap Agreement contemplates collateral posting by the Counterparty, a credit support annex setting forth the mechanics for collateral to be calculated and posted that are consistent with Rating Agency standards, requirements and criteria.

“**IRS**” means the United States Internal Revenue Service.

“**KBRA**” Kroll Bond Rating Agency, Inc.

“**Lease**” means a bona fide written lease, sublease, letting, license, concession or other agreement pursuant to which any Person is granted a possessory interest in, or right to use or occupy all or any portion of any space in any Property by or on behalf of Borrower (or, with respect to any Vacant Properties on the Closing Date, prior to such Closing Date, by or on behalf of any Affiliate of Borrower), and (i) every modification, amendment or other agreement relating to such lease, sublease or other agreement entered into in connection with such lease, sublease or other agreement, and (ii) every guarantee of the performance and observance of the covenants, conditions and agreements to be performed and observed by the Tenant.

“**Legal Requirements**” means all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting the Loan, any Secondary Market Transaction with respect to the Loan, Borrower or a Property or any part thereof or the construction, use, alteration or operation thereof, or any part thereof, whether now or hereafter enacted and in force, including, without limitation, the Securities Act, the Exchange Act, Regulation AB, the rules and regulations promulgated pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, zoning and land use laws, the Americans with Disabilities Act of 1990, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments, either of record or known to Borrower, at any time in force affecting a Property or any part thereof, including any which may (i) require repairs, modifications or alterations in or to a Property or any part thereof, or (ii) in any way limit the use and enjoyment thereof.

“**LIBOR**” means, with respect to each Interest Period and each Interest Determination Date, the rate per annum (rounded upwards, if necessary, to the nearest 1/1,000 of 1%) calculated by Lender as set forth below:

(i) The rate for deposits in U.S. Dollars for a one-month period that appears on Reuters Screen LIBOR01 Page (or its equivalent) as of 11:00 a.m., London time, on such Interest Determination Date.

(ii) If such rate does not appear on Reuters Screen LIBOR01 Page (or its equivalent) as of 11:00 a.m., London time, on the applicable Interest Determination Date, Lender shall request the principal London office of any four major reference banks in the London interbank market selected by Lender to provide such reference bank’s offered quotation to prime banks in the London interbank market for deposits in U.S. Dollars for a one month period as of 11:00 a.m., London time, on such Interest Determination Date in a principal amount of not less than One Million and No/100 Dollars (\$1,000,000) that is representative for a single transaction in the relevant market at the relevant time. If at least two such offered quotations are so provided, LIBOR shall be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, Lender shall request any three major banks in New York City reasonably selected by Lender to provide such bank’s rates for loans in U.S. Dollars to leading European banks for a one-month period as of 11:00 a.m., New York City time, on such Interest Determination Date in a principal amount not less than One Million and No/100 Dollars (\$1,000,000) that is representative for a single transaction in the relevant market at the relevant time, and if at least two such rates are so provided, LIBOR shall be the arithmetic mean of such rates.

“**LIBOR Loan**” means the Floating Rate Components of the Loan at such time as interest thereon accrues at a rate of interest based upon LIBOR.

“**Lien**” means any mortgage, deed of trust, lien (statutory or otherwise), pledge, hypothecation, easement, restrictive covenant, preference, assignment, security interest, or any other encumbrance, charge or transfer of, or any agreement to enter into or create any of the foregoing, on or affecting all or any portion of any Collateral or any interest therein, or any direct or indirect interest in Borrower or any Loan Party, including any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, the filing of any financing statement, and mechanic’s, materialmen’s and other similar liens and encumbrances.

“**Loan**” means the loan in the original principal amount of Six Hundred Thirty-Six Million Six Hundred Eighty-Six Thousand and No/100 Dollars (\$636,686,000) made by Lender to Borrower pursuant to this Agreement.

“**Loan Documents**” means, collectively, this Agreement, the Note, the Management Agreement, the Sponsor Guaranty, the Equity Owner Guaranty, the Borrower GP Guaranty, the Environmental Indemnity, the Interest Rate Cap Agreement, each Collateral Document, and all other agreements, instruments and documents delivered pursuant thereto or in connection therewith, as the same may be (and each of the foregoing defined terms shall refer to such documents as they may be) amended, restated, replaced, supplemented or otherwise modified from time to time.

“ **Loan Party** ” means Borrower, each Guarantor and each Borrower TRS (if any).

“ **Low Debt Yield Period** ” shall commence if, as of any Calculation Date, the Debt Yield is less than eighty-five percent (85%) of the Closing Date Debt Yield (a “ **Low Debt Yield Trigger** ”), and shall end (i) upon the Properties achieving a Debt Yield of at least the Low Debt Yield Trigger for two (2) consecutive Calculation Dates or (ii) immediately (without waiting for two (2) consecutive Calculation Dates) upon Borrower prepaying the principal amount of the Loan in an amount sufficient to cause the Debt Yield to be equal to or in excess of the Low Debt Yield Trigger (a “ **Debt Yield Cure Prepayment** ”).

“ **Major Contract** ” means (i) any management agreement relating to the Properties or the Loan Parties, (ii) any agreement between any Loan Party and any Affiliate of any Relevant Party and (iii) any brokerage, leasing, cleaning, maintenance, service or other contract or agreement of any kind (other than Leases) relating to the Properties, in each case involving payment or expense of more than One Million and No/100 Dollars (\$1,000,000) during any twelve (12) month period, unless cancelable on thirty (30) days or less notice without requiring payment of termination fees or payments of any kind.

“ **Management Agreement** ” means the Existing Management Agreement or a Replacement Management Agreement pursuant to which a Qualified Manager is managing one or more of the Properties in accordance with the terms and provisions of this Agreement, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“ **Management Fee Cap** ” means, with respect to the calendar month ending immediately prior to each Monthly Payment Date during the Term, six percent (6.0%) of gross Rents collected with respect to the Properties for such calendar month.

“ **Manager** ” means Existing Manager or, if the context requires, a Qualified Manager who is managing one or more of the Properties in accordance with the terms and provisions of this Agreement or pursuant to a Replacement Management Agreement.

“ **Material Adverse Effect** ” means a material adverse effect on (i) the property, business, operations or financial condition of any Loan Party, (ii) the use, operation or value of the Properties, taken as a whole, (iii) the ability of Borrower to repay the principal and interest of the Loan when due or to satisfy any of Borrower’s other obligations under the Loan Documents, or (iv) the enforceability or validity of any Loan Document, the perfection or priority of any Lien created under any Loan Document or the rights, interests and remedies of Lender under any Loan Document.

“ **Maturity Date** ” means the Stated Maturity Date, provided that (i) in the event of the exercise by Borrower of the First Extension Option pursuant to **Section 2.7**, the Maturity Date shall be the First Extended Maturity Date, (ii) in the event of the exercise by Borrower of the Second Extension Option pursuant to **Section 2.7**, the Maturity Date shall be the Second Extended Maturity Date, and (iii) in the event of the exercise by Borrower of the Third Extension Option pursuant to **Section 2.7**, the Maturity Date shall be the Third Extended Maturity Date, or

such earlier date on which the final payment of principal of the Note becomes due and payable as herein or therein provided, whether at the Stated Maturity Date, by declaration of acceleration, or otherwise.

“ **Maximum Legal Rate** ” means the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the indebtedness evidenced by the Note and as provided for herein or the other Loan Documents, under the laws of such Governmental Authority whose laws are held by any court of competent jurisdiction to govern the interest rate provisions of the Loan.

“ **Minimum Disbursement Amount** ” means One Hundred Thousand and No/100 Dollars (\$100,000).

“ **Monthly Debt Service Payment Amount** ” means, for each Monthly Payment Date, an amount equal to the amount of interest which is then due on all the Components of the Loan in the aggregate for the Interest Period during which such Monthly Payment Date occurs.

“ **Monthly Payment Date** ” means the ninth (9th) day of every calendar month occurring during the Term. The first Monthly Payment Date shall be June 9, 2015.

“ **Moody’s** ” means Moody’s Investors Service, Inc.

“ **Mortgage** ” means a Mortgage or Deed of Trust or Deed to Secure Debt, as applicable, for each Property or for multiple Properties located within the same county or parish, dated as of the Closing Date (or, in connection with a Property which is a Substitute Property, dated as of the date of the substitution), executed and delivered by Borrower, constituting a Lien on the Improvements and the Property or Properties, as applicable, as Collateral for the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“ **Mortgage Documents** ” means the Mortgages, the Assignments of Leases and Rents and the Fixture Filings.

“ **Multiemployer Plan** ” means a plan within the meaning of Section 414(f) of the Code or Section 3(37) of ERISA to which contributions are required to be made by any Loan Party or any of its ERISA Affiliates or to which any such entity has any liability.

“ **Net Assets** ” means, with respect to any Person, the difference between (i) the fair market value of such Person’s assets and (ii) such Person’s liabilities determined in accordance with GAAP.

“ **Net Proceeds** ” means (i) the net amount of all insurance proceeds received by Lender pursuant to **Section 5.1.1 (a)(i) and (iii)** as a result of damage to or destruction of a Property, after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting same (“ **Insurance Proceeds** ”), or (ii) the net amount of an Award, after deduction of Lender’s reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting same (“ **Condemnation Proceeds** ”), whichever the case may be.

“ **Net Transfer Proceeds** ” means, with respect to the Transfer of any Property, the gross sales price for such Property (including any earnest money, down payment or similar deposit included in the total sales price paid by the purchaser), less Transfer Expenses.

“ **Non-Property Taxes** ” means all Taxes other than Property Taxes and Other Charges.

“ **NRSRO** ” means any credit rating agency that has elected to be treated as a nationally recognized statistical rating organization for purposes of Section 15E of the Exchange Act, without regard to whether or not such credit rating agency has been engaged by Lender or its designees in connection with, or in anticipation of, a Securitization.

“ **Obligations** ” means, collectively, Borrower’s obligations for the payment of the Debt and the performance by the Loan Parties of the Other Obligations.

“ **OFAC** ” means the Office of Foreign Assets Control of the U.S. Department of Treasury.

“ **Officer’s Certificate** ” means a certificate delivered to Lender by Borrower which is signed by an authorized officer of Borrower or another Loan Party.

“ **Operating Expenses** ” means, for any period, without duplication, all expenses actually paid or payable by Borrower (or, for the period prior to the Closing Date, by Borrower’s Affiliates that owned the Properties) during such period in connection with the administration, operation, management, maintenance, repair and use of the Properties, determined on an accrual basis, and, except to the extent otherwise provided in this definition, in accordance with GAAP. Operating Expenses specifically shall include, without duplication, (i) all operating expenses incurred in such period based on quarterly financial statements delivered to Lender in accordance with **Section 4.3.1(a)** , (ii) cost of utilities, inventories, and fixed asset supplies consumed in the operation of the Properties (iii) management fees in an amount equal to the greater of (A) actual management fees or (B) the Management Fee Cap, (iv) administrative, payroll, security and general expenses for the Properties, (v) costs and fees of Independent professionals (including, without limitation, legal, accounting, consultants and other professional expenses), technical consultants, operational experts (including quality assurance inspectors) or other third parties retained to perform services required or permitted hereunder, (vi) computer processing charges, (vii) operational equipment and other lease payments to the extent constituting operating expenses under GAAP, (viii) Property Taxes, Other Charges and HOA Fees, (ix) insurance premiums, (x) Property maintenance expenses and (xi) all reserves required by Lender hereunder (without duplication). Notwithstanding the foregoing, Operating Expenses shall not include (A) depreciation or amortization, (B) income taxes or other charges in the nature of income taxes, (C) any expenses (including legal, accounting and other professional fees, expenses and disbursements) incurred in connection with the making of the Loan or the sale, exchange, transfer, financing or refinancing of all or any portion of any Property or in connection with the recovery of Insurance Proceeds or Awards which are applied to prepay the Note, (D) Capital Expenditures, (E) Debt Service, (F) expenses incurred in connection with the acquisition, initial renovation and initial leasing of Properties and other activities undertaken prior to such initial lease that do not constitute recurring operating expenses to be paid by Borrower, including eviction of existing tenants, incentive payments to tenants and other similar expenses, (G) any item of expense which would otherwise be considered within Operating Expenses pursuant to the provisions above but is paid directly by any Tenant under a Lease, (H) any service that is required to be provided by the Manager pursuant to the Management Agreement without

compensation or reimbursement (other than the management fee set forth in the Management Agreement), (I) any expenses that relate to a Property from and after the release of such Property in accordance with **Section 2.5** hereof, (J) bad debt expense with respect to Rents, (K) the value of any free rent or other concessions provided with respect to the Properties, (L) any loss that is covered by the Policies including any portion of a loss that is subject to a deductible under the Policies or (M) corporate overhead expenses incurred by Borrower's Affiliates.

“**Other Charges**” means all (i) impositions other than Property Taxes, (ii) charges, liens or fees levied or assessed or imposed against a Property by a Governmental Authority in connection with code violations, and (iii) any other charges levied or assessed or imposed against a Property or any part thereof other than Property Taxes or HOA Fees.

“**Other Connection Taxes**” means, with respect to any Lender, Taxes imposed as a result of a present or former connection between such Lender and the jurisdiction imposing such Tax (other than connections arising from such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

“**Other Obligations**” means (i) the performance of all obligations of the Loan Parties contained herein; (ii) the performance of each obligation of the Relevant Parties contained in any other Loan Document; and (iii) the performance of each obligation of the Relevant Parties contained in any renewal, extension, amendment, restatement, modification, consolidation, change of, or substitution or replacement for, all or any part of this Agreement, the Note or any other Loan Document.

“**Other Receipts**” for any period of determination, any actual net cash flow receipts received by Borrower (or, for the period prior to the Closing Date, by Borrower's Affiliates that owned the Properties) from sources other than Rents, such as fees, payments or other compensation from any Tenant (but excluding any security deposits), with respect to the Properties to the extent they are recurring in nature and properly included as operating income for such period in accordance with GAAP.

“**Other Taxes**” means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

“**Outstanding Principal Balance**” means, as of any date, the aggregate Component Outstanding Principal Balances of the Components of the Loan.

“**Patriot Act**” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT ACT) of 2001, as the same may be amended from time to time, and corresponding provisions of future laws.

“**PBGC**” means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

“ *Permitted Investments* ” means:

(i) obligations of, or obligations fully guaranteed as to payment of principal and interest by, the United States or any agency or instrumentality thereof provided such obligations are backed by the full faith and credit of the United States including, without limitation, obligations of: the U.S. Treasury (all direct or fully guaranteed obligations), the Farmers Home Administration (certificates of beneficial ownership), the General Services Administration (participation certificates), the U.S. Maritime Administration (guaranteed Title XI financing), the Small Business Administration (guaranteed participation certificates and guaranteed pool certificates), the U.S. Department of Housing and Urban Development (local authority bonds) and the Washington Metropolitan Area Transit Authority (guaranteed transit bonds); *provided, however*, that the investments described in this clause must (A) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if rated by S&P, must not have an “r” highlighter affixed to their rating, (C) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (D) such investments must not be subject to liquidation prior to their maturity;

(ii) federal funds, unsecured certificates of deposit, time deposits, bankers’ acceptances and repurchase agreements with maturities of not more than 365 days of any bank, (A) in the case of such investments with maturities of 30 days or less, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated at least “A2” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s), (B) in the case of such investments with maturities of three months or less, but more than 30 days, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated at least “A1” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s), (C) in the case of such investments with maturities of six (6) months or less, but more than three months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated at least “Aa3” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s), and (D) in the case of such investments with maturities of more than six (6) months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated “Aaa” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s); *provided, however*, that the investments described in this clause must (1) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (2) if rated by S&P, must not have an “r” highlighter affixed to their rating, (3) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (4) such investments must not be subject to liquidation prior to their maturity;

(iii) fully Federal Deposit Insurance Corporation-insured demand and time deposits in, or certificates of deposit of, or bankers' acceptances issued by, any bank or trust company, savings and loan association or savings bank, (A) in the case of such investments with maturities of 30 days or less, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated at least "A2" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), (B) in the case of such investments with maturities of three months or less, but more than 30 days, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated at least "A1" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), (C) in the case of such investments with maturities of six (6) months or less, but more than three months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated at least "Aa3" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), and (D) in the case of such investments with maturities of more than six (6) months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated "Aaa" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's); *provided, however*, that the investments described in this clause must (1) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (2) if rated by S&P, must not have an "r" highlighter affixed to their rating, (3) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (4) such investments must not be subject to liquidation prior to their maturity;

(iv) debt obligations with maturities of not more than 365 days and at all times rated by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in its highest long-term unsecured rating category); *provided, however*, that the investments described in this clause must (A) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if rated by S&P, must not have an "r" highlighter affixed to their rating, (C) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (D) such investments must not be subject to liquidation prior to their maturity;

(v) commercial paper (including both non-interest-bearing discount obligations and interest-bearing obligations payable on demand or on a specified date not more than one year after the date of issuance thereof) with maturities of not more than 365 days (A) in the case of such investments with maturities of 30 days or less, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated at least "A2" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), (B) in the case of such investments with maturities of three months or less, but more than 30 days, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated

by all Rating Agencies, rated Moody's in the highest short term rating category) and the long term obligations of which are rated at least "A1" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), (C) in the case of such investments with maturities of six (6) months or less, but more than three months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated at least "Aa3" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), and (D) in the case of such investments with maturities of more than six (6) months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated "Aaa" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's); *provided, however*, that the investments described in this clause must (1) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (2) if rated by S&P, must not have an "r" highlighter affixed to their rating, (3) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (4) such investments must not be subject to liquidation prior to their maturity;

(vi) units of taxable money market funds, which funds are regulated investment companies and invested solely in obligations backed by the full faith and credit of the United States, which funds have the highest rating available from each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities) for money market funds; and

(vii) any other security, obligation or investment which has been specifically approved as a Permitted Investment in writing (A) by Lender and (B) each Rating Agency, as confirmed by satisfaction of the Rating Agency Condition with respect to each Rating Agency;

provided, however, that no obligation or security shall be a Permitted Investment if (A) such obligation or security evidences a right to receive only interest payments or (B) the right to receive principal and interest payments on such obligation or security are derived from an underlying investment that provides a yield to maturity in excess of one hundred twenty percent (120%) of the yield to maturity at par of such underlying investment and *provided, further*, that each investment described hereunder must have (x) a predetermined fixed amount of principal due at maturity (that cannot vary or change) and (y) an original maturity of not more than 365 days and a remaining maturity of not more than thirty (30) days.

"**Permitted Liens**" means, collectively, (i) the Liens and security interests created by the Loan Documents, (ii) all encumbrances and other matters disclosed in the Title Insurance Policies for the Properties and, with respect to any Substitute Property, as Lender has approved in writing in Lender's reasonable discretion, (iii) Liens, if any, for Non-Property Taxes or Property Taxes imposed by any Governmental Authority not yet due or delinquent, (iv) Liens arising after the Closing Date for Non-Property Taxes, Property Taxes, Other Charges or HOA Fees being contested in accordance with **Section 4.1.3** or **Section 4.4.8**, (v) any workers', mechanics' or other similar Liens on a Property that are bonded or discharged within sixty (60)

days after Borrower first receives written notice of such Lien, (vi) all easements, rights-of-way, restrictions and other similar non-monetary encumbrances recorded against and affecting any Property and that would not reasonably be expected to and do not have an Individual Material Adverse Effect on the Property, (vii) such other title and survey exceptions as Lender has approved or may approve in writing in Lender's reasonable discretion, (viii) the Specified Liens and (ix) rights of Tenants as Tenants only under Leases permitted hereunder.

“**Person**” means any individual, corporation, partnership, limited liability company, joint venture, estate, trust, unincorporated association, any other entity, any Governmental Authority and any fiduciary acting in such capacity on behalf of any of the foregoing.

“**Plan**” means an “employee benefit plan” as defined in Section 3(3) of ERISA that is established, maintained or contributed to by any Loan Party or any of its ERISA Affiliates (or as to which such entity has any liability) and that is covered by Title IV of ERISA, other than a Multiemployer Plan.

“**Plan Termination Event**” means (i) any event described in Section 4043 of ERISA with respect to any Plan; (ii) the withdrawal of any Loan Party or any of its ERISA Affiliates from a Plan during a plan year in which such Loan Party or such ERISA Affiliate was a “substantial employer” as defined in Section 4001(a)(2) of ERISA; (iii) the imposition of an obligation on any Loan Party or any of its ERISA Affiliates under Section 4041 of ERISA to provide affected parties written notice of intent to terminate a Plan in a distress termination described in Section 4041(c) of ERISA; (iv) the institution of proceedings by the PBGC to terminate a Plan or by any similar foreign governmental authority to terminate a Foreign Plan; (v) any event or condition which could reasonably constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan; (vi) the institution of proceedings by a foreign governmental authority to appoint a trustee to administer any Foreign Plan; or (vii) the partial or complete withdrawal of any Loan Party or any of its ERISA Affiliates from a Multiemployer Plan or Foreign Plan or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

“**Prepayment Notice**” means a prior written notice to Lender specifying the proposed Business Day on which a prepayment of the Debt is to be made pursuant to **Section 2.4.2**, which date shall be no earlier than ten (10) days after the date of such Prepayment Notice and no later than ninety (90) days after the date of such Prepayment Notice. A Prepayment Notice may be revoked in writing by Borrower, or may be modified in writing by Borrower to a new specified Business Day, in each case, on or prior to the proposed prepayment date set forth in such Prepayment Notice; *provided* that such new Business Day shall be no earlier than such proposed prepayment date. If revoked (as opposed to modified), any new Prepayment Notice shall comply with the timeframes set forth above. Borrower shall pay to Lender all out-of-pocket costs and expenses (if any) incurred by Lender in connection with Borrower's permitted revocation or modification of any Prepayment Notice.

“**Prime Rate**” means the rate of interest published in *The Wall Street Journal* from time to time as the “Prime Rate.” If *The Wall Street Journal* ceases to publish the “Prime Rate,” then Lender shall select an equivalent publication that publishes such “Prime Rate,” and if such “Prime Rates” are no longer generally published or are limited, regulated or administered by a governmental or quasi-governmental body, then Lender shall select a comparable interest rate index.

“ **Prime Rate Loan** ” means the Floating Rate Components of the Loan at such time as interest thereon accrues at a rate of interest based upon the Prime Rate.

“ **Priority** ” means that the valid and proper foreclosure of a Lien for HOA Fees will extinguish the Lien of the Mortgage with respect to the relevant HOA Property.

“ **Properties Schedule** ” means the data tape of Properties attached hereto as **Schedule I.A.** as of the Closing Date, as updated on a monthly basis in the form attached hereto as **Schedule I.B.** (and supplemented quarterly by the data included on **Schedule I.C.** and **Schedule I.D.** and, following a Sponsor Public Listing or a Sponsor Public Sale, further supplemented quarterly by the data included on **Schedule I.E.**) pursuant to **Section 4.3.6** .

“ **Property** ” means, individually, and “ **Properties** ” means, collectively, (i) the residential real properties described on the Properties Schedule as of the Closing Date and encumbered by the Mortgages and (ii) any residential real properties that are Substitute Properties; *provided* that if the Allocated Loan Amount for any Property has been reduced to zero and all interest and other Obligations related thereto that are required to be paid on or prior to the date when the Allocated Loan Amount for such Property is required to be repaid have been repaid in full, then such residential real property shall no longer be a Property hereunder. The Properties include the Improvements now or hereafter erected or installed thereon and other personal property owned by Borrower located thereon, together with all rights pertaining to such real property, Improvements and personal property.

“ **Property Account Bank** ” means the Eligible Institution at which a Property Account is maintained.

“ **Property Account Control Agreement** ” means the Deposit Account Control Agreement dated the date hereof among Borrower, Lender, Manager and a Property Account Bank, providing for springing control by Lender, substantially in the form set forth as **Exhibit B** attached hereto or such other form as may be reasonably acceptable to Lender.

“ **Property Accounts** ” means the Rent Deposit Accounts and Borrower’s Operating Account.

“ **Property Covenants** ” means those covenants set forth in **Section 4.4** and the covenants contained in **Section 2** of the Environmental Indemnity.

“ **Property File** ” means with respect to each Property:

(i) The Purchase Agreement, auction receipt or other applicable purchase documentation reasonably satisfactory to Lender;

(ii) The documentation described in **Sections 3.2.3 , 3.2.4 , 3.2.5 , 4.4.3 , 4.4.4 , and 4.4.5** ;

(iii) Evidence reasonably satisfactory to Lender of the insurance policies required by **Section 5.1.1** with respect to such Property;

(iv) The executed Lease and any renewals, amendments or modification of the Lease, each of which shall be delivered to the Property File within ten (10) days after execution thereof

(provided, that if such Property is a Vacant Property, such Property will be disclosed in the Property File as a Vacant Property until an Eligible Lease is executed with respect to such Property); and

(v) The Broker Price Opinion for such Property.

“**Property Representations**” means those representations and warranties set forth in **Section 3.2** and Section 1 of the Environmental Indemnity.

“**Property Taxes**” means any real estate and personal property taxes, assessments, water charges, sewer rents, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto now or hereafter levied or assessed or imposed by a Governmental Authority against any Property, any Collateral, any part of either of the foregoing or Borrower.

“**Public Vehicle**” means a Person whose securities are listed and traded on a national securities exchange and shall include a majority owned subsidiary of any such Person or any operating partnership through which such Person conducts all or substantially all of its business.

“**Purchase Agreement**” means the purchase agreement with respect to the purchase of a Property entered into by Borrower or its Affiliate and a third party seller of a Property who is not an Affiliate of any Loan Party.

“**Qualified Manager**” means (i) Existing Manager, (ii) any Person that is under common Control with Existing Manager or Sponsor and/or (iii) a reputable Person that has at least two (2) years’ experience in the management of at least two hundred and fifty (250) residential rental properties in each metropolitan statistical area in which the applicable Properties to be managed by such Person are located and is not the subject of a bankruptcy or similar proceeding; *provided*, that in the case of the foregoing **clause (iii)**, Borrower shall have obtained a Rating Agency Confirmation in respect of the management of the Properties by such Person; and *provided, further*, that in the case of the foregoing **clause (ii)** and **clause (iii)**, if such Person is an Affiliate of Borrower, Borrower shall have obtained an additional Insolvency Opinion if such an opinion is requested by Lender.

“**Qualified Title Insurance Company**” means each title insurance company listed on **Schedule VI** and any other title insurance company unless such title insurance company is disqualified by Lender in its sole discretion by notice to Borrower.

“**Qualified Transferee**” means (i) Sponsor or (ii) any Person that (A) has a net worth of not less than Three Hundred Million and No/100 Dollars (\$300,000,000) (exclusive of such Person’s direct or indirect interest in the Properties and Borrower), (B) has not been the subject of a voluntary or involuntary (to the extent the same has not been discharged) bankruptcy proceeding or any governmental or regulatory investigation which resulted in a final, nonappealable conviction for criminal activity involving moral turpitude, (C) is (or is under common Control with a Person that is) regularly engaged in the management, ownership or operation of one to four unit residential rental properties and (D) with respect to the applicable Transfer to such Person, Borrower shall have obtained a Rating Agency Confirmation.

“**Quarterly HOA Report**” has the meaning set forth in **Section 4.3.12(a)**.

“ **Rating Agencies** ” means the nationally-recognized statistical rating organization (e.g. S&P, Moody’s, Fitch, DBRS, Inc., Morningstar, Inc., KBRA or any successor thereto) that have been or will be engaged by Lender or its designees in connection with, or in anticipation of, a Securitization.

“ **Rating Agency Confirmation** ” means a written affirmation from each of the Rating Agencies that the credit rating of the Securities by such Rating Agency immediately prior to the occurrence of the event with respect to which such Rating Agency Confirmation is sought will not be qualified, downgraded or withdrawn as a result of the occurrence of such event, which affirmation may be granted or withheld in such Rating Agency’s sole and absolute discretion. In the event that, at any given time, no Securities are then outstanding, then the term Rating Agency Confirmation shall be deemed instead to require the written approval of Lender based on its reasonable, good faith determination of whether the Rating Agencies would issue a Rating Agency Confirmation if any such Securities were outstanding.

“ **Records** ” means all leases, agreements, instruments, documents, books, records and other information (including, without limitation, tapes, disks, punch cards and related property and rights) maintained with respect to Properties or the Loan Parties, other than the Property Files.

“ **Regulation AB** ” means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, as such may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission in the releases (Asset Backed Securities, Securities Act Release No. 33-8518, 70 Fed. Reg. 1,506-1,631 (Jan. 7, 2005) and Asset-Backed Securities, Securities Act Release No. 33-9638, 79 Fed. Reg. 57,184 (Sept. 24, 2014)) or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time. Each of the parties hereto acknowledge that the Regulation AB provisions herein shall be construed as if the Certificates were publicly registered and reporting were required at all times.

“ **Related Loan** ” means a loan to an Affiliate of Borrower or any Guarantor or secured by a Related Property, that is included in a Securitization with the Loan, and any other loan that is cross-collateralized with the Loan.

“ **Related Property** ” means a parcel of real property, together with improvements thereon and personal property related thereto, that is “related” within the meaning of the definition of Significant Obligor, to a Property.

“ **Release Amount** ” means, for a Property, the following applicable amount together with any other amounts specified in **Section 2.4.5** :

(i) in connection with the Transfer of a Property (other than a Designated HOA Property) pursuant to **Section 2.5** or any failure of a Property to qualify as an Eligible Property due to the occurrence of a Voluntary Action (such Properties, “ **Release Premium Properties** ”), (A) one hundred five percent (105%) of the Allocated Loan Amount for such Property if the sum of the initial Allocated Loan Amounts of all Release Premium Properties, including such Property, is less than \$63,668,600, (B) one hundred ten percent (110%) of the Allocated Loan Amount for such Property if the sum of the initial Allocated Loan Amounts of all Release Premium Properties, including such Property, is equal to or greater than \$63,668,600 but less

than \$95,502,900, (C) one hundred fifteen percent (115%) of the Allocated Loan Amount for such Property if the sum of the initial Allocated Loan Amounts of all Release Premium Properties, including such Property, is equal to or greater than \$95,502,900 but less than \$127,337,200, and (D) one hundred twenty percent (120%) of the Allocated Loan Amount for such Property if the sum of the initial Allocated Loan Amounts of all Release Premium Properties, including such Property, is equal to or greater than \$127,337,200;

(ii) in connection with any failure of a Property to qualify as an Eligible Property other than due to the occurrence of a Voluntary Action that is not cured within the applicable Cure Period, an amount equal to one hundred percent (100%) of the Allocated Loan Amount for such Property;

(iii) in connection with any Condemnation or Casualty of any Property for which prepayment of the Release Amount is required pursuant to **Section 5.3** or **Section 5.4**, one hundred percent (100%) of the Allocated Loan Amount for such Property; and

(iv) in connection with the release of a Designated HOA Property, a percentage of the Allocated Loan Amount for such Property that is equal to the greater of (A) one hundred percent (100%) and (B) the percentage with respect to which Borrower has obtained a Rating Agency Confirmation.

“ **Relevant Party** ” means each Loan Party, Equity Owner GP and Sponsor (and, collectively “ **Relevant Parties** ”).

“ **REMIC Trust** ” means a “real estate mortgage investment conduit” within the meaning of Section 860D of the Code.

“ **Renovation Standards** ” means the maintenance, repairs, improvements and installations that are necessary (i) for a Property to conform to applicable material Legal Requirements and not deviate materially from local rental market standards for the area in which such Property is located and (ii) for a Property to conform to Requirements for Existing Housing One to Four Family Units (4905.1) or Minimum Property Standard for One and Two Family Dwellings (200.926) as applicable, as published by the U.S. Department of Housing and Urban Development.

“ **Rents** ” means, with respect to each Property, all rents and rent equivalents.

“ **Repayment Date** ” means the date of a prepayment of the Loan pursuant to the provisions of **Section 2.4** .

“ **Replacement Interest Rate Cap Agreement** ” means an interest rate cap agreement from an Approved Counterparty with terms that are the same in all material respects as the terms of the Interest Rate Cap Agreement except that the same shall be effective as of (i) in connection with a replacement pursuant to **Section 2.6.3(c)** following a downgrade, withdrawal or qualification of the long-term unsecured debt rating of the Counterparty, the date required in **Section 2.6** or (ii) in connection with a replacement (or extension of the then-existing Interest Rate Cap Agreement) in connection with an extension of the Maturity Date pursuant to **Section 2.7** , the date required in **Section 2.7** ; *provided* that to the extent any such interest rate cap agreement does not meet the foregoing requirements, a Replacement Interest Rate Cap

Agreement shall be such interest rate cap agreement approved in writing by Lender, and if the Loan or any portion thereof is included in a Securitization, each of the Rating Agencies with respect thereto.

“**Replacement Management Agreement**” means, collectively, (i) either (A) a management agreement with a Qualified Manager, substantially in the same form and substance as the Existing Management Agreement, (B) a management agreement with a Qualified Manager, which management agreement shall be reasonably acceptable to Lender in form and substance, *provided*, that with respect to this **clause (B)**, (x) if such management agreement provides for the payment of management fees in excess of those fees provided for under the Existing Management Agreement, then Borrower shall have obtained a Rating Agency Confirmation with respect to such increase in management fees and (y) otherwise Lender, at its option, may require that Borrower obtain a Rating Agency Confirmation with respect to such management agreement or (C) a management agreement with a Manager approved by Lender in accordance with **Section 4.1.13(b)(y)** and satisfying the conditions set forth in **clauses (x)** and **(y)** above, and (ii) an assignment of management agreement and subordination of management fees substantially in the form of the Assignment of Management Agreement dated as of the date hereof (or such other form as shall be reasonably acceptable to Lender and the Qualified Manager).

“**Reportable Event**” has the meaning set forth in Section 4043 of ERISA.

“**Request for Release**” means a request for release of a Property in connection with any Transfer of a Property, substantially in the form attached hereto as **Exhibit E**.

“**Reserve Funds**” means, collectively, all funds deposited by Borrower with Lender or Collection Account Bank pursuant to **Article 6**, including, but not limited to, the Capital Expenditure Funds, the Insurance Funds, the Tax Funds, the HOA Funds, the Casualty and Condemnation Funds, the Cash Collateral Funds, the Special Insurance Reserve Funds and the Eligibility Funds.

“**Reserve Release Date**” means any Business Day as requested by Borrower pursuant to a Reserve Release Request; *provided* that there shall be no more than one Reserve Release Date in any calendar month.

“**Reserve Release Request**” means any written request by Borrower for a release of Reserves Funds made in accordance with **Article 6**.

“**Responsible Officer**” means, as to any Person, the chief executive officer or president or, with respect to financial matters, the chief financial officer or treasurer of such Person; *provided, that* in the event any such officer is unavailable at any time he or she is required to take any action hereunder, Responsible Officer means any officer authorized to act on such officer’s behalf as demonstrated by a certified resolution.

“**Restoration**” means the repair and restoration of a Property after a Casualty as nearly as possible to the condition such Property was in immediately prior to such Casualty, with such material alterations as may be approved by Lender, such approval not to be unreasonably withheld, delayed or conditioned.

“**Restricted Junior Payment**” means, with respect to any Person, (i) any dividend or other distribution of any nature (cash, securities, assets, Indebtedness or otherwise) and any payment, by virtue of redemption, retirement or otherwise, on any class of Equity Interests or subordinate Indebtedness issued by such Person, whether such Equity Interests are now or may hereafter be authorized or outstanding and any distribution in respect of any of the foregoing, whether directly or indirectly, (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Equity Interests or subordinate Indebtedness of such Person now or hereafter outstanding, or (iii) any payment of management or similar fees by such Person (other than payment of management fees under any Management Agreement to the extent expressly permitted by this Agreement).

“**Restricted Pledge Party**” means, collectively, Borrower, each Borrower TRS, any Guarantor, and any other direct or indirect equity holder in Borrower, any Borrower TRS or any Guarantor up to, but not including, the first direct or indirect equity holder that has substantial assets other than the Properties and the other Collateral.

“**S&P**” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business.

“**Significant Obligor**” shall have the meaning set forth in Item 1101(k) of Regulation AB under the Securities Act.

“**Solvent**” means, with respect to any Person or any consolidated group, on any date of determination, that on such date (i) the fair saleable value of such Person’s or consolidated group’s assets exceeds its total liabilities, including, without limitation, subordinated, unliquidated, disputed and contingent liabilities, (ii) the fair saleable value of such Person’s or consolidated group’s assets exceeds its probable liabilities, as applicable, including the maximum amount of its contingent liabilities on its debts as such debts become absolute and matured, (iii) such Person’s or consolidated group’s assets do not constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted and (iv) such Person or consolidated group does not intend to, and does not believe that it will, incur debt and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such debt and liabilities as they mature (taking into account the timing and amounts of cash to be received by it and the amounts to be payable on or in respect of its obligations).

“**Specified Documents**” means, with respect to any Property File, each document listed in the definition of “Property File”.

“**Specified Liens**” means the Liens described on **Schedule XII** affecting one or more of the Properties as of the Closing Date, provided that all such Liens on the affected Properties are affirmatively covered by Title Insurance Policies.

“**Sponsor**” means IH2 Property Holdco L.P., a Delaware limited partnership.

“**Sponsor Financial Covenant**” means the requirement that Sponsor or any Qualified Transferee that executes and delivers a replacement guaranty pursuant to **Section 7.1(h)** maintain Net Assets of not less than One Hundred Fifty Million and No/100 Dollars (\$150,000,000) (exclusive of Sponsor’s or such Qualified Transferee’s direct or indirect interest in Borrower).

“**Sponsor Guaranty**” means that certain Sponsor Guaranty, dated as of the date hereof, executed by Sponsor in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Sponsor Parent Entity**” means any Person that owns, directly or indirectly, one hundred percent (100%) of the legal and beneficial interests in Sponsor.

“**Sponsor Public Listing**” means the listing of the direct or indirect legal or beneficial interests of Sponsor (or any direct or indirect wholly owned subsidiary of Sponsor or any Sponsor Parent Entity) on the New York Stock Exchange or another nationally recognized securities exchange.

“**Sponsor Public Sale**” means the sale, transfer or conveyance (but not a pledge), in one or a series of transactions (i) of more than fifty percent (50%) of the direct or indirect legal or beneficial interests in Sponsor (or any direct or indirect wholly owned subsidiary of Sponsor or any Sponsor Parent Entity) to a Public Vehicle or (ii) through which Sponsor (or any direct or indirect wholly owned subsidiary of Sponsor or any Sponsor Parent Entity) becomes, or is merged with or into, a Public Vehicle.

“**Spread Maintenance Date**” means the Monthly Payment Date occurring in June 2016.

“**Spread Maintenance Premium**” means, with respect to any prepayment of principal (or acceleration of the Loan) prior to the Spread Maintenance Date (other than payments made pursuant to **Section 2.4.3(a)** (except where such prepayment arises as a result of a Voluntary Action) or **Section 2.4.3(c)**), and with respect to each Floating Rate Component, an amount equal to the product of the following: (i) the amount of such prepayment (or the amount of principal so accelerated) allocable to such Floating Rate Component, multiplied by (ii) the Floating Rate Component Spread applicable to such Floating Rate Component, multiplied by (iii) a fraction (expressed as a percentage) having a numerator equal to the number of months difference between the Spread Maintenance Date and the date such prepayment occurs (or the next succeeding Monthly Payment Date through which interest has been paid by Borrower) and a denominator equal to twelve (12). The total Spread Maintenance Premium shall be the sum of the Spread Maintenance Premium for each of the Floating Rate Components. All Spread Maintenance Premium payments hereunder shall be deemed to be earned by Lender upon the funding of the Loan.

“**Stated Maturity Date**” means June 9, 2017, as the same may be extended pursuant to **Section 2.7**.

“**Strike Price**” means (i) as to any Interest Rate Cap Agreement during the initial term of the Loan, 2.70521% per annum, and (ii) as to any Replacement Interest Rate Cap Agreement obtained in connection with the exercise of any Extension Option, a rate per annum equal to the greater of (A) 2.70521% per annum and (B) the interest rate at which the Debt Service Coverage Ratio as of the Calculation Date immediately preceding the applicable Extension Date is not less than 1.20:1.00.

“**Taxes**” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“ **Tenant** ” means any Person obligated by contract or otherwise to pay monies (including a percentage of gross income, revenue or profits) under any Lease now or hereafter affecting all or any part of a Property.

“ **Term** ” means the entire term of this Agreement, which shall expire upon repayment in full of the Debt.

“ **Title Insurance Owner’s Policy** ” means, with respect to each Property, an ALTA owner title insurance policy issued by a Qualified Title Insurance Company in a form reasonably acceptable to Lender (or, if such Property is in a state which does not permit the issuance of such ALTA policy, such form as shall be permitted in such state and determined to be reasonably acceptable to Lender) issued with respect to such Property and insuring the legal title to such Property, as applicable, posted to Lender’s online data room pursuant to **Section 4.1.14** with electronic or written notification to Lender of such posting.

“ **Title Insurance Policy** ” means, with respect to each Property or multiple Properties encumbered by the same Mortgage, an ALTA mortgagee title insurance policy issued by a Qualified Title Insurance Company containing such endorsements as Lender may reasonably require (to the extent available in the state where the Property or the Properties, as applicable, are located) in a form reasonably acceptable to Lender (or, if such Property or the Properties, as applicable, are located in a state which does not permit the issuance of such ALTA policy, such form as shall be permitted in such state and determined to be reasonably acceptable to Lender) issued with respect to such Property or Properties, as applicable, and insuring the Lien of the Mortgage Documents encumbering such Property or Properties (subject to Permitted Liens), as applicable, and posted to Lender’s online data room pursuant to **Section 4.1.14** with electronic or written notification to Lender of such posting.

“ **Transfer Date** ” means the date upon which a Transfer of a Property is consummated.

“ **Transfer Expenses** ” means, with respect to the Transfer of any Property, the reasonable expenses of Borrower incurred in connection therewith not to exceed six percent (6.0%) of all gross amounts realized with respect thereto, for any of the following: (i) third party real estate commissions, (ii) the closing costs of the purchaser of such Property actually paid by Borrower and (iii) Borrower’s miscellaneous closings costs, including, but not limited to title, escrow and appraisal costs and expenses.

“ **Trigger Period** ” shall commence upon the occurrence of (i) an Event of Default or (ii) the commencement of a Low Debt Yield Period; and shall end if, (A) with respect to a Trigger Period continuing pursuant to **clause (i)** , the Event of Default commencing the Trigger Period has been cured and such cure has been accepted by Lender (and no other Event of Default is then continuing) or (B) with respect to a Trigger Period continuing due to **clause (ii)** , the Low Debt Yield Period has ended pursuant to the terms hereof.

“ **Trust Fund Expenses** ” means (i) any interest payable to the Servicer, or any special servicer, trustee, operating advisor, custodian, or certificate administrator in connection with the Loan or the Properties pursuant to the Servicing Agreement in respect of advances made by any of the foregoing; *provided* , *however* , that Borrower shall only be obligated to pay any amounts described in this **clause (i)** if and to the extent such interest exceeds the sum of the Default Rate interest and late payment charges payable pursuant to **Section 2.3.4** in respect of the event giving

rise to the related advances; (ii) all special servicing fees, work-out, liquidation fees and other fees payable to any special servicer under the Servicing Agreement (A) after the Loan is transferred to the special servicer as a result of (1) the occurrence of an Event of Default or (2) an acknowledgement by Borrower in writing that the Loan is likely to go into default, or (B) in connection with any Borrower requested or consensual work-out or modification of the Loan; (iii) the regular monthly fee of the certificate administrator (capped at \$5,533 per month) and the trustee (capped at \$417 per month) under the Servicing Agreement, (iv) the fees and expenses of Midland Loan Services as Servicer as set forth in *Schedule IX*, (v) the costs and expenses of any Servicer (including costs and expenses of any third party hired by such Servicer) in connection with (A) the determination of market rents for purposes of and in accordance with clause (ii) of the definition of "GPR" and (B) the verification of information set forth in any Quarterly HOA Reports delivered pursuant to clause (h) of *Schedule X*, as well as the verification and/or preparation of any reports related to HOA compliance required to be performed by the Servicer under the Servicing Agreement and (vi) except for the regular monthly fees payable to the master servicer and any operating advisor, any other cost, fee or expense of the Servicer, the trustee, the operating advisor and any certificate administrator under the Servicing Agreement (A) after the Loan is transferred to the special servicer as a result of (1) the occurrence of an Event of Default or (2) an acknowledgement by Borrower in writing that the Loan is likely to go into default, (B) the occurrence of an Event of Default under *clauses (i)*, *(ii)* or *(iii)* of *Section 8.1* or (C) in connection with any Borrower requested or consensual work out or modification of the Loan or any other special waiver or approval requests made by Borrower or any Guarantor during the term of the Loan (in each case including, but not limited to, (1) any costs and expenses in connection with Broker Price Opinions and, where Broker Price Opinions are not sufficient in accordance customary mortgage servicing standards, appraisals of the Properties or the Equity Interests in Borrower (or any updates to Broker Price Opinions or such appraisals) conducted by or on behalf of the Servicer, (2) property inspections conducted by or on behalf of the Servicer, (3) lien searches conducted by or on behalf of the Servicer, (4) any reimbursements to the trustee, the Servicer, the operating advisor, any certificate administrator thereunder and related Persons of each of the foregoing, or the trust fund, pursuant to the Servicing Agreement, (5) any indemnification to Persons entitled thereto under the Servicing Agreement, (6) any litigation expenses arising from an Event of Default and (7) the cost of Rating Agency Confirmations and/or opinions of counsel, if any, required to be obtained pursuant to the Servicing Agreement in connection with servicing or administering the Loan or the Properties and administration of the trust fund).

"*Trustee*" means any trustee holding the Loan or any Component in a Securitization.

"*U.S. Dollars*" refers to lawful money of the United States.

"*U.S. Person*" means any Person that is a "United States person" as defined in Section 7701(a)(30) of the Code.

"*UCC*" or "*Uniform Commercial Code*" means the Uniform Commercial Code as in effect in the State (with respect to fixtures), the State of New York or the state in which any of the Cash Management Accounts are located, as the case may be.

"*Underwritten Capital Expenditures*" means, as of any date of determination, for the twelve (12) month period ending on such date, the product of (i) the number of Properties multiplied by (ii) \$750.

“ **Underwritten Net Cash Flow** ” means, as of any date of determination, the excess of: (i) for the twelve (12) month period ending on such date, the sum of (A) the lesser of (1) GPR multiplied by 94.0%, and (2) Actual Rent Collections, and (B) Other Receipts; over (ii) for the twelve (12) month period ending on such date, the sum of (A) Operating Expenses, adjusted to reflect exclusion of amounts representing non-recurring expenses, (B) Underwritten Capital Expenditures and (C) Concessions. For purposes of the foregoing calculations, for the first Calculation Date after the Closing Date, Operating Expenses, Concessions, Actual Rent Collections and Other Receipts with respect to the Properties for the period from and including October 1, 2014, to and including such Calculation Date shall be annualized to determine the twelve (12) month Operating Expenses, Concessions, Actual Rent Collections and Other Receipts with respect to the Properties.

Notwithstanding the foregoing, Underwritten Net Cash Flow shall not include (a) any Insurance Proceeds (other than business interruption and/or rental loss insurance proceeds and only to the extent allocable to the applicable reporting period), (b) any proceeds resulting from the Transfer of all or any portion of any Property, (c) any item of income otherwise included in Underwritten Net Cash Flow but paid directly by any Tenant to a Person other than Borrower as an offset or deduction against Rent payable by such Tenant, provided such item of income is for payment of an item of expense (such as payments for utilities paid directly to a utility company) and such expense is otherwise excluded from the definition of Operating Expenses pursuant to clause “(G)” of the definition thereof, (d) security deposits received from Tenants until forfeited or applied and (e) any lease buy-out or surrender payment from any Tenant (including any payment relating to unamortized tenant improvements and/or leasing commissions).

Notwithstanding anything herein to the contrary, the Underwritten Net Cash Flow of any Property that is a Disqualified Property shall be zero for all purposes of this Agreement.

“ **United States** ” means the United States of America.

“ **Unrestricted Cash** ” means any cash or Permitted Investments not held (or required to be held) in any Collection Account, Account, Rent Deposit Account or Security Deposit Account, to the extent the cash value thereof could be distributed as a Restricted Junior Payment by a Loan Party pursuant to **Section 4.2.12** on such date.

“ **Vacant Property** ” means, individually, and “ **Vacant Properties** ” means, collectively, the Properties listed on **Schedule XI** attached hereto which are not leased to or occupied by any Tenant as of the Cut-Off Date.

“ **Voluntary Action** ” means, in respect of any Property, a voluntary action or omission by any Loan Party or an action or omission by any third party authorized by a Loan Party that, in each case, such Loan Party intends to result in (i) an imposition of a Lien (other than a Permitted Lien) on such Property or (ii) a Transfer of such Property.

Section 1.2 Index of Other Definitions . The following terms are defined in the Sections, Schedules or Loan Documents as indicated below:

“ **Acceptable Blanket Policy** ” – 5.1.1(c)

“ **Acceptable LLC** ” – Schedule IV

“ **Account Collateral** ” – 6.9

“ *Accounts* ” – 6.1.1
“ *Act* ” – Schedule IV
“ *Affected Property* ” and “ *Affected Properties* ” – 2.4.3(a)
“ *Agreement* ” – Introductory Paragraph
“ *Anti-Money Laundering Laws* ” – 3.1.27
“ *Approved Annual Budget* ” – 6.8.3
“ *Approved Extraordinary Operating Expense* ” – 6.8.4
“ *Approved Initial Budget* ” – 6.8.3
“ *Available Cash* ” – 6.8.1(i)
“ *Borrower* ” – Introductory Paragraph
“ *Borrower’s Operating Account* ” – 6.1.3
“ *Breakage Costs* ” – 2.2.5
“ *Capital Expenditure Account* ” – 6.4.1
“ *Capital Expenditure Funds* ” – 6.4.1
“ *Cash Collateral Account* ” – 6.7.1
“ *Cash Collateral Floor* ” – 6.7.2
“ *Cash Collateral Funds* ” – 6.7.1
“ *Cash Management Accounts* ” – 6.9
“ *Casualty* ” – 5.2
“ *Casualty and Condemnation Account* ” – 6.6
“ *Casualty and Condemnation Funds* ” – 6.6
“ *Casualty Consultant* ” – 5.4(d)(iii)
“ *Casualty Retainage* ” – 5.4(d)(iv)
“ *Cause* ” – Schedule IV
“ *Committee* ” – Schedule IV
“ *Condemnation Proceeds* ” – Net Proceeds Definition
“ *Counterparty Opinion* ” – 2.6.3(g)
“ *Covered Disclosure Information* ” – 9.2(b)
“ *Debt Yield Cure Prepayment* ” – Low Debt Yield Period Definition
“ *Designated Renovation Property* ” – Sponsor Guaranty
“ *Disclosure Document* ” – 9.2(a)
“ *Eligibility Funds* ” – 6.10(a)
“ *Eligibility Reserve Account* ” – 6.10(a)
“ *Embargoed Person* ” – 4.2.16
“ *Equity Certificate* ” – 10.28(a)
“ *ERISA Plan* ” – 3.1.8(a)
“ *Event of Default* ” – 8.1
“ *Excess Deductible* ” – 5.1.3
“ *Exchange Act* ” – 9.2(a)
“ *Exchange Act Filing* ” – 9.1(d)
“ *Extraordinary Operating Expense* ” – 6.8.4
“ *First Extended Maturity Date* ” – 2.7.1
“ *First Extension Notice* ” – 2.7.1
“ *First Extension Option* ” – 2.7.1
“ *Fully Condemned Property* ” – 5.3(b)
“ *Fully Condemned Property Prepayment Amount* ” – 5.3(b)
“ *Guarantor’s Permitted Indebtedness* ” – 4.2.8
“ *HOA Funds* ” – 6.2.3

“ **HOA Subaccount** ” – 6.2.3
“ **Indemnified Liabilities** ” – 4.1.21
“ **Independent Director** ” – Schedule IV
“ **Independent Manager** ” – Schedule IV
“ **Initial Interest Period** ” – 2.3.1
“ **Insurance Account** ” – 6.3.1
“ **Insurance Funds** ” – 6.3.1
“ **Insurance Premiums** ” – 5.1.1(b)
“ **Insurance Proceeds** ” – Net Proceeds Definition
“ **Interest Period** ” – 2.3.2
“ **Interest Shortfall** ” – 2.4.5(a)(ii)
“ **Issuer** ” – 9.2(b)
“ **Lender** ” – Introductory Paragraph
“ **Lender Group** ” – 9.2(b)
“ **Liabilities** ” – 9.2(b)
“ **Low Debt Yield Trigger** ” – Low Debt Yield Period Definition
“ **Margin Stock** ” – 3.1.16
“ **Material Action** ” – Schedule IV
“ **Monthly Budgeted Amount** ” – 6.8.3
“ **Nationally Recognized Service Company** ” – Schedule IV
“ **Net Proceeds Deficiency** ” – 5.4(d)(vi)
“ **Note** ” – 2.1.4
“ **Notice** ” – 10.5
“ **Participant Register** ” – 10.24
“ **Patriot Act Offense** ” – 3.1.26
“ **Periodic Rating Agency Information** ” – 4.3.10
“ **Permitted Indebtedness** ” – 4.2.8
“ **Permitted Transfers** ” – 7.1
“ **Policy** ” and “ **Policies** ” – 5.1.1(b)
“ **Qualified Release Property Default** ” – 2.5(b)
“ **Quarterly HOA Report** ” – 4.3.12
“ **Rate Cap Collateral** ” – 2.6.2
“ **Register** ” – 10.24
“ **Registrar** ” – 10.24
“ **Release Conditions** ” – 2.5
“ **Release Premium Properties** ” – Release Amount Definition
“ **Release Property** ” – 2.5
“ **Rent Deposit Account** ” – 6.1.1
“ **Rent Deposit Account Retained Amount** ” – 6.1.1
“ **Rent Deposit Bank** ” – 6.1.1
“ **Review Waiver** ” – 10.2(b)
“ **Second Extended Maturity Date** ” – 2.7.1
“ **Second Extension Notice** ” – 2.7.1
“ **Second Extension Option** ” – 2.7.1
“ **Secondary Market Transaction** ” – 9.1(a)
“ **Securities** ” – 9.1(a)
“ **Securitization** ” – 9.1(a)
“ **Securities Act** ” – 9.2(a)

“ *Security Deposit Account* ” – 4.1.15(a)
“ *Servicer* ” – 10.20
“ *Servicing Agreement* ” – 10.20
“ *Sole Member* ” – Schedule IV
“ *SPC Party* ” – Schedule IV
“ *Special Insurance Reserve Account* ” – 6.5(a)
“ *Special Insurance Reserve Funds* ” – 6.5(a)
“ *Special Member* ” – Schedule IV
“ *Special Purpose Bankruptcy Remote Entity* ” – Schedule IV
“ *Substitute Mortgage Documents* ” – 2.4.3(a)(x)
“ *Substitute Property* ” and “ *Substitute Properties* ” – 2.4.3(a)
“ *Succeeding Interest Period* ” – 2.4.5(a)(ii)
“ *Tax Account* ” – 6.2.1
“ *Tax Funds* ” – 6.2.1
“ *Tenant Direction Letter* ” – 6.1.1
“ *Third Extended Maturity Date* ” – 2.7.1
“ *Third Extension Notice* ” – 2.7.1
“ *Third Extension Option* ” – 2.7.1
“ *Transfer* ” – 4.2.3
“ *Underwriter Group* ” – 9.2(b)
“ *Updated Information* ” – 9.1(b)(i)
“ *U.S. Tax Compliance Certificate* ” – 2.10.6(b)(ii)(C)

Section 1.3 Principles of Construction. All references to sections and schedules are to sections and schedules in or to this Agreement unless otherwise specified. Unless otherwise specified, the words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement or any other Loan Document shall refer to this Agreement or such other Loan Document as a whole and not to any particular provision hereof or thereof. When used in this Agreement or any other Loan Document, the word “including” shall mean “including but not limited to”. Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined.

ARTICLE 2

THE LOAN

Section 2.1 The Loan.

2.1.1 Agreement to Lend and Borrow. Subject to and upon the terms and conditions set forth herein, Lender shall make the Loan to Borrower and Borrower shall accept the Loan from Lender on the Closing Date.

2.1.2 Components of the Loan. For purposes of the computation of the interest accrued on the Loan from time to time and certain other computations set forth herein, the Loan shall be divided into multiple components designated as “Component A”, “Component B”, “Component C”, “Component D”, “Component E”, “Component F” and “Component G”. The following table sets forth the initial Component Outstanding Principal Balance of each such Component.

<u>Component</u>	<u>Initial Principal Amount</u>
Component A	\$ 282,265,000
Component B	\$ 64,517,000
Component C	\$ 54,437,000
Component D	\$ 50,404,000
Component E	\$ 80,647,000
Component F	\$ 72,581,000
Component G	\$ 31,835,000

2.1.3 Single Disbursement to Borrower. Borrower shall receive only one borrowing hereunder in respect of the Loan and any amount borrowed and repaid hereunder in respect of the Loan may not be reborrowed.

2.1.4 The Note. The Loan and all of the Components thereof shall be evidenced by that certain Promissory Note of even date herewith, in the stated principal amount of Six Hundred Thirty-Six Million Six Hundred Eighty-Six Thousand and No/100 Dollars (\$636,686,000) executed by Borrower and payable to the order of Lender in evidence of each of the Components of the Loan (as the same may hereafter be amended, supplemented, restated, increased, extended or consolidated from time to time, the “*Note*”) and shall be repaid in accordance with the terms of this Agreement, the Note and the other Loan Documents. If the Note is mutilated or defaced and is surrendered to the Borrower, or if there shall be delivered to the Borrower evidence to its reasonable satisfaction of the destruction, loss or theft of the Note, then the Borrower shall execute and deliver, in lieu of the mutilated, defaced, destroyed lost or stolen Note, a new Note, of like tenor (including the same date of issuance) and equal principal or face amount and bearing interest from the date to which interest has been paid on the mutilated, defaced, destroyed, lost or stolen Note, provided that the applicant for a replacement Note shall indemnify Borrower for any liability, obligation, loss or damages the Borrower may incur in connection with any enforcement, collection or attempted enforcement or collection of the destroyed, lost or stolen Note. In the event that, as of the date a replacement Note is requested, the principal amount of any such mutilated, defaced, destroyed, stolen or lost Note shall have become, or will within the next succeeding fifteen (15) days become, due and payable in accordance with its terms, the Borrower may, at its discretion, not authenticate and deliver such a replacement Note. Borrower shall not be required to incur any material cost or expense in procuring any such indemnity or with the preparation, execution, authentication and delivery of any such replacement Note.

2.1.5 Use of Proceeds. Borrower shall use proceeds of the Loan to (a) make initial deposits of the Reserve Funds, (b) make distributions to Equity Owner and Borrower GP, (c) pay costs and expenses incurred in connection with the closing of the Loan and the related Securitization, and (d) to the extent any proceeds remain after satisfying *clauses (a) through (c)* above, for such lawful purpose as Borrower shall designate.

Section 2.2 Interest Rate

2.2.1 Interest Rate

(a) Each Component of the Loan shall accrue interest throughout the Term at the Interest Rate applicable to such Component during each Interest Period. The total interest accrued under the Loan shall be the sum of the interest accrued on the Component Outstanding Principal Balance of each of the Components. Borrower shall pay to Lender on each Monthly Payment Date the interest accrued or to be accrued on the Loan for the related Interest Period.

(b) Component G shall accrue interest at the Component G Interest Rate. Subject to the terms and conditions hereof, the Floating Rate Components of the Loan shall be a LIBOR Loan. In the event that Lender shall have determined (which determination shall be conclusive and binding upon Borrower absent manifest error) that by reason of circumstances affecting the interbank Eurodollar market, adequate and reasonable means do not exist for ascertaining LIBOR, then Lender shall forthwith give notice by telephone of such determination, confirmed in writing, to Borrower at least one (1) day prior to the next succeeding Interest Determination Date. If such notice is given, the Floating Rate Components of the Loan shall be converted, as of the first day of the next succeeding Interest Period, to a Prime Rate Loan. Notwithstanding any provision of this Agreement to the contrary, in no event shall Borrower have the right to convert a LIBOR Loan to a Prime Rate Loan.

(c) If, pursuant to the terms hereof, the Floating Rate Components of the Loan have been converted to a Prime Rate Loan and Lender shall determine (which determination shall be conclusive and binding upon Borrower absent manifest error) that the event(s) or circumstance(s) which resulted in such conversion shall no longer be applicable, Lender shall give notice by telephone of such determination, confirmed in writing, to Borrower at least one (1) day prior to the next succeeding Interest Determination Date. If such notice is given, the Floating Rate Components of the Loan shall be converted, as of the first day of the next succeeding Interest Period, to a LIBOR Loan. Notwithstanding any provision of this Agreement to the contrary, in no event shall Borrower have the right to convert a Prime Rate Loan to a LIBOR Loan.

(d) If the adoption of any requirement of law or any change therein or in the interpretation or application thereof, shall hereafter make it unlawful for Lender to maintain a LIBOR Loan as contemplated hereunder, (i) the obligation of Lender hereunder to make or maintain a LIBOR Loan or to convert a Prime Rate Loan to a LIBOR Loan shall be canceled forthwith and (ii) any outstanding LIBOR Loan shall be converted automatically to a Prime Rate Loan on the first day of the next succeeding Interest Period, or upon such earlier date as may be required by law. Borrower hereby agrees to promptly pay to Lender, upon demand, any additional amounts necessary to compensate Lender for any costs incurred by Lender in making any conversion in accordance with this Agreement, including without limitation, any interest or fees payable by Lender to lenders of funds obtained by it in order to make or maintain the LIBOR Loan hereunder. Lender's notice of such costs, as certified to Borrower, shall be conclusive absent manifest error.

2.2.2 Default Rate. In the event that, and for so long as, any Event of Default shall have occurred and be continuing, the Component Outstanding Principal Balance of each of the Floating Rate Components and, to the extent not prohibited by applicable law, all other portions of the Debt (other than the Component Outstanding Principal Balance of the Component G), shall accrue interest at the Default Rate, calculated from the date such payment was due or, if later, such Default shall have occurred, without regard to any grace or cure periods contained herein. Interest at the Default Rate shall be paid immediately upon demand, which demand may be made as frequently as Lender shall elect, to the extent not prohibited by applicable law.

2.2.3 Interest Calculation. Interest on the Loan and other Obligations shall be calculated by multiplying (A) the actual number of days elapsed in the period for which the calculation is being made by (B) a daily rate based on a three hundred sixty (360) day year (that is, the Interest Rate expressed as an annual rate divided by 360) by (C) the Outstanding Principal Balance or the amount of such other Obligations, as applicable. The accrual period for calculating interest due on each Monthly Payment Date shall be the Interest Period in which such Monthly Payment Date occurs.

2.2.4 Usury Savings. This Agreement and the other Loan Documents are subject to the express condition that at no time shall Borrower be required to pay interest on the Outstanding Principal Balance at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the Maximum Legal Rate. If by the terms of this Agreement or the other Loan Documents, Borrower is at any time required or obligated to pay interest on the Outstanding Principal Balance at a rate in excess of the Maximum Legal Rate, the Interest Rate shall be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the sums due under the Loan, shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the Maximum Legal Rate from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

2.2.5 Breakage Indemnity. Borrower shall indemnify Lender against any loss or expense which Lender may actually sustain or incur in liquidating or redeploying deposits from third parties acquired to effect or maintain the Loan or any part thereof as a consequence of (i) any payment or prepayment of the Loan or any portion thereof made on a date other than a Monthly Payment Date (unless interest is paid by Borrower on such payment through the end of the applicable Interest Period) and (ii) any default in payment or prepayment of the Principal or any part thereof or interest accrued thereon, as and when due and payable (at the date thereof or otherwise, and whether by acceleration or otherwise) (collectively, “**Breakage Costs**”), provided, Borrower shall not indemnify Lender from any loss or expense arising from Lender’s willful misconduct or gross negligence. Lender shall deliver to Borrower a statement for any such sums which it is entitled to receive pursuant to this Section 2.2.5, which statement shall be binding and conclusive absent manifest error. Borrower’s obligations under this Section 2.2.5 are in addition to Borrower’s obligations to pay any Spread Maintenance Premium applicable to a payment or prepayment of the Loan.

Section 2.3 Loan Payments

2.3.1 Payments. On the Closing Date, Borrower shall pay interest on the Outstanding Principal Balance from the date hereof through and including May 14, 2015 (the “**Initial Interest Period**”). On June 9, 2015, and each Monthly Payment Date thereafter during the Term, Borrower shall make a payment of principal and interest equal to the Monthly Debt Service Payment Amount, which payment shall be applied in accordance with **Article 6**. Borrower shall also pay to Lender all amounts required in respect of Reserve Funds as set forth in **Article 6**.

2.3.2 Payments Generally. After the Initial Interest Period, each interest accrual period thereafter (each, an “*Interest Period*”) shall commence on the fifteenth (15th) calendar day of a calendar month and ending on (and including) the fourteenth (14th) calendar day of the following calendar month. For purposes of making payments hereunder, but not for purposes of calculating Interest Periods, if the Monthly Payment Date is not a Business Day, then amounts due on such date shall be due on the immediately preceding Business Day. Lender shall have the right from time to time, in its sole discretion, upon not less than ten (10) days prior written notice to Borrower, to change the Monthly Payment Date to a different calendar day and, if requested by Lender, Borrower shall promptly execute an amendment to this Agreement to evidence such change; *provided, however*, that if Lender shall have elected to change the Monthly Payment Date as aforesaid, Lender shall adjust the Interest Period and, with respect to the Floating Rate Components, the Interest Determination Date accordingly, so that (a) after giving effect to any such change or adjustment, the period of time between the Monthly Payment Date and the end of the Interest Period shall not be greater than five (5) days and (b) the date of each Maturity Date (including the Stated Maturity Date, the First Extended Maturity Date, the Second Extended Maturity Date and the Third Extended Maturity Date) and any other date in the Loan Documents which corresponds with a Monthly Payment Date shall be automatically amended to reflect the Monthly Payment Date as so adjusted. With respect to payments of principal due on any Component on the Maturity Date, interest shall be payable at the Interest Rate, through and including the day immediately preceding the Maturity Date.

2.3.3 Payment on Maturity Date. Borrower shall pay to Lender on the Maturity Date the Outstanding Principal Balance, all accrued and unpaid interest and all other amounts due hereunder and under the Note, the Mortgage Documents and the other Loan Documents.

2.3.4 Late Payment Charge. If any principal, interest or any other sum due under the Loan Documents (other than the Outstanding Principal Balance due and payable on the Maturity Date) is not paid by Borrower on the date on which it is due, Borrower shall pay to Lender upon demand an amount equal to the lesser of four percent (4%) of such unpaid sum or the maximum amount permitted by applicable law in order to defray the expense incurred by Lender in handling and processing such delinquent payment and to compensate Lender for the loss of the use of such delinquent payment. Any such amount shall be secured by the Borrower Security Agreement, the Mortgage Documents and the other Loan Documents to the extent permitted by law.

2.3.5 Method and Place of Payment.

(a) Except as otherwise specifically provided herein, all payments and prepayments under this Agreement and the Note shall be made to Lender not later than 2:00 p.m., New York City time, on the date when due and shall be made in lawful money of the United States of America in immediately available funds at Lender’s office or at such other place as Lender shall from time to time designate, and any funds received by Lender after such time shall, for all purposes hereof, be deemed to have been paid on the next succeeding Business Day.

(b) Whenever any payment to be made hereunder or under any other Loan Document shall be stated to be due on a day which is not a Business Day, the due date thereof shall be the immediately preceding Business Day.

(c) All payments required to be made by Borrower hereunder or under the Note or the other Loan Documents shall be made irrespective of, and without deduction for, any setoff, claim or counterclaim and shall be made irrespective of any defense thereto.

Section 2.4 Prepayments .

2.4.1 Prepayments . Except as otherwise provided herein, Borrower shall not have the right to prepay the Loan in whole or in part prior to the Stated Maturity Date.

2.4.2 Voluntary Prepayments . Provided that Borrower shall timely deliver to Lender a Prepayment Notice, Borrower may prepay all or any portion of the Outstanding Principal Balance and any other amounts outstanding under the Note, this Agreement, the Mortgage Documents and any of the other Loan Documents, on any Business Day, provided that Borrower shall comply with the provisions of and pay to Lender the amounts set forth in **Section 2.4.5** . Each such prepayment shall be in a minimum principal amount equal to One Million and No/100 Dollars (\$1,000,000) and in integral multiples of One Hundred Thousand and No/100 Dollars (\$100,000) in excess thereof and shall be made and applied in the manner set forth in **Section 2.4.5** .

2.4.3 Mandatory Prepayments .

(a) **Disqualified Properties .** If at any time any Property shall become a Disqualified Property, Borrower shall, no later than the close of business on the fifth (5th) Business Day following the last day of the applicable Cure Period, if any, give notice thereof to Lender and prepay the Debt in the applicable Release Amount with respect to such Property. No Spread Maintenance Premium shall be owing on any such prepayment unless such Property became a Disqualified Property as a result of a Voluntary Action. After the prepayment of the Debt by the Release Amount with respect to a Disqualified Property as provided above, Lender shall release the Disqualified Property from the applicable Mortgage Documents and related Lien, provided, that (x) Borrower has delivered to Lender a draft release (and, in the event the Mortgage and the Assignment of Leases and Rents applicable to the Disqualified Property encumbers other Property(ies) in addition to the Disqualified Property, such release shall be a partial release that relates only to the Disqualified Property and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such Disqualified Property is located and shall contain standard provisions protecting the rights of Lender, (y) Borrower shall pay all costs, taxes and expenses associated with such release (including, without limitation, cost to file and record the release and Lender's reasonable attorneys' fees) and (z) such Disqualified Property is a separate legal parcel from the property remaining encumbered by Mortgages. Notwithstanding the foregoing, in lieu of such prepayment, Borrower may either (1) deposit an amount equal to one hundred percent (100%) of the Allocated Loan Amount for such Disqualified Property in the Eligibility Reserve Account in accordance with and subject to **Section 6.10** or (2) substitute a Disqualified Property or a portfolio of Disqualified Properties (each, an "**Affected Property**" and collectively, the "**Affected Properties**") with a substitute Eligible Property or a portfolio of Eligible Properties (each, a "**Substitute Property**" and collectively, the "**Substitute Properties**") provided that, in the case of a proposed substitution, the following conditions are satisfied:

(i) each substitute Eligible Property is either a detached single-family residential real property or a condominium or townhome (so long as condominium units and townhomes constitute no more than two percent (2%) of the Properties by BPO Value and provided no condominium that is a Substitute Property shall consist of more than one single-family unit), but excluding housing cooperatives and manufactured housing;

(ii) no Event of Default shall have occurred and be continuing except as related to, and cured by the removal of, the Affected Property or Affected Properties being substituted;

(iii) Lender shall have obtained, at Borrower's sole cost and expense, a Broker Price Opinion for the Substitute Property (or Broker Price Opinions for a portfolio of Substitute Properties) being substituted and based on such Broker Price Opinion(s), the Substitute Property (or portfolio of Substitute Properties) being substituted shall have the same or greater BPO Value as the greater of (x) the BPO Value of the Affected Property (or portfolio of Affected Properties) being substituted as of the Closing Date and (y) the BPO Value of the Affected Property (or portfolio of Affected Properties) being substituted at the time of substitution;

(iv) Borrower shall deliver to Lender an Officer's Certificate stating that each Substitute Property satisfies each of the Property Representations and is in compliance with each of the Property Covenants on the date of the substitution after giving effect to the substitution;

(v) the Eligible Lease for each Substitute Property shall have a remaining contractual term of at least six (6) months (without giving effect to any extension option in such lease);

(vi) the in place Rents under the Lease(s) for the Substitute Property (or Substitute Properties, if a portfolio of Affected Properties are being substituted) shall be equal to or greater than the greater of (A) the in place Rents under the Lease(s) for the Affected Property (or portfolio of Affected Properties) being substituted measured as of the time of substitution and (B) the in place Rents under the Lease(s) for the Affected Property (or portfolio of Affected Properties) being substituted measured as of the Closing Date;

(vii) simultaneously with the substitution, Borrower shall convey all of Borrower's right, title and interest in, to and under the Affected Property (or portfolio of Affected Properties) being substituted to a Person other than Borrower or a Loan Party or any Person owned directly or indirectly by Borrower or a Loan Party and Borrower shall deliver to Lender a copy of the deed conveying all of Borrower's right, title and interest in such Affected Property (or portfolio of Affected Properties) being substituted;

(viii) Borrower shall deliver on or prior to the date of substitution evidence satisfactory to Lender that each Substitute Property is insured pursuant to Policies meeting the requirements of *Article 5* ;

(ix) Borrower shall deliver to Lender the Property File with respect to each Substitute Property;

(x) Borrower shall have executed and delivered to Lender, the Mortgage Documents with respect to each Substitute Property, which shall be in substantially the same form as the Mortgage, Assignment of Leases and Rents and Fixture Filing, if applicable, executed and/or delivered on the Closing Date (or with respect to any such Affected Property which was previously a Substitute Property, the date such Affected Property became collateral for the Loan) with such changes as may be necessitated or appropriate (as reasonably determined by Lender) for the jurisdiction in which the Substitute Property is located, and which may, in Lender's reasonable discretion, be Mortgage Documents with respect to only such Substitute Property (and in the event the Substitute Property is located in the same county or parish in which one or more other Properties (other than the Affected Property or Affected Properties being substituted) is located, such Mortgage and Assignment of Leases and Rents may be in the form of an amendment and spreader agreement to the existing Mortgage and Assignment of Leases and Rents covering such Property or Properties located in the same county or parish as the Substitute Property, in each case, in form and substance reasonably acceptable to Lender) (the "*Substitute Mortgage Documents*");

(xi) Borrower shall deliver to Lender the following opinions of counsel: (A) an opinion of counsel admitted to practice under the laws of the state in which the Substitute Property (or portfolio of Substitute Properties) being substituted is located in form and substance reasonably satisfactory to Lender opining as to the enforceability of the Substitute Mortgage Documents with respect to the Substitute Property (or portfolio of Substitute Properties) and (B) an opinion stating that the Substitute Mortgage Documents were duly authorized, executed and delivered by Borrower and otherwise in form and substance reasonably satisfactory to Lender;

(xii) Lender shall have received a Title Insurance Policy for each Substitute Property (or, in the event a Substitute Property is located in the same county or parish in which one or more other Properties (other than an Affected Property being substituted) is located, an endorsement to the existing Title Insurance Policy with respect to such Property or Properties located in the same county or parish as such Substitute Property in form and substance reasonably satisfactory to Lender) insuring the Lien of the Mortgage encumbering such Substitute Property as a valid first lien on such Substitute Property, free and clear of all exceptions other than the Permitted Liens;

(xiii) each Substitute Property shall be located in a metropolitan statistical area that contains at least one property described on the Properties Schedule as of the Closing Date,

(xiv) no acquisition of a Substitute Property will result in Borrower or any Loan Party incurring any indebtedness (except as permitted by this Agreement);

(xv) the BPO Value of the Affected Properties, together with the BPO Value of all other Affected Properties since the date hereof, shall be no more than ten percent (10%) of the aggregate BPO Values of all Properties as of the Closing Date;

(xvi) if any Lien, litigation or governmental proceeding is existing or pending or, to the actual knowledge of a Responsible Officer of Manager or a Loan Party, threatened against any Affected Property being substituted with a Substitute Property or against such Substitute Property which may result in liability for Borrower, Borrower shall have deposited with Lender reserves reasonably satisfactory to Lender as security for the satisfaction of such liability;

(xvii) simultaneously with the substitution of an Affected Property or Affected Properties, Lender shall release the Affected Property or Affected Properties from the applicable Mortgage Documents and related Lien, provided, that Borrower has delivered to Lender a draft release (and, in the event the Mortgage and the Assignment of Leases and Rents applicable to the Affected Property or Affected Properties encumbers other Property(ies) in addition to the Affected Property or Affected Properties, such release shall be a partial release that relates only to the Affected Property or Affected Properties being substituted and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such Affected Property or Affected Properties are located which contains standard provisions protecting the rights of Lender;

(xviii) Borrower shall pay to Lender all reasonable out-of-pocket costs and expenses incurred by Lender in connection with the substitution (including, without limitation, costs and expenses incurred by Lender in connection with the release of the Affected Property (or portfolio of Affected Properties) being substituted from applicable Mortgage Documents) and, in addition, the current reasonable and customary fee being assessed by Lender and/or its Servicer to effect releases or assignments; and

(xix) the Affected Property or Affected Properties shall constitute separate legal parcels from the property remaining encumbered by Mortgages, and each Substitute Property shall be comprised of one or more separate legal parcels on a stand-alone basis.

Any such deposit in the Eligibility Reserve Account or any such substitution shall be completed no later than the due date for the prepayment required under this **Section 2.4.3(a)**. Notwithstanding anything to the contrary contained herein or in any other Loan Document, if the Loan is included in a REMIC Trust, no substitution under this Agreement will be permitted unless (1) either (aa) immediately after such substitution the ratio of the unpaid principal balance of the Loan to the value of the remaining Properties (as determined by Lender in its sole discretion using any commercially reasonable method permitted to a REMIC Trust; and which shall exclude the value of personal property (other than fixtures) or going concern value, if any) is equal to or less than one hundred twenty-five percent (125%) or (bb) the ratio of the unpaid principal balance of the Loan to the value of the Properties (including the Substitute Property or Substitute Properties) will not increase as a result of the substitution of the Substitute Property or Substitute Properties for the Affected Property or Affected Properties, or (2) Lender receives an opinion of counsel that the Securitization will not fail to maintain its status as a REMIC Trust as a result of the substitution of the Substitute Property or Substitute Properties for the Affected Property or Affected Properties.

(b) Transfer. If at any time any Property is Transferred to a third party (other than for the avoidance of doubt, a Borrower TRS), then Borrower shall, no later than the close of business on the day on which such Transfer occurs, give notice thereof to Lender and prepay the Debt in the applicable Release Amount with respect to such Property in accordance with **Section 2.5**.

(c) Condemnation or Casualty. If Borrower is required to make any prepayment under **Section 5.3** or **Section 5.4** as a result of a Condemnation or Casualty, on the next occurring Monthly Payment Date following the date on which Lender actually receives the applicable Net Proceeds, one hundred percent (100%) of such Net Proceeds and all other amounts required to be prepaid pursuant to **Section 5.3** or **Section 5.4**, as applicable, shall be applied to the prepayment of the Debt in accordance with **Section 2.4.5(d)**. Notwithstanding anything herein to the contrary, no Spread Maintenance Premium shall be due in connection with any prepayment made pursuant to this **Section 2.4.3(c)**.

(d) Application of Mandatory Prepayments. Each such prepayment shall be made and applied in the manner set forth in **Section 2.4.5**.

(e) Payment from Collection Account. Lender may collect any prepayment required under this **Section 2.4.3** from the Collection Account on the date such prepayment is payable hereunder.

2.4.4 Prepayments After Default

(a) If, during the continuance of an Event of Default, payment of all or any part of the Debt is tendered by Borrower and accepted by Lender or is otherwise recovered by Lender (including through application of any Reserve Funds), such tender or recovery shall be deemed to be a voluntary prepayment by Borrower in violation of the prohibition against prepayment set forth in **Section 2.4.1**, and Borrower shall pay, as part of the Debt, all of: (i) all accrued interest calculated at the Interest Rate on the amount of principal being prepaid through and including the date of such prepayment together with an amount equal to the interest that would have accrued at the Interest Rate on the amount of principal being prepaid through the end of the Interest Period in which such prepayment occurs, notwithstanding that such Interest Period extends beyond the date of prepayment, (ii) the Interest Shortfall, if applicable, with respect to the amount prepaid, (iii) Breakage Costs, if any, without duplication of any sums paid pursuant to the preceding clauses (i) and (ii), and (iv) an amount equal to the applicable Spread Maintenance Premium (if made before the Spread Maintenance Date).

(b) Notwithstanding anything contained herein to the contrary, upon the occurrence and during the continuance of any Event of Default, any payment of principal, interest and other amounts payable under the Loan Documents from whatever source may be applied by Lender among the Components and other Obligations as Lender shall determine in its sole and absolute discretion.

2.4.5 Prepayment/Repayment Conditions.

(a) On the date on which a prepayment, voluntary or mandatory, is made under the Note or as required under this Agreement, which date must be a Business Day, Borrower shall pay to Lender:

(i) all accrued and unpaid interest calculated at the Interest Rate on the amount of principal being prepaid on the applicable Component or Components through and including the Repayment Date together with an amount equal to the interest that would have accrued at the Interest Rate on the amount of principal being prepaid through the end of the Interest Period in which such prepayment occurs, notwithstanding that such Interest Period extends beyond the date of prepayment;

(ii) if such prepayment is made during the period from and including the first day after a Monthly Payment Date through and including the last day of the Interest Period in which such prepayment occurs, all interest on the principal amount being prepaid on the applicable Component or Components which would have accrued from the first day of the Interest Period immediately following the Interest Period in which the prepayment occurs (the “**Succeeding Interest Period**”) through and including the end of the Succeeding Interest Period, calculated at (A) the Interest Rate if such prepayment occurs on or after the Interest Determination Date for the Succeeding Interest Period or (B) the Assumed Note Rate if such prepayment occurs before the Interest Determination Date for the Succeeding Interest Period (the “**Interest Shortfall**”);

(iii) Breakage Costs, if any, without duplication of any sums paid pursuant to the preceding *clauses (i) and (ii)* ;

(iv) the Spread Maintenance Premium applicable thereto (if such prepayment occurs prior to the Spread Maintenance Date); provided that no Spread Maintenance Premium shall be due in connection with a prepayment under **Section 2.4.3(a)** (except where such prepayment arises as a result of a Voluntary Action) or **Section 2.4.3(c)** ; and

(v) all other sums, then due under the Note, this Agreement and the other Loan Documents.

(b) If the Interest Shortfall for any Floating Rate Component was calculated based upon the Assumed Note Rate, upon determination of LIBOR on the Interest Determination Date for the Succeeding Interest Period then (i) if the Interest Rate applicable to such Floating Rate Component for such Succeeding Interest Period is less than the Assumed Note Rate applicable to such Floating Rate Component, Lender shall promptly refund to Borrower the amount of the Interest Shortfall paid with respect to such Floating Rate Component, calculated at a rate equal to the difference between the Assumed Note Rate applicable to such Floating Rate Component and the Interest Rate applicable to such Floating Rate Component for such Interest Period, or (ii) if the Interest Rate applicable to such Floating Rate Component is greater than the Assumed Note Rate applicable to such Floating Rate Component, Borrower shall promptly (and in no event later than the ninth (9th) day of the following month) pay Lender the amount of such additional Interest Shortfall applicable to such Floating Rate Component calculated at a rate equal to the amount by which the Interest Rate applicable to such Floating Rate Component exceeds the Assumed Note Rate applicable to such Floating Rate Component.

(c) Borrower shall pay all reasonable costs and expenses of Lender incurred in connection with the repayment or prepayment (including without limitation reasonable attorneys' fees and expenses and costs and expenses related to the Transfer or substitution of any Property); provided, for the avoidance of doubt, this provision shall not apply with respect to Taxes.

(d) Except during an Event of Default, prepayments shall be applied by Lender in the following order of priority: (i) *first*, to any amounts (other than principal, interest, Interest Shortfall, Breakage Costs and Spread Maintenance Premium) then due and payable under the Loan Documents, including any costs and expenses of Lender in connection with such prepayment; (ii) *second*, interest payable pursuant to **Section 2.4.5(a)(i)** on the applicable Component or Components being prepaid pursuant to this **clause (d)** at the Interest Rate; (iii) *third*, Interest Shortfall on the applicable Component or Components being prepaid pursuant to this **clause (d)**; (iv) *fourth*, Breakage Costs on the applicable Component or Components being prepaid pursuant to this **clause (d)**; (v) *fifth*, Spread Maintenance Premium, to the extent applicable, on the applicable Floating Rate Component or Floating Rate Components being prepaid pursuant to this **clause (d)** and (vi) *sixth*, to principal, applied as set forth in **clause (e)** below.

(e) Except during an Event of Default, prepayments of principal of the Loan made pursuant to this **Section 2.4.5** shall be applied to the Loan (i) *first*, to Component A until the Component Outstanding Principal Balance of Component A is reduced to zero, (ii) *second*, to Component B until the Component Outstanding Principal Balance of Component B is reduced to zero, (iii) *third*, to Component C until the Component Outstanding Principal Balance of Component C is reduced to zero, (iv) *fourth*, to Component D until the Component Outstanding Principal Balance of Component D is reduced to zero, (v) *fifth*, to Component E until the Component Outstanding Principal Balance of Component E is reduced to zero, (vi) *sixth*, to Component F until the Component Outstanding Principal Balance of Component F is reduced to zero and (vii) *seventh*, to Component G until the Component Outstanding Principal Balance of Component G is reduced to zero; *provided*, that so long as no Default or Event of Default shall then exist or would result therefrom, any voluntary prepayments of principal on the Loan made from Unrestricted Cash pursuant to **Section 2.4.2**, other than Debt Yield Cure Prepayments, shall be applied to the Components of the Loan on a pro rata basis based on the Component Outstanding Principal Balance of each such Component relative to the aggregate Component Outstanding Principal Balances for all of the Components until the Component Outstanding Principal Balance for each Component has been reduced to zero.

(f) Prepayments under **Section 2.4.2** shall reduce the Allocated Loan Amounts for each Property on a pro rata basis. Prepayments under **Section 2.4.3** shall reduce the Allocated Loan Amount with respect to the applicable Property, until the Allocated Loan Amount and any interest, fees or other Obligations related thereto is zero and any excess of such prepayment shall be applied to reduce the Allocated Loan Amounts for the remaining Properties on a pro rata basis.

(g) Lender shall, upon the written request and at the expense of Borrower, upon payment in full of the Debt in accordance with the terms and provisions of the Loan

Documents, release the Liens of the Mortgage Documents and cause the trustees under any of the Mortgages to reconvey the applicable Properties to Borrower. In connection with the releases of the Liens, Borrower shall submit to Lender, forms of releases of Liens (and related Loan Documents) for execution by Lender. Such releases shall be the forms appropriate in the jurisdictions in which the Properties are located and contain standard provisions protecting the rights of Lender. In addition, Borrower shall provide all other documentation Lender reasonably requires to be delivered by Borrower in connection with such releases, together with an Officer's Certificate certifying that such documentation (i) is in compliance with all Legal Requirements, and (ii) will effect such release in accordance with the terms of this Agreement. Borrower shall pay all out-of-pocket costs, taxes and expenses associated with the release of the Liens of the Mortgage Documents, including Lender's reasonable attorneys' fees.

Section 2.5 Transfers of Properties. Borrower may Transfer any Property (each, a "**Release Property**") and Lender shall release the Release Property from the applicable Mortgage Documents and release the security interest and Lien on any Collateral located at such Property, provided that the following conditions precedent to such Transfer are satisfied (the "**Release Conditions**"); provided, that, for the avoidance of doubt, the Release Conditions do not need to be satisfied in order for Lender to release its security interest and Lien on any Disqualified Property in connection with any prepayment or substitution in accordance with **Section 2.4.3(a)** :

(a) Borrower shall submit to Lender, not less than ten (10) Business Days' prior to the Transfer Date, a Request for Release, together with all attachments thereto and evidence reasonably satisfactory to Lender that the conditions precedent set forth in this **Section 2.5** will be satisfied upon the consummation of such Transfer (for the avoidance of doubt, no Request for Release need be provided in connection with a contribution of a Release Property to a Borrower TRS);

(b) No Event of Default has occurred and is continuing (other than a non-monetary Event of Default that is specific to such Release Property to which **Section 2.4.3(a)** is applicable and would be cured as a result of the release of the Release Property, so long as a mandatory prepayment is made with respect thereto in accordance with **Section 2.4.3(a)** (a "**Qualified Release Property Default**"));

(c) The Debt Yield as of the most recent Calculation Date, after giving pro forma effect to the elimination of the Underwritten Net Cash Flow for the Release Property and the repayment of the Loan in the applicable Release Amount, is at least the greater of (x) the Closing Date Debt Yield and (y) the actual Debt Yield as of such date; provided that the condition in this **clause (c)** shall not be applicable to a Transfer of a Property if the Loan is prepaid in the amount that is the greater of the applicable Release Amount and one hundred percent (100%) of the Net Transfer Proceeds for the Transferred Property;

(d) The Release Property shall be Transferred to a Person other than Borrower, any other Loan Party or, unless the release of the Release Property is effected in order to cure a Qualified Release Property Default or is a release of a Designated HOA Property, any Affiliate of Borrower or any other Loan Party; *provided* that Borrower may contribute the Release Property to a Borrower TRS;

(e) Except for (i) the release of the Release Property that is effected in order to cure a Qualified Release Property Default, (ii) any contribution to a Borrower TRS described

in the *proviso* of the foregoing **clause (d)** or (iii) a release of a Designated HOA Property, the Release Property shall be Transferred pursuant to a bona fide all-cash sale of the Release Property on arms-length terms and conditions;

(f) Except for any contribution to a Borrower TRS described in the *proviso* of the foregoing **clause (d)** , on or prior to the Transfer Date, Borrower shall prepay the Outstanding Principal Balance by an amount equal to the applicable Release Amount for the Release Property, and Borrower shall comply with the provisions and pay to Lender the amounts set forth in **Section 2.4.5** ;

(g) Except for any contribution to a Borrower TRS described in the *proviso* of the foregoing **clause (d)** , if a Trigger Period is continuing on the Transfer Date, the excess, if any, of (i) the Net Transfer Proceeds for the Release Property over (ii) the applicable Release Amount for the Release Property and any other amounts payable to Lender in connection with such release, shall be deposited into the Cash Collateral Account;

(h) Borrower shall submit to Lender, not less than five (5) Business Days prior to the Transfer Date, a draft release for the applicable Mortgage Documents (and, in the event the Mortgage and the Assignment of Leases and Rents applicable to the Release Property encumber other Property(ies) in addition to the Release Property, such release shall be a partial release that relates only to the Release Property and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which the Release Property is located and shall contain standard provisions protecting the rights of Lender. In addition, Borrower shall provide all other documentation of a ministerial or administrative nature that Lender reasonably requires to be delivered by Borrower in connection with such release or assignment;

(i) Borrower shall have paid all taxes and all reasonable out-of-pocket costs and expenses incurred by Lender and/or its Servicer in connection with any such release and, in addition, the current reasonable and customary fee being assessed by Lender and/or its Servicer to effect such release or assignment;

(j) Notwithstanding anything to the contrary contained herein or in any other Loan Document, if the Loan is included in a REMIC Trust and the ratio of the unpaid principal balance of the Loan to the value of the remaining Properties (as determined by Lender in its sole discretion using any commercially reasonable method permitted to a REMIC Trust; and which shall exclude the value of any personal property (other than fixtures) or going concern value, if any) exceeds or would exceed one hundred twenty-five percent (125%) immediately after giving effect to the release of the Release Property, no release will be permitted unless the principal balance of the Loan is prepaid by an amount not less than the greater of (i) the Release Amount or (ii) the least amount that is a "qualified amount" as that term is defined in IRS Revenue Procedure 2010-30, as the same may be amended, replaced, supplemented or modified from time to time, unless Lender receives an opinion of counsel that, if this **Section 2.5(i)** is applicable but not followed or is no longer applicable at the time of such release, the Securitization will not fail to maintain its status as a REMIC Trust as a result of the release of the Release Property; and

(k) The Release Property is a separate legal parcel from the property remaining encumbered by Mortgages.

Section 2.6 Interest Rate Cap Agreement.

2.6.1 Interest Rate Cap Agreement. Prior to or contemporaneously with the Closing Date, Borrower shall have obtained, and thereafter maintain in effect, the Interest Rate Cap Agreement, which shall have a term expiring no earlier than the last day of the Interest Period in which the Stated Maturity Date occurs and have a notional amount which shall not at any time be less than the aggregate Component Outstanding Principal Balances of the Floating Rate Components. The Interest Rate Cap Agreement shall have a strike rate equal to the Strike Price.

2.6.2 Pledge and Collateral Assignment. As security for the full and punctual payment and performance of the Obligations when due (whether upon stated maturity, by acceleration, early termination or otherwise), Borrower, as pledgor, hereby pledges, assigns, hypothecates, transfers and delivers to Lender as collateral and hereby grants to Lender a continuing first priority lien on and security interest in, to and under all of the following whether now owned or hereafter acquired and whether now existing or hereafter arising (the “**Rate Cap Collateral**”): all of the right, title and interest of Borrower in and to (a) the Interest Rate Cap Agreement; (b) all payments, distributions, disbursements or proceeds due, owing, payable or required to be delivered to Borrower in respect of the Interest Rate Cap Agreement or arising out of the Interest Rate Cap Agreement, whether as contractual obligations, damages or otherwise; and (c) all of Borrower’s claims, rights, powers, privileges, authority, options, security interests, liens and remedies, if any, under or arising out of the Interest Rate Cap Agreement, in each case including all accessions and additions to, substitutions for and replacements, products and proceeds of any or all of the foregoing.

2.6.3 Covenants.

(a) Borrower shall comply with all of its obligations under the terms and provisions of the Interest Rate Cap Agreement. All amounts paid by the Counterparty under the Interest Rate Cap Agreement to Borrower or Lender shall be deposited immediately into the Collection Account pursuant to **Section 6.1.1**. Subject to the terms hereof, provided no Event of Default has occurred and is continuing, Borrower shall be entitled to exercise all rights, powers and privileges of Borrower under, and to control the prosecution of all claims with respect to, the Interest Rate Cap Agreement and the other Rate Cap Collateral. Borrower shall take all actions reasonably requested by Lender to enforce Borrower’s rights under the Interest Rate Cap Agreement in the event of a default by the Counterparty thereunder and shall not waive, amend or otherwise modify any of its rights thereunder.

(b) Borrower shall defend Lender’s right, title and interest in and to the Rate Cap Collateral pledged by Borrower pursuant hereto or in which it has granted a security interest pursuant hereto against the claims and demands of all other Persons.

(c) In the event of any downgrade, withdrawal or qualification of the rating of the Counterparty such that it ceases to qualify as an “Approved Counterparty”, unless the Counterparty shall have posted collateral on terms acceptable to each Rating Agency, Borrower shall replace the Interest Rate Cap Agreement with a Replacement Interest Rate Cap Agreement not later than ten (10) Business Days following receipt of notice from Lender, Servicer or any other Person of such downgrade, withdrawal or qualification. In the event that the Counterparty is downgraded (i) below BBB+ by S&P or Fitch (or, if such counterparty was an approved

counterparty based on its short-term rating by S&P or Fitch, below “A-2” by S&P or “F-2” by Fitch) or (ii) below “Baa1” by Moody’s, a Replacement Interest Rate Cap Agreement shall be required regardless of the posting of collateral.

(d) In the event that Borrower fails to purchase and deliver to Lender a Replacement Interest Rate Cap Agreement as and when required hereunder, Lender may purchase a Replacement Interest Rate Cap Agreement and the cost incurred by Lender in purchasing such Replacement Interest Rate Cap Agreement shall be paid by Borrower to Lender with interest thereon at the Default Rate from the date such cost was incurred by Lender until such cost is paid by Borrower to Lender.

(e) Borrower shall not sell, assign, or otherwise dispose of, or mortgage, pledge or grant a security interest in, any of the Rate Cap Collateral or any interest therein, and any sale, assignment, mortgage, pledge or security interest whatsoever made in violation of this covenant shall be a nullity and of no force and effect, and upon demand of Lender, shall forthwith be cancelled or satisfied by an appropriate instrument in writing.

(f) Borrower shall not (i) without the prior written consent of Lender, modify, amend or supplement the terms of the Interest Rate Cap Agreement, (ii) without the prior written consent of Lender, except in accordance with the terms of the Interest Rate Cap Agreement, cause the termination of the Interest Rate Cap Agreement prior to its stated maturity date, (iii) without the prior written consent of Lender, except as aforesaid, waive or release any obligation of the Counterparty (or any successor or substitute party to the Interest Rate Cap Agreement) under the Interest Rate Cap Agreement, (iv) without the prior written consent of Lender, consent or agree to any act or omission to act on the part of the Counterparty (or any successor or substitute party to the Interest Rate Cap Agreement) which, without such consent or agreement, would constitute a default under the Interest Rate Cap Agreement, (v) fail to exercise promptly and diligently each and every material right which it may have under the Interest Rate Cap Agreement, (vi) take or intentionally omit to take any action or intentionally suffer or permit any action to be omitted or taken, the taking or omission of which would result in any right of offset against sums payable under the Interest Rate Cap Agreement or any defense by the Counterparty (or any successor or substitute party to the Interest Rate Cap Agreement) to payment or (vii) fail to give prompt notice to Lender of any notice of default given by or to Borrower under or with respect to the Interest Rate Cap Agreement, together with a complete copy of such notice. If Borrower shall have received written notice that the Securitization shall have occurred, no consent by Lender provided for in this **Section 2.6.3 (f)** shall be given by Lender unless Lender shall have received a Rating Agency Confirmation.

(g) In connection with an Interest Rate Cap Agreement, Borrower shall obtain and deliver to Lender an opinion of counsel from counsel (which counsel may be in-house counsel for the Counterparty) for the Counterparty upon which Lender and its successors and assigns may rely (the “**Counterparty Opinion**”), under New York law and, if the Counterparty is a non-U.S. entity, the applicable foreign law, which shall provide in relevant part, that: (i) the issuer is duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation and has the organizational power and authority to execute and deliver, and to perform its obligations under, the Interest Rate Cap Agreement; (ii) the execution and delivery of the Interest Rate Cap Agreement by the issuer, and any other agreement which the issuer has executed and delivered pursuant thereto, and the performance of its obligations thereunder have been and remain duly authorized by all necessary action and do not contravene any provision of

its certificate of incorporation or by-laws (or equivalent organizational documents) or any law, regulation or contractual restriction binding on or affecting it or its property; (iii) all consents, authorizations and approvals required for the execution and delivery by the issuer of the Interest Rate Cap Agreement, and any other agreement which the issuer has executed and delivered pursuant thereto, and the performance of its obligations thereunder have been obtained and remain in full force and effect, all conditions thereof have been duly complied with, and no other action by, and no notice to or filing with any governmental authority or regulatory body is required for such execution, delivery or performance; and (iv) the Interest Rate Cap Agreement, and any other agreement which the issuer has executed and delivered pursuant thereto, has been duly executed and delivered by the issuer and constitutes the legal, valid and binding obligation of the issuer, enforceable against the issuer in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

2.6.4 [Reserved].

2.6.5 Representations and Warranties. Borrower hereby covenants with, and represents and warrants to Lender as of the Closing Date as follows:

(a) The Interest Rate Cap Agreement constitutes the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, subject only to applicable bankruptcy, insolvency and similar laws affecting rights of creditors generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(b) The Rate Cap Collateral is free and clear of all claims or security interests of every nature whatsoever, except such as are created pursuant to this Agreement and the other Loan Documents, and Borrower has the right to pledge and grant a security interest in the same as herein provided without the consent of any other Person other than any such consent that has been obtained and is in full force and effect.

(c) The Rate Cap Collateral has been duly and validly pledged hereunder. All consents and approvals required to be obtained by Borrower for the consummation of the transactions contemplated by this Agreement have been obtained.

(d) Giving effect to the aforesaid grant and assignment to Lender, Lender has, as of the date of this Agreement, and as to Rate Cap Collateral acquired from time to time after such date, shall have, a valid, and upon proper filing, perfected and continuing first priority lien upon and security interest in the Rate Cap Collateral; provided that no representation or warranty is made with respect to the perfected status of the security interest of Lender in the proceeds of Rate Cap Collateral consisting of "cash proceeds" or "non-cash proceeds" as defined in the UCC except if, and to the extent, the provisions of Section 9-306 of the UCC shall be complied with.

(e) Except for financing statements filed or to be filed in favor of Lender as secured party, there are no financing statements under the UCC covering any or all of the Rate Cap Collateral and Borrower shall not, without the prior written consent of Lender, until payment in full of all of the Obligations, execute and file in any public office, any enforceable financing statement or statements covering any or all of the Rate Cap Collateral, except financing statements filed or to be filed in favor of Lender as secured party.

2.6.6 Payments. If Borrower at any time shall be entitled to receive any payments with respect to the Interest Rate Cap Agreement, Borrower shall direct Counterparty to deposit such amounts immediately upon becoming payable to Borrower into the Collection Account; *provided* that if, notwithstanding such direction, Borrower receives any payments with respect to the Interest Rate Cap Agreement, Borrower shall immediately deposit such amounts into the Collection Account.

2.6.7 Remedies. Subject to the provisions of the Interest Rate Cap Agreement, if an Event of Default shall occur and then be continuing:

(a) Lender, without obligation to resort to any other security, right or remedy granted under any other agreement or instrument, shall have the right to, in addition to all rights, powers and remedies of a secured party pursuant to the UCC, at any time and from time to time, sell, resell, assign and deliver, in its sole discretion, any or all of the Rate Cap Collateral (in one or more parcels and at the same or different times) and all right, title and interest, claim and demand therein and right of redemption thereof, at public or private sale, for cash, upon credit or for future delivery, and in connection therewith Lender may grant options and may impose reasonable conditions such as requiring any purchaser to represent that any "securities" constituting any part of the Rate Cap Collateral are being purchased for investment only, Borrower hereby waiving and releasing any and all equity or right of redemption to the fullest extent permitted by the UCC or applicable law. If all or any of the Rate Cap Collateral is sold by Lender upon credit or for future delivery, Lender shall not be liable for the failure of the purchaser to purchase or pay for the same and, in the event of any such failure, Lender may resell such Rate Cap Collateral. It is expressly agreed that Lender may exercise its rights with respect to less than all of the Rate Cap Collateral, leaving unexercised its rights with respect to the remainder of the Rate Cap Collateral, *provided*, *however*, that such partial exercise shall in no way restrict or jeopardize Lender's right to exercise its rights with respect to all or any other portion of the Rate Cap Collateral at a later time or times.

(b) Lender may exercise, either by itself or by its nominee or designee, in the name of Borrower, all of Lender's rights, powers and remedies in respect of the Rate Cap Collateral, hereunder and under law.

(c) Borrower hereby irrevocably, in the name of Borrower or otherwise, authorizes and empowers Lender and assigns and transfers unto Lender, and constitutes and appoints Lender its true and lawful attorney-in-fact, and as its agent, irrevocably, with full power of substitution for Borrower and in the name of Borrower, (i) to exercise and enforce every right, power, remedy, authority, option and privilege of Borrower under the Interest Rate Cap Agreement, including any power to subordinate or modify the Interest Rate Cap Agreement (but not, unless an Event of Default exists and is continuing, the right to terminate or cancel the Interest Rate Cap Agreement), or to give any notices, or to take any action resulting in such subordination, termination, cancellation or modification and (ii) in order to more fully vest in Lender the rights and remedies provided for herein, to exercise all of the rights, remedies and powers granted to Lender in this Agreement, and Borrower further authorizes and empowers Lender, as Borrower's attorney-in-fact, and as its agent, irrevocably, with full power of substitution for Borrower and in the name of Borrower, to give any authorization, to furnish any

information, to make any demands, to execute any instruments and to take any and all other action on behalf of and in the name of Borrower which in the opinion of Lender may be necessary or appropriate to be given, furnished, made, exercised or taken under the Interest Rate Cap Agreement, in order to comply therewith, to perform the conditions thereof or to prevent or remedy any default by Borrower thereunder or to enforce any of the rights of Borrower thereunder. These powers-of-attorney are irrevocable and coupled with an interest, and any similar or dissimilar powers heretofore given by Borrower in respect of the Rate Cap Collateral to any other Person are hereby revoked.

(d) Lender may, without notice to, or assent by, Borrower or any other Person (to the extent permitted by law), but without affecting any of the Obligations, in the name of Borrower or in the name of Lender, notify the Counterparty, or if applicable, any other counterparty to the Interest Rate Cap Agreement, to make payment and performance directly to Lender; extend the time of payment and performance of, compromise or settle for cash, credit or otherwise, and upon any terms and conditions, any obligations owing to Borrower, or claims of Borrower, under the Interest Rate Cap Agreement; file any claims, commence, maintain or discontinue any actions, suits or other proceedings deemed by Lender necessary or advisable for the purpose of collecting upon or enforcing the Interest Rate Cap Agreement; and execute any instrument and do all other things deemed necessary and proper by Lender to protect and preserve and realize upon the Rate Cap Collateral and the other rights contemplated hereby.

(e) Pursuant to the powers-of-attorney provided for above, Lender may take any action and exercise and execute any instrument which it may deem necessary or advisable to accomplish the purposes hereof; *provided, however*, that Lender shall not be permitted to take any action pursuant to said power-of-attorney that would conflict with any limitation on Lender's rights with respect to the Rate Cap Collateral. Without limiting the generality of the foregoing, Lender, after the occurrence of an Event of Default, shall have the right and power to receive, endorse and collect all checks and other orders for the payment of money made payable to Borrower representing: (i) any payment of obligations owed pursuant to the Interest Rate Cap Agreement, (ii) interest accruing on any of the Rate Cap Collateral or (iii) any other payment or distribution payable in respect of the Rate Cap Collateral or any part thereof, and for and in the name, place and stead of Borrower, to execute endorsements, assignments or other instruments of conveyance or transfer in respect of any property which is or may become a part of the Rate Cap Collateral hereunder.

(f) Lender may exercise all of the rights and remedies of a secured party under the UCC.

(g) Without limiting any other provision of this Agreement or any of Borrower's rights hereunder, and without waiving or releasing Borrower from any obligation or default hereunder, Lender shall have the right, but not the obligation, to perform any act or take any appropriate action, as it, in its reasonable judgment, may deem necessary to protect the security of this Agreement, to cure such Event of Default or to cause any term, covenant, condition or obligation required under this Agreement or the Interest Rate Cap Agreement to be performed or observed by Borrower to be promptly performed or observed on behalf of Borrower. All amounts advanced by, or on behalf of, Lender in exercising its rights under this **Section 2.6.7(g)** (including, but not limited to, reasonable legal expenses and disbursements incurred in connection therewith), together with interest thereon at the Default Rate from the date of each such advance, shall be payable by Borrower to Lender upon demand and shall be secured by this Agreement.

2.6.8 Sales of Rate Cap Collateral. No demand, advertisement or notice, all of which are, to the fullest extent permitted by law, hereby expressly waived by Borrower, shall be required in connection with any sale or other disposition of all or any part of the Rate Cap Collateral, except that Lender shall give Borrower at least thirty (30) Business Days' prior written notice of the time and place of any public sale or of the time when and the place where any private sale or other disposition is to be made, which notice Borrower hereby agrees is reasonable, all other demands, advertisements and notices being hereby waived. To the extent permitted by law, Lender shall not be obligated to make any sale of the Rate Cap Collateral if it shall determine not to do so, regardless of the fact that notice of sale may have been given, and Lender may without notice or publication adjourn any public or private sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. Upon each private sale of the Rate Cap Collateral of a type customarily sold in a recognized market and upon each public sale, unless prohibited by any applicable statute which cannot be waived, Lender (or its nominee or designee) may purchase any or all of the Rate Cap Collateral being sold, free and discharged from any trusts, claims, equity or right of redemption of Borrower, all of which are hereby waived and released to the extent permitted by law, and may make payment therefor by credit against any of the Obligations in lieu of cash or any other obligations. In the case of all sales of the Rate Cap Collateral, public or private, Borrower shall pay all reasonable costs and expenses of every kind for sale or delivery, including brokers' and attorneys' fees and disbursements and any tax imposed thereon. However, the proceeds of sale of Rate Cap Collateral shall be available to cover such costs and expenses, and, after deducting such costs and expenses from the proceeds of sale, Lender shall apply any residue to the payment of the Obligations in the order of priority as set forth in this Agreement.

2.6.9 Public Sales Not Possible. Borrower acknowledges that the terms of the Interest Rate Cap Agreement may prohibit public sales, that the Rate Cap Collateral may not be of the type appropriately sold at public sales, and that such sales may be prohibited by law. In light of these considerations, Borrower agrees that private sales of the Rate Cap Collateral shall not be deemed to have been made in a commercially unreasonably manner by mere virtue of having been made privately.

2.6.10 Receipt of Sale Proceeds. Upon any sale of the Rate Cap Collateral by Lender hereunder (whether by virtue of the power of sale herein granted, pursuant to judicial process or otherwise), the receipt by Lender or the officer making the sale or the proceeds of such sale shall be a sufficient discharge to the purchaser or purchasers of the Rate Cap Collateral so sold, and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to Lender or such officer or be answerable in any way for the misapplication or non-application thereof.

2.6.11 Replacement Interest Rate Cap Agreement. If, in connection with Borrower's exercise of any Extension Option pursuant to **Section 2.7**, Borrower delivers a Replacement Interest Rate Cap Agreement, all the provisions of this **Section 2.6** applicable to the Interest Rate Cap Agreement delivered on the Closing Date shall be applicable to the Replacement Interest Rate Cap Agreement.

Section 2.7 Extension Options

2.7.1 Extension Options. Borrower shall have the option (the “**First Extension Option**”), by written notice (the “**First Extension Notice**”) delivered to Lender (which notice may be revoked) no later than thirty (30) days prior to the Stated Maturity Date, to extend the Maturity Date to June 9, 2018 (the “**First Extended Maturity Date**”). In the event Borrower shall have exercised the First Extension Option, Borrower shall have the option (the “**Second Extension Option**”), by written notice (the “**Second Extension Notice**”) delivered to Lender (which notice may be revoked) no later than thirty (30) days prior to the First Extended Maturity Date, to extend the First Extended Maturity Date to June 9, 2019 (the “**Second Extended Maturity Date**”). In the event Borrower shall have exercised the Second Extension Option, Borrower shall have the option (the “**Third Extension Option**”), by written notice (the “**Third Extension Notice**”) delivered to Lender (which notice may be revoked) no later than thirty (30) days prior to the Second Extended Maturity Date, to extend the Second Extended Maturity Date to June 9, 2020 (the “**Third Extended Maturity Date**”). Borrower’s right to so extend the applicable Maturity Date shall be subject to the satisfaction of the following conditions precedent prior to each extension hereunder:

(a) (i) no Event of Default shall have occurred and be continuing on the applicable Extension Date;

(b) Borrower shall (i) obtain and deliver to Lender not later than the first day of the term of the Loan as extended, one or more Replacement Interest Rate Cap Agreements from an Approved Counterparty, in a notional amount equal to the aggregate Component Outstanding Principal Balances of the Floating Rate Components, which Replacement Interest Rate Cap Agreement(s) shall be (A) effective for the period commencing on the Business Day immediately following the then applicable Maturity Date (prior to giving effect to the applicable Extension Option) and ending on the last day of the Interest Period in which the applicable extended Maturity Date occurs and (B) otherwise on same terms set forth in **Section 2.6** and at the applicable Strike Price and (ii) execute and deliver an Acknowledgment with respect to each such Replacement Interest Rate Cap Agreement;

(c) Borrower shall deliver a Counterparty Opinion with respect to the Replacement Interest Rate Cap Agreement and the related Acknowledgment and shall deliver to Lender an executed Collateral Assignment of Interest Rate Protection Agreement;

(d) All amounts due and payable by Borrower and any other Person pursuant to this Agreement or the other Loan Documents as of the Stated Maturity Date, the First Extended Maturity Date, and the Second Extended Maturity Date, as applicable, and all reasonable, out-of-pocket costs and expenses of Lender, including fees and expenses of Lender’s counsel, in connection with the Loan and/or the applicable extension of the Term shall have been paid in full.

(e) If Borrower is unable to satisfy all of the foregoing conditions within the applicable time frames for each, Lender shall have no obligation to extend the Maturity Date hereunder.

2.7.2 Extension Documentation. As soon as practicable following an extension of the Maturity Date pursuant to this **Section 2.7**, Borrower shall, if requested by Lender, execute and deliver an amendment of and/or restatement of the Note and shall, if requested by Lender, enter into such amendments to the related Loan Documents as may be necessary or appropriate to

evidence the extension of the Maturity Date as provided in this **Section 2.7**; *provided, however*, that no failure by Borrower to enter into any such amendments and/or restatements shall affect the rights or obligations of Borrower or Lender with respect to the extension of the Maturity Date.

Section 2.8 Spread Maintenance Premium. Upon any repayment or prepayment of the Loan (including in connection with an acceleration of the Loan but excluding in connection with any mandatory prepayment pursuant to **Section 2.4.3(a)** (except where such prepayment arises as a result of a Voluntary Action) or **Section 2.4.3(c)**) made prior to the Spread Maintenance Date, Borrower shall pay to Lender on the date of such repayment or prepayment (or acceleration of the Loan) the Spread Maintenance Premium applicable thereto. All Spread Maintenance Premium payments hereunder shall be deemed to be earned by Lender upon the funding of the Loan.

Section 2.9 Increased Costs. In the event that any change in any requirement of law or in the interpretation or application thereof, or compliance by Lender with any request or directive (whether or not having the force of law) hereafter issued from any central bank or other Governmental Authority:

(a) shall hereafter impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, or deposits or other liabilities in or for the account of, advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of Lender which is not otherwise included in the determination of LIBOR hereunder;

(b) shall hereafter have the effect of reducing the rate of return on Lender's capital as a consequence of its obligations hereunder to a level below that which Lender could have achieved but for such adoption, change or compliance (taking into consideration Lender's policies with respect to capital adequacy) by any amount deemed by Lender to be material;

(c) shall hereafter subject Lender to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (ii) through (iv) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(d) shall hereafter impose on Lender any other condition and the result of any of the foregoing is to increase the cost to Lender of making, renewing or maintaining loans or extensions of credit or to reduce any amount receivable hereunder in each case by an amount deemed by Lender in good faith to be material;

then, in any such case, Borrower shall promptly pay Lender, upon demand, additional amounts necessary to compensate Lender for such additional cost or reduced amount receivable which Lender deems to be material as determined by Lender in good faith that Lender deems allocable to the Loan. If Lender becomes entitled to claim any additional amounts pursuant to this **Section 2.9**, Lender shall provide Borrower with not less than thirty (30) days written notice specifying in reasonable detail the event by reason of which it has become so entitled and the additional amount required to compensate Lender in accordance herewith. A certificate as to any additional costs or amounts payable pursuant to the foregoing sentence submitted by Lender to Borrower shall be conclusive in the absence of manifest error. Subject to **Section 2.10**, this **Section 2.9** shall survive payment of the Debt and the satisfaction of all other Obligations.

Section 2.10 Taxes.

2.10.1 Defined Terms. For purposes of this *Section 2.10*, the term “applicable law” includes FATCA.

2.10.2 Payments Free of Taxes. Any and all payments by or on account of any obligation of Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of Borrower) requires the deduction or withholding of any Tax from any such payment by Borrower, then Borrower shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this *Section 2.10*) Lender receives an amount equal to the sum it would have received had no such deduction or withholding been made.

2.10.3 Payment of Other Taxes by Borrower. Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law any Other Taxes.

2.10.4 Indemnification by the Loan Parties. Borrower shall indemnify Lender, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this *Section 2.10*) payable or paid by Lender or required to be withheld or deducted from a payment to Lender and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by Lender shall be conclusive absent manifest error.

2.10.5 Evidence of Payments. As soon as practicable after any payment of Taxes by Borrower to a Governmental Authority pursuant to this *Section 2.10*, Borrower shall deliver to Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Lender.

2.10.6 Status of Lender.

(a) If Lender is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document then Lender shall deliver to Borrower, at the time or times reasonably requested by Borrower, such properly completed and executed documentation reasonably requested by Borrower as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, Lender, if reasonably requested by Borrower, shall deliver such other documentation prescribed by applicable law or reasonably requested by Borrower as will enable Borrower to determine whether or not Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such

documentation (other than such documentation set forth in **Section 2.10.6(b)(i), (b)(ii) and (b)(iv)** below) shall not be required if in Lender's reasonable judgment such completion, execution or submission would subject Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of Lender.

(b) Without limiting the generality of the foregoing,

(i) If Lender is a U.S. Person it shall deliver to Borrower (in such number of copies as shall be reasonably requested by Borrower) on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), executed originals of IRS Form W-9 certifying that Lender is exempt from U.S. federal backup withholding tax;

(ii) If Lender is a Foreign Lender it shall, to the extent it is legally entitled to do so, deliver to Borrower (in such number of copies as shall be reasonably requested by Borrower) on or prior to the date on which it becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), whichever of the following is applicable:

(A) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN (in the case of an individual) or W-8BEN-E (in the case of an entity) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN (in the case of an individual) or W-8BEN-E (in the case of an entity) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(B) executed originals of IRS Form W-8ECI;

(C) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) or 871(h) of the Code, (x) a certificate substantially in the form of Exhibit F-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "**U.S. Tax Compliance Certificate**") and (y) executed originals of IRS Form W-8BEN (in the case of an individual) or W-8BEN-E (in the case of an entity); or

(D) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN (in the case of an individual) or W-8BEN-E (in the case of an entity), a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-2 or Exhibit F-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are

claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-4 on behalf of each such direct and indirect partner;

(iii) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower (in such number of copies as shall be reasonably requested by Borrower) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit Borrower to determine the withholding or deduction required to be made; and

(iv) if a payment made to Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), Lender shall deliver to Borrower at the time or times prescribed by law and at such time or times reasonably requested by Borrower such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Borrower as may be necessary for Borrower to comply with its obligations under FATCA and to determine that Lender has complied with Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (iv), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrower in writing of its legal inability to do so.

2.10.7 Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this **Section 2.10** (including by the payment of additional amounts pursuant to this **Section 2.10**), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid over pursuant to this **Section 2.10.7** (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this **Section 2.10.7**, in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this **Section 2.10.7** the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This **Section 2.10.7** shall not be

construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

2.10.8 Survival. Each party's obligations under this **Section 2.10** shall survive any assignment of rights by, or the replacement of, Lender and the repayment, satisfaction or discharge of all obligations under any Loan Document.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

Section 3.1 General Representations. Borrower represents and warrants to Lender as of the Closing Date that, except to the extent (if any) disclosed on **Schedule III** with reference to a specific subsection of this **Section 3.1** :

3.1.1 Organization; Special Purpose. Each Loan Party and each SPC Party has been duly organized and is validly existing with requisite power and authority to own its properties and to transact the businesses in which it is now engaged. Each Loan Party and each SPC Party is duly qualified to do business and in good standing in each jurisdiction where it is required to be so qualified in connection with its properties, businesses and operations, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect. Each Loan Party and each SPC Party possesses all rights, licenses, permits and authorizations, governmental or otherwise, necessary to entitle it to own its properties and to transact the businesses in which it is now engaged, except to the extent that failure to do so could not in the aggregate reasonably be expected to have a Material Adverse Effect. The sole business of Borrower is the acquisition, ownership, maintenance, sale, transfer, refinancing, management, leasing and operation of the Properties; the sole business of Borrower GP is acting as the sole general partner of Borrower, including, providing the Borrower GP Guaranty and the Borrower GP Security Agreement; and the sole business of Equity Owner is acting as the sole limited partner of Borrower and the sole member of Borrower GP, including, providing the Equity Owner Guaranty and the Equity Owner Security Agreement. Each Loan Party and each SPC Party is a Special Purpose Bankruptcy Remote Entity.

3.1.2 Proceedings; Enforceability. Each Loan Party has taken all necessary action to authorize the execution, delivery and performance of this Agreement and each of the other Loan Documents to which it is a party. This Agreement and the other Loan Documents have been duly authorized, executed and delivered by or on behalf of each Loan Party party thereto and constitute legal, valid and binding obligations of each Loan Party party thereto, enforceable against each such Loan Party party thereto in accordance with their respective terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law). The Loan Documents are not subject to any right of rescission, set-off, counterclaim or defense by any Loan Party including the defense of usury, nor would the operation of any of the terms of the Loan Documents, or the exercise of any right thereunder, render the Loan Documents unenforceable, and no Loan Party has asserted any right of rescission, set-off, counterclaim or defense with respect thereto.

3.1.3 No Conflicts. The execution, delivery and performance of this Agreement and the other Loan Documents by each Loan Party party thereto (i) will not contravene such Loan Party's Constituent Documents, (ii) will not result in any violation of the provisions of any Legal Requirement of any Governmental Authority having jurisdiction over any Loan Party or any of each Loan Party's properties or assets, (iii) with respect to each Loan Party, will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under the terms of any indenture, mortgage, deed of trust, deed to secure debt, loan agreement, management agreement or other agreement or instrument to which any Loan Party is a party or to, which any of each Loan Party's property or assets is subject, that would be reasonably expected to have a Material Adverse Effect and (iv) with respect to each Loan Party, except for Liens created under the Loan Documents, result in or require the creation or imposition of any Lien upon or with respect to any of the assets of any Loan Party. Any consent, approval, authorization, order, registration or qualification of or with any such Governmental Authority required for the execution, delivery and performance by each Loan Party of this Agreement or any other Loan Documents to which it is a party has been obtained and is in full force and effect.

3.1.4 Litigation. There are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other entity now pending or, to the actual knowledge of a Responsible Officer of Manager or any Loan Party, threatened, against or affecting any Loan Party or any SPC Party or Manager, as applicable, which actions, suits or proceedings (i) involve this Agreement, the Mortgage Documents, the Loan Documents or the transactions contemplated thereby or (ii) if adversely determined, would reasonably be expected to have a Material Adverse Effect. There are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other entity that resulted in a judgment against any Loan Party or any SPC Party that has not been paid in full that would otherwise constitute an Event of Default under **Section 8.1**.

3.1.5 Agreements. No Loan Party is a party to any agreement or instrument or subject to any restriction which would reasonably be expected to have a Material Adverse Effect. No Loan Party is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party which default would be expected to have a Material Adverse Effect. Other than the Loan Documents, no Loan Party has a material financial obligation under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which any Loan Party is a party other than, with respect to Borrower, the Management Agreement.

3.1.6 Consents. No consent, approval, authorization or order of any court or Governmental Authority is required for the execution, delivery and performance by any Loan Party of, or compliance by any Loan Party with, this Agreement or the other Loan Documents or the consummation of the transactions contemplated hereby and thereby, other than those which have been obtained by the applicable Loan Party.

3.1.7 Solvency. Each Loan Party and each SPC Party has (a) not entered into the transaction contemplated by this Agreement nor executed any Loan Document with the actual intent to hinder, delay or defraud any creditor and (b) received reasonably equivalent value in exchange for its obligations under the Loan Documents. After giving effect to the Loans, each Loan Party and each SPC Party is Solvent. No petition in bankruptcy has been filed against any Loan Party or any SPC Party in the last seven (7) years, and no Loan Party in the last seven (7) years has made an assignment for the benefit of creditors or taken advantage of any insolvency

act for the benefit of debtors. No Loan Party or SPC Party is contemplating either the filing of a petition by it under any state or federal bankruptcy or insolvency laws or the liquidation of all or a major portion of such Person's assets or property, and to the actual knowledge of any Loan Party, no Person is contemplating the filing of any such petition against any Loan Party or SPC Party.

3.1.8 Employee Benefit Matters

(b) Assuming no portion of the assets used by Lender to fund the Loan constitutes the assets of an ERISA Plan, the assets of each Loan Party do not constitute "plan assets" of (a) any "employee benefit plan" (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, (b) any "plan" (as defined in Section 4975 of the Code) that is subject to Section 4975 of the Code or (c) any employee benefit plan or plan that is not subject to Title I of ERISA or Section 4975 of the Code but is subject to any law, rule or regulation applicable to such Loan Party which is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code (each of (a), (b) and (c), an "**ERISA Plan**") with the result that the transactions contemplated by this Agreement, including, but not limited to, the exercise by Lender of any rights under the Loan Documents will constitute a non-exempt prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code. No Loan Party or any of its ERISA Affiliates sponsors, maintains or contributes to any Plans or Foreign Plans. None of Equity Owner GP, any Loan Party or any of their respective Subsidiaries has any employees.

(c) Each Plan (and each related trust, insurance contract or fund) is in compliance in all materials respects with its terms and will all applicable laws, including without limitation ERISA and the Code. Each Plan that is intended to be qualified under Section 401(a) of the Code as currently in effect has been determined by the IRS to be so qualified, and each trust related to any such Plan has been determined to be exempt from federal income tax under Section 501(a) of the Code as currently in effect, and no event has taken place which could reasonably be expected to cause the loss of such qualified status and exempt status. With respect to each Plan of a Loan Party, each Loan Party and all of its ERISA Affiliates have satisfied the minimum funding standard under Section 412(a) of the Code and Section 302(a) of ERISA and paid all required minimum contributions and all required installments on or before the due dates under Section 430(j) of the Code and Section 303(j) of ERISA. Neither any Loan Party nor any of its ERISA Affiliates has filed, pursuant to Section 412(c) of the Code or Section 302(c) of ERISA, an application for a waiver of the minimum funding standard. Neither any Loan Party nor any of its ERISA Affiliates has incurred any liability to the PBGC which remains outstanding other than the payment of premiums, and there are no premium payments which have become due which are unpaid. No Plan is in "at risk" status within the meaning of Section 430(i) of the Code or Section 303(j) of ERISA. There are no existing, pending or threatened claims (other than routine claims for benefits in the normal course), sanctions, actions, lawsuits or other proceedings or investigation involving any Plan to which any Loan Party or any of its ERISA Affiliates has incurred or otherwise has or could have an obligation or any liability. With respect to each Multiemployer Plan to which any Loan Party or any of its ERISA Affiliates is required to make a contribution, each Loan Party and all of its ERISA Affiliates have satisfied all required contributions and installments on or before the applicable due dates and have not incurred a complete or partial withdrawal under Section 4203 or 4205 of ERISA. No Plan Termination Event has or is reasonably expected to occur.

(d) Each Foreign Plan is in compliance in all material respects with all laws, regulations and rules applicable thereto and the respective requirements of the governing documents for such plan. The aggregate of the liabilities to provide all of the accrued benefits under each Foreign Plan does not exceed the current fair market value of the assets held in the trust or other funding vehicle for such plan. There are no actions, suits or claims (other than routine claims for benefits) pending or threatened against any Loan Party or any of its ERISA Affiliates with respect to any Foreign Plan.

3.1.9 Compliance with Legal Requirements. Each Loan Party is in compliance with all applicable Legal Requirements, except to the extent that any noncompliance would not reasonably be expected to have a Material Adverse Effect. No Loan Party is in default or violation of any order, writ, injunction, decree or demand of any Governmental Authority, except for any default or violation that would not reasonably be expected to have a Material Adverse Effect.

3.1.10 Perfection Representations.

(a) The Borrower Security Agreement, the Equity Owner Security Agreement and the Borrower GP Security Agreement create valid and continuing security interests (as defined in the applicable UCC) in the personal property Collateral in favor of Lender, which security interests are prior to all other Liens arising under the UCC, subject to Permitted Liens, and are enforceable as such against creditors of each Loan Party, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity);

(b) All appropriate financing statements have been filed in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest granted to Lender hereunder in the Collateral that may be perfected by filing a financing statement;

(c) Other than the security interest granted to Lender pursuant to Borrower Security Agreement, the Equity Owner Security Agreement and the Borrower GP Security Agreement, no Loan Party has pledged, assigned, collateralized, sold, granted a security interest in, or otherwise conveyed any of the Collateral except to the extent expressly permitted by the terms hereof. No Loan Party has authorized the filing of and is not aware of any financing statements against any Loan Party that include a description of the Collateral other than any financing statement relating to the security interest granted to Lender hereunder or that has been terminated.

(d) No instrument or document that constitutes or evidences any Collateral has any marks or notations indicating that they have been pledged, assigned or otherwise conveyed to any Person other than Lender.

(e) The grant of the security interest in the Collateral by each Loan Party to Lender, pursuant to Borrower Security Agreement, the Equity Owner Security Agreement and the Borrower GP Security Agreement is in the ordinary course of business for each Loan Party and is not subject to the bulk transfer or any similar statutory provisions in effect in any applicable jurisdiction.

(f) The chief executive office and the location of each Loan Party's records regarding the Collateral are listed on **Schedule VII**. Except as otherwise disclosed to Lender in writing, each Loan Party's legal name is as set forth in this Agreement, each Loan Party has not changed its name since its formation. Except as otherwise listed on **Schedule VII**, each Loan Party does not have trade names, fictitious names, assumed names or "doing business as" names and each Loan Party's federal employer identification number and organizational identification number is set forth on **Schedule VII**.

(g) Borrower is a limited partnership, and the jurisdiction in which Borrower is organized is Delaware. Borrower's Tax I.D. number is 47-3058013 and Borrower's Delaware Organizational I.D. number is 5685335.

3.1.11 Business. Since its formation, no Loan Party has conducted any business other than entering into and performing its obligations under the Loan Documents to which it is a party and as described on **Schedule IV**. Since the date of formation of each Loan Party, no event has occurred which would reasonably be expected to have a Material Adverse Effect. As of the date hereof, no Loan Party owns or holds, directly or indirectly (a) any capital stock or equity security of, or any equity interest in, any Person other than a Loan Party, except as set forth on **Schedule VIII** or (b) any debt security or other evidence of indebtedness of any Person, except for Permitted Investments and as otherwise contemplated by the Loan Documents. Borrower does not have any subsidiaries.

3.1.12 Management. The ownership, leasing, management and collection practices used by each Loan Party and Manager with respect to the Properties have been, to the actual knowledge of the Responsible Officers of the Manager and each Loan Party, in compliance with all applicable Legal Requirements, and all necessary licenses, permits and regulatory requirements pertaining thereto have been obtained and remain in full force and effect, except to the extent that failure to obtain would not reasonably be expected to have a Material Adverse Effect.

3.1.13 Financial Information. All financial data that have been delivered to Lender in connection with the Loan (a) are true, complete and correct in all material respects (or, to the extent that any such financial data was incorrect in any material respect when delivered, the same has been corrected by financial data subsequently delivered to Lender prior to the date hereof), (b) accurately represent the financial condition of the Properties as of the date of such reports, and (c) have been prepared in accordance with GAAP throughout the periods covered, except as disclosed therein. The foregoing representation shall not apply to any such financial data that constitutes projections, *provided* that Borrower represents and warrants that such projections were made in good faith and that Borrower has no reason to believe that such projections were materially inaccurate. Borrower does not have any contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments that are known to Borrower and reasonably likely to have a materially adverse effect on the Properties or the operation thereof, except as referred to or reflected in said financial statements. Borrower has no liabilities or other obligations that arose or accrued prior to the date hereof that would reasonably be expected to have a Material Adverse Effect. Borrower has no known contingent liabilities.

3.1.14 Insurance. Borrower has obtained and delivered to Lender certificates evidencing the Policies required to be maintained under **Section 5.1.1**. All such Policies are in full force and

effect, with all premiums prepaid thereunder. No claims have been made that are currently pending, outstanding or otherwise remain unsatisfied under any such Policies that would reasonably be expected to have a Material Adverse Effect. With respect to any insurance policy, neither Borrower nor, to Borrower's or Manager's knowledge, any other Person, has done, by act or omission, anything which would impair the coverage of any of the Policies in any material respect.

3.1.15 Tax Filings. Each Loan Party has filed, or caused to be filed, on a timely basis all Tax returns (including, without limitation, all foreign, federal, state, local and other Tax returns) required to be filed by it, is not liable for Non-Property Taxes payable by any other Person and has paid or made adequate provisions for the payment of all Non-Property Taxes (to the extent such Taxes, assessment and other governmental charges exceed One Hundred Thousand and No/100 Dollars (\$100,000) in the aggregate) payable by such Loan Party except as permitted by **Section 4.1.3** or **4.4.7**. All material recording or other similar taxes required to be paid by any Loan Party under applicable Legal Requirements currently in effect in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Loan Documents have been paid.

3.1.16 Federal Reserve Regulations. No part of the proceeds of the Loan will be used for the purpose of purchasing or acquiring any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System ("**Margin Stock**") or for any other purpose which would be inconsistent with such Regulation U or any other Regulations of such Board of Governors, or for any purposes prohibited by Legal Requirements in any material respects or by the terms and conditions of this Agreement or the other Loan Documents. None of the Collateral is comprised of Margin Stock and less than twenty-five percent (25%) of the assets of each Loan Party are comprised of Margin Stock.

3.1.17 Organizational Chart. The organizational chart attached as **Schedule II**, relating to the Loan Parties and certain Affiliates and other parties, is true, complete and correct on and as of the date hereof. No Person other than those Persons shown on **Schedule II** has any ownership interest in, or right of control, directly or indirectly, in Borrower or any other Loan Party.

3.1.18 Bank Holding Company. Borrower is not a "bank holding company" or a direct or indirect subsidiary of a "bank holding company" as defined in the Bank Holding Company Act of 1956, as amended, and Regulation Y thereunder of the Board of Governors of the Federal Reserve System.

3.1.19 FIRPTA. No Loan Party is a "foreign person" within the meaning of Section 1445(f)(3) of the Code.

3.1.20 Investment Company Act. No Loan Party or any Person controlling such Loan Party, including Sponsor, is required to register as an "investment company" under the Investment Company Act of 1940, as amended.

3.1.21 Fiscal Year. Each fiscal year of Borrower commences on January 1.

3.1.22 Other Debt; Liens. No Loan Party has any Indebtedness other than, with respect to Borrower, Permitted Indebtedness, and with respect to each Guarantor, Guarantor Permitted Indebtedness.

3.1.23 Contracts.

(a) Borrower has not entered into, and is not bound by, any Major Contract which continues in existence, except those previously disclosed in writing to Lender.

(b) Each of the Major Contracts is in full force and effect, there are no material defaults by Borrower thereunder and, to the knowledge of Borrower and Manager, there are no monetary or other material defaults thereunder by any other party thereto. None of Borrower, Manager, any Affiliate of Borrower or any other Person acting on Borrower's behalf has given or received any notice of default under any of the Major Contracts that remains uncured or in dispute.

(c) Borrower has delivered copies of the Major Contracts (including all amendments and supplements thereto) to Lender that are true, correct and complete in all material respects.

(d) Except for the Manager under the Management Agreement, no Major Contract has as a party an Affiliate of Borrower. All fees and other compensation for services previously performed under the Management Agreement have been paid in full.

3.1.24 Full and Accurate Disclosure. All information, reports, financial statements, exhibits and schedules furnished in writing by or on behalf of each Loan Party to Lender in connection with the negotiation, preparation or delivery of this Agreement and the other Loan Documents or included herein or therein or delivered pursuant hereto or thereto (but excluding any projections, forward looking statements, budgets, estimates and general market data as to which each Loan Party only represents and warrants that such information was prepared in good faith based upon assumptions believed by it to be reasonable at the time), when taken as a whole, as of the date furnished, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not materially misleading.

3.1.25 Illegal Activity. None of the Properties has been or will be purchased with proceeds of any illegal activity.

3.1.26 Embargoed Person.

(a) No Loan Party nor any of its respective officers, directors or members is a Person (or to Borrower's knowledge, owned or controlled by a Person): (i) that is listed on a Government List, (ii) is otherwise subject to the provisions of Executive Order 13224 issued on September 24, 2001, (iii) has been previously indicted for or convicted of any felony involving a crime of moral turpitude or any Patriot Act Offense, or (iv) is currently under investigation by any Governmental Authority for alleged felony involving a crime of moral turpitude. For purposes hereof, the term "**Patriot Act Offense**" means any violation of the criminal laws of the United States of America or of any of the several states, or that would be a criminal violation if committed within the jurisdiction of the United States of America or any of the several states,

relating to terrorism or the laundering of monetary instruments, including any offense under (A) the criminal laws against terrorism; (B) the criminal laws against money laundering, (C) the Bank Secrecy Act, as amended, (D) the Money Laundering Control Act of 1986, as amended, or (E) the Patriot Act. “ ***Patriot Act Offense*** ” also includes the crimes of conspiracy to commit, or aiding and abetting another to commit, a Patriot Act Offense.

(b) At the time Borrower first entered into a Lease with each Tenant (excluding any Tenant who occupied a Property pursuant to an in-place Lease when such Property was acquired by Borrower’s Affiliate), no such Tenant was listed on either of the Government Lists described in ***Section 4.1.17*** .

3.1.27 Anti-Money Laundering . Borrower and each other Loan Party is in compliance in all material respects with all applicable anti-money laundering laws and regulations, including without limitation the USA Patriot Act of 2001 (collectively, the “ ***Anti-Money Laundering Laws*** ”). Without limiting the generality of the foregoing, to the extent required by the Anti-Money Laundering Laws, Borrower has (a) established an anti-money laundering compliance program that is in compliance, in all material respects, with the Anti-Money Laundering Laws, (b) conducted, in all material respects, the due diligence required under the Anti-Money Laundering Laws in connection with the Leases and Tenants, including with respect to the legitimacy of the applicable Tenant and the origin of the assets used by said Tenant to lease the applicable Property and (c) maintains sufficient information to identify the applicable Tenant for purposes of compliance, in all material respects, with the Anti-Money Laundering Laws.

Section 3.2 Property Representations . Borrower represents and warrants to Lender with respect to each Property as follows:

3.2.1 Property/Title .

(a) Borrower has good and marketable fee simple legal and equitable title to the real property comprising the Property, subject to Permitted Liens. The Mortgage Documents, when properly recorded and/or filed in the appropriate records, will create (i) a valid, first priority, perfected Lien on Borrower’s interest in the Property, subject only to the Permitted Liens, and (ii) perfected security interests in and to, and perfected collateral assignments of, all personalty (including the Leases), all in accordance with the terms thereof, in each case subject only to the Permitted Liens.

(b) All transfer taxes, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid under applicable Legal Requirements in connection with the transfer of the Property to Borrower have been paid or are being paid simultaneously herewith. All mortgage, mortgage recording, stamp, intangible or other similar tax required to be paid under applicable Legal Requirements in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Mortgage Documents with respect to such Property, including the Mortgages, have been paid or are being paid simultaneously herewith. All taxes and governmental assessments due and owing in respect of the Property have been paid, or an escrow of funds in an amount sufficient to cover such payments has been established hereunder or are insured against by the Title Insurance Policy and the Title Insurance Owner’s Policy for such Property.

(c) The Property is comprised of one (1) or more parcels which constitute separate tax lots and do not constitute a portion of any other tax lot not a part of such Property. The Property is comprised of one (1) or more separate legal parcels and no portion of any Property constitutes a portion of any legal parcel not a part of such Property.

3.2.2 Adverse Claims. Borrower's ownership of the Property is free and clear of any Liens other than Permitted Liens.

3.2.3 Title Insurance Owner's Policy. The Property File for the Property includes either (a) a Title Insurance Owner's Policy insuring fee simple ownership of such Property by Borrower in an amount equal to or greater than the initial Allocated Loan Amount of the Property, issued by a Qualified Title Insurance Company with no title exceptions other than Permitted Liens or (b) a marked or initialed binding commitment that is effective as a Title Insurance Owner's Policy in respect of such Property in an amount equal to or greater than the initial Allocated Loan Amount of the Property, issued by a Qualified Title Insurance Company with no title exceptions other than Permitted Liens, which commitment shall be accompanied by such other affidavits, transfer declarations and other documents as are necessary for the recordation of the deed for such Property and issuance of such Title Insurance Owner's Policy.

3.2.4 Deed. The Property File for such Property includes a deed for such Property conveying the Property to Borrower, with vesting in the actual name of Borrower with a certification from Borrower that such Property's deed has been recorded or presented to and accepted for recording by the applicable Qualified Title Insurance Company issuing the related Title Insurance Owner's Policy or binding commitment referred to in **Section 3.2.3**, with all fees, premiums and deed stamps and other transfer taxes paid.

3.2.5 Mortgage File Required Documents. The Property File for the Property includes (a) either (i) certified or file stamped (in each case by the applicable land registry) original executed Mortgage Documents or (ii) a copy of the Mortgage Documents in recordable form that have been submitted by the title insurance company for recording in the jurisdiction in which such Property is located (with Lender and Borrower acknowledging that the Mortgage Documents delivered on the Closing Date consist solely of Mortgages (which include Assignments of Leases and Rents and Fixture Filings as a part thereof), and that no separate Assignments of Leases and Rents or Fixture Filings are included as part of the Mortgage Documents delivered at the Closing Date), (b) an opinion of counsel admitted to practice in the state in which such Property is located in form and substance reasonably satisfactory to Lender in respect of the enforceability of such Mortgage Documents and an opinion of counsel in form and substance reasonably satisfactory to Lender stating that the Mortgage Documents were duly authorized, executed and delivered by Borrower and that the execution and delivery of such Mortgage Loan Documents and the performance by Borrower of its obligations thereunder will not cause a breach of, or a default under, any agreement, document or instrument to which Borrower is a party or to which it or such Property is bound, (c) either (x) a Title Insurance Policy insuring the Lien of the Mortgage encumbering such Property, or (y) a marked or initialed binding commitment that is effective as a Title Insurance Policy in respect of such Property, in each case, issued by a Qualified Title Insurance Company with no title exceptions other than Permitted Liens, which commitment shall be accompanied by such other affidavits, transfer declarations and other documents specified in such commitment as necessary for the issuance of such Title Insurance Policy, and (d) evidence that all taxes, fees and other charges payable in connection therewith have been paid in full.

3.2.6 Property File. The Property File for such Property has been delivered to Lender and there is no Deficiency with respect to such Property File.

3.2.7 Property Taxes, Other Charges and HOA Fees. There are no delinquent Property Taxes, Other Charges or HOA Fees outstanding with respect to the Property, other than Property Taxes, Other Charges or HOA Fees that may exist in accordance with **Section 4.4.8**. As of the Closing Date, there are no pending or, to Borrower's or Manager's knowledge, proposed, special or other assessments for HOA improvements affecting the Property that would reasonably be expected to have an Individual Material Adverse Effect with respect to the Property.

3.2.8 Compliance with Renovation Standards. If the Property is a Vacant Property, it was previously subject to an Eligible Lease. Except for the Designated Renovation Properties, if the Property is then subject to an Eligible Lease, or if the Property is a Vacant Property previously subject to an Eligible Lease, at the commencement of such Eligible Lease, such Property satisfied the Renovation Standards and all renovations thereto were conducted in accordance with applicable Legal Requirements, in all material respects.

3.2.9 Physical Condition. The Property is subject to an Eligible Lease or is a Vacant Property previously subject to an Eligible Lease, and at the commencement of such Eligible Lease, such Property was (and to Borrower's knowledge continues to be) in a good, safe and habitable condition and repair, and free of and clear of any damage or waste that has an Individual Material Adverse Effect on the Property.

3.2.10 Brokers. There is no commission or other compensation payable to any broker or finder in connection with the purchase of the Property by Borrower or its Affiliate that has not been paid or is being contested in good faith by Borrower.

3.2.11 Leasing. As of the Cut Off Date, unless such Property is a Vacant Property, or, in case of any Substitute Property, as of the date such Property becomes a Substitute Property, the Property was leased by Borrower pursuant to an Eligible Lease and each such lease was in full force and effect and was not in default in any material respect. No Person (other than the Borrower) has any possessory interest in the Property or right to occupy the same except any Tenant under and pursuant to the provisions of the applicable Lease and any Person claiming rights through any such Tenant. The copy of such Eligible Lease in the Property File is true and complete in all material respects and there are no material oral agreements with respect thereto. No Rent (or security deposits) has been paid more than one (1) month in advance of its due date. As of the date hereof, any payments, free rent, partial rent, rebate of rent or other payments, credits, allowances or abatements required to be given by Borrower to the relevant Tenant has already been provided to such Tenant. The leasing of the Property has complied in all material respects with Borrower's internal leasing guidelines.

3.2.12 Insurance. The Property is covered by property, casualty, liability, business interruption, windstorm, flood, earthquake and other applicable insurance policies as and to the extent, and in compliance with the applicable requirements of **Section 5.1.1** and Neither Borrower or Manager has taken (or omitted to take) any action that would impair or invalidate the coverage provided by any such policies. As of the date hereof, no claims have been made that are currently pending, outstanding or otherwise remain unsatisfied under any such policies and would reasonably be expected to have an Individual Material Adverse Effect with respect to the Property.

3.2.13 Lawsuits, Etc. As of the date hereof, there are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other entity pending or to the actual knowledge of Borrower or Manager, threatened against or affecting the Property, which actions, suits or proceedings would reasonably be expected to have an Individual Material Adverse Effect on such Property.

3.2.14 Orders, Injunctions, Etc. There are no orders, injunctions, decrees or judgments outstanding with respect to the Property that would reasonably be expected to have an Individual Material Adverse Effect on such Property.

3.2.15 Agreements Relating to the Property. Borrower is not a party to any agreement or instrument or subject to any restriction of record which would reasonably be expected to have an Individual Material Adverse Effect on such Property. Borrower has not received notice of a default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which the Property is bound. Borrower does not have a material financial obligation under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument by which the Property is bound, other than obligations under the Loan Documents. Borrower is not in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Permitted Lien with respect to the Property. Neither the Property nor any part thereof are subject to any purchase options, rights of first refusal, rights of first offer or other similar rights in favor of any Tenant or other third parties.

3.2.16 Accuracy of Information Regarding Property. The Property is not a housing cooperative or manufactured housing. All material information with respect to the Property included in the Property File and the Properties Schedule is true, complete and accurate in all material respects. If the Property is located in Nevada, (a) the HOA (if any) affecting such Property is accurately identified on **Schedule XIV** and (b) the notice address of each such HOA (if any) included in **Schedule XIV** hereof (as may be updated by Borrower from time to time by written notice to Lender) is true, complete, and accurate in all respects.

3.2.17 Compliance with Legal Requirements. The Property (including the leasing and intended use thereof) complies with all applicable Legal Requirements, including, without limitation, building and zoning ordinances and codes and all certifications, permits, licenses and approvals, including without limitation, certificates of completion and occupancy permits, required for the legal leasing, use, occupancy, habitability and operation of such Property, except as would not reasonably be expected to have an Individual Material Adverse Effect with respect to the Property. There is no consent, approval, permit, license, order or authorization of, and no filing with or notice to, any court or Governmental Authority related to the operation, use or leasing of the Property that has not been obtained, except as would not reasonably be expected to have an Individual Material Adverse Effect with respect to the Property. There has not been committed by Borrower or by any other Person in occupancy of or involved with the operation, use or leasing of the Property any act or omission affording any Governmental Authority the right of forfeiture as against the Property or any part thereof.

3.2.18 Environmental Laws. The Property is in material compliance with all Environmental Laws. No Loan Party nor any Affiliate of any Loan Party has caused or has knowledge of any discharge, spill, uncontrolled loss or seepage of any Hazardous Substance onto any property comprising or adjoining any location of the Property, and no Loan Party nor any Affiliate of any Loan Party nor, to the actual knowledge of Borrower or Manager, any tenant or occupant of all or part of the Property, is now or has been involved in operations at any Property which would reasonably be expected to lead to environmental liability for any Loan Party or any Affiliate of a Loan Party or the imposition of a Lien (other than a Permitted Lien) on the Property under any Environmental Law. There is no condition presently existing and no event has occurred or failed to occur prior to the date hereof, concerning the Property relating to any Hazardous Substance or other hazardous or toxic materials or condition, asbestos, mold or other environmental or similar matters which would reasonably be expected to have an Individual Material Adverse Effect on the Property.

3.2.19 Utilities and Public Access. The Property has rights of access to public ways and is served by water, sewer or septic system, and storm drain facilities adequate to service the Property for its intended uses and all public utilities necessary or convenient to the full use and enjoyment of the Property are located either in the public right-of-way abutting the Property (which are connected so as to serve the Property without passing over other property) or in recorded easements serving the Property and such easements are set forth in and insured by the applicable Title Insurance Owner's Policy and Title Insurance Policy and all roads necessary for the use of the Property for its intended purposes have been completed, except as would not reasonably be expected to have an Individual Material Adverse Effect with respect to the Property.

3.2.20 Eminent Domain. As of the date hereof, there is no proceeding pending or, to Borrower's or Manager's knowledge, threatened, for the total or partial condemnation or taking of the Property by eminent domain or for the relocation of roadways resulting in a failure of access to the Property on public roads.

3.2.21 Flood Zone. The Property is not located in an area identified by the Federal Emergency Management Agency as a special flood hazard area, or, if so located the flood insurance required pursuant to **Section 5.1.1(a)** is in full force and effect with respect to the Property.

3.2.22 Specified Liens. The Property will not be subject to any Specified Lien at any time on or after the first anniversary of the Closing Date.

Section 3.3 Survival of Representations. The representations and warranties set forth in this **Article III** and elsewhere in this Agreement and the other Loan Documents shall (a) survive until the Debt has been paid in full and (b) be deemed to have been relied upon by Lender notwithstanding any investigation heretofore or hereafter made by Lender or on its behalf.

ARTICLE 4

COVENANTS

Section 4.1 Affirmative Covenants. Borrower shall comply with the following covenants:

4.1.1 Compliance with Laws, Etc. Borrower shall and shall cause each other Loan Party to do or cause to be done all things necessary to preserve, renew and keep in full force and effect its rights, licenses and permits and to comply with all Legal Requirements applicable to it and the Properties (and the use thereof), including, without limitation, building and zoning ordinances and codes and certificates of occupancy, except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect. Any Loan Party, at such Loan Party's expense, may contest by appropriate legal proceeding promptly initiated and conducted in good faith and with due diligence, the validity of any Legal Requirement, the applicability of any Legal Requirement to a Loan Party or any Property or any alleged violation of any Legal Requirement; *provided* that (a) such proceeding shall be permitted under and be conducted in accordance with the provisions of any instrument to which a Loan Party is subject and shall not constitute a default thereunder and such proceeding shall be conducted in accordance with all applicable Legal Requirements; (b) no Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost; and (c) the Loan Party shall promptly upon final determination thereof comply with any such Legal Requirement determined to be valid or applicable or cure any violation of any Legal Requirement, except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect.

4.1.2 Preservation of Existence. Borrower shall and shall cause each other Loan Party and each SPC Party to (a) observe all procedures required by its Constituent Documents and preserve and maintain its corporate existence, rights, franchises and privileges in the jurisdiction of its organization, and (b) qualify and remain qualified in good standing (where relevant) as a foreign limited liability company or limited partnership, as applicable, in each other jurisdiction where the nature of its business requires such qualification and to the extent such concept exists in such jurisdiction and where, in the case of *clause (b)*, except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect.

4.1.3 Non-Property Taxes. Borrower shall and shall cause each other Loan Party and each SPC Party to file, cause to be filed or obtain an extension of the time to file, all Tax returns for Non-Property Taxes and reports required by law to be filed by it and to promptly pay or cause to be paid all Non-Property Taxes now or hereafter levied, assessed or imposed on it as the same become due and payable; *provided* that, after prior notice to Lender, such Loan Party or such SPC Party may contest by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity of any such Non-Property Taxes and, in such event, may permit the Non-Property Taxes so contested to remain unpaid during any period, including appeals, when a Loan Party or SPC Party is in good faith contesting the same so long as (a) no Event of Default has occurred and remains uncured, (b) such proceeding shall be permitted under and be conducted in accordance with all applicable Legal Requirements, (c) no Property or other Collateral nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, canceled or lost, (d) the applicable Loan Party or SPC Party has set aside on its books adequate reserves in accordance with GAAP, and the non-payment or non-discharge of such Non-Property Taxes would not reasonably be expected to have a Material Adverse Effect, (e) enforcement of the contested Non-Property Taxes is effectively stayed for the entire duration of such contest and no Lien is imposed on any Property or other Collateral, (f) any Non-Property Taxes determined to be due, together with any interest or penalties thereon, is promptly paid as

required after final resolution of such contest, (g) to the extent such Non-Property Taxes (when aggregated with all other Taxes that any Loan Party or SPC Party is then contesting under this **Section 4.1.3** or **Section 4.4.8** and for which Borrower has not delivered to Lender any Contest Security) exceed One Million and No/100 Dollars (\$1,000,000), Borrower shall deliver to Lender either (i) cash, or other security as may be approved by Lender, in an amount sufficient to insure the payment of any such Non-Property Taxes, together with all interest and penalties thereon or (ii) a payment and performance bond in an amount equal to one hundred percent (100%) of the contested amount from a surety acceptable to Lender in its reasonable discretion, (h) failure to pay such Non-Property Taxes will not subject Lender to any civil or criminal liability, (i) such contest shall not affect the ownership, use or occupancy of any Property or other Collateral, and (j) Borrower shall, upon request by Lender, give Lender prompt notice of the status of such proceedings and/or confirmation of the continuing satisfaction of the conditions set forth in clauses (a) through (i) of this **Section 4.1.3**. Notwithstanding the foregoing, Borrower shall and shall cause each other Loan Party and each SPC Party to pay any contested Non-Property Taxes (or, if cash or other security has been provided, Lender may pay over any such cash or other security held by Lender to the claimant entitled thereto) if, in Lender's reasonable judgment, any Property or other Collateral (or any part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, cancelled or lost or there shall be any danger of the Lien of any Collateral Document being primed by any related Lien.

4.1.4 Access to Properties. Subject to the rights of Tenants, Borrower shall permit agents, representatives and employees of Lender to inspect the Properties or any part thereof at reasonable hours upon reasonable advance notice.

4.1.5 Perform Loan Documents. Borrower shall and shall cause each other Loan Party to, in a timely manner, observe, perform and satisfy all the terms, provisions, covenants and conditions of the Loan Documents executed and delivered by, or applicable to, the Loan Party, and shall pay when due all costs, fees and expenses of Lender, to the extent required under the Loan Documents executed and delivered by, or applicable to, the Loan Party.

4.1.6 Awards and Insurance Benefits. Borrower shall cooperate with Lender, in accordance with the relevant provisions of this Agreement, to enable Lender to receive the benefits of any Awards or Insurance Proceeds lawfully or equitably payable in connection with any Property, and Lender shall be reimbursed for any expenses incurred in connection therewith (including reasonable attorneys' fees and disbursements, and the payment by the Loan Parties of the reasonable expense of an appraisal on behalf of Lender in case of Casualty or Condemnation affecting any Property or any part thereof) out of such Insurance Proceeds.

4.1.7 Security Interest; Further Assurances. Borrower shall and shall cause each other Loan Party to take all necessary action to establish and maintain, in favor of Lender a valid and perfected first priority security interest in all Collateral to the full extent contemplated herein, free and clear of any Liens (including the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Lender's security interest in the Collateral). Borrower shall and shall cause each other Loan Party to, at the Loan Party's sole cost and expense execute any and all further documents, financing statements, agreements, affirmations, waivers and instruments, and take all such further actions (including the filing and recording of financing statements) that may be required under any applicable Legal Requirement, or that Lender deems necessary or advisable, in order to grant, preserve, protect and perfect the validity and priority of the security

interests created or intended to be created hereby or by the Collateral Documents or the enforceability of any guaranty or other Loan Document. Such financing statements may describe as the collateral covered thereby “all assets of the debtor, whether now owned or hereafter acquired” or words to that effect.

4.1.8 Keeping of Records and Books of Account. Borrower shall and shall cause each other Loan Party to maintain and implement administrative and operating procedures (including an ability to recreate records regarding the Properties in the event of the destruction of the originals thereof) and keep and maintain on a calendar year basis, in accordance with the requirements for a Special Purpose Bankruptcy Remote Entity set forth herein, as applicable, GAAP, and, to the extent required under **Section 9.1**, the requirements of Regulation AB, proper and accurate documents, books, records and other information reasonably necessary for the collection of all Rents and other Collections and payments of its obligations. Such books and records shall include, without limitation, records adequate to permit the identification of each Property and all items of income and expense in connection with the operation of each Property. Lender shall have the right from time to time (but, in any event, not more than twice in any calendar year (unless an Event of Default shall have occurred and be continuing, in which case no such restriction shall apply)) during normal business hours upon reasonable notice (which may be given verbally) to Borrower to examine such books, records, accounts, agreements, leases, instruments and other documents and the collection systems of the Loan Parties and Manager at the offices of the Loan Parties or any other Person maintaining such books, records and accounts and to make such copies or extracts thereof as Lender shall desire. Borrower shall pay any reasonable out-of-pocket costs and expenses incurred by Lender in any such examination.

4.1.9 Special Purpose Bankruptcy Remote Entity/Separateness.

(a) Borrower shall and shall cause each other Loan Party and each SPC Party to be and continue to be a Special Purpose Bankruptcy Remote Entity.

(b) Borrower shall and shall cause each other Loan Party to comply in all material respects with all of the stated facts and assumptions made with respect to the Loan Parties in each Insolvency Opinion. Each entity other than a Loan Party with respect to which an assumption is made or a fact stated in an Insolvency Opinion will comply in all material respects with all of the assumptions made and facts stated with respect to it in such Insolvency Opinion.

4.1.10 Location of Records. Borrower shall and shall cause each other Loan Party to keep its chief place of business and chief executive office and the offices where it keeps the Records at the address(es) referred to on **Schedule VII** or upon thirty (30) days’ prior written notice to Lender, at any other location in the United States where all actions reasonably requested by Lender to protect and perfect the interests of Lender in the Collateral have been taken and completed.

4.1.11 Business and Operations. Borrower shall and shall cause each other Loan Party to, directly or through the Manager or subcontractors of the Manager (subject to **Section 4.2.1**), continue to engage in the businesses presently conducted by it as and to the extent the same are necessary for the ownership, maintenance, sale, management, leasing and operation of the Properties. Borrower shall and shall cause each other Loan Party to qualify to do business and will remain in good standing under the laws of each jurisdiction as and to the extent the same are

required for the ownership, maintenance, management and operation of the Properties, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect. Borrower or a Borrower TRS, as applicable, shall, at all times during the term of the Loan, continue to own or lease all equipment, fixtures and personal property which are necessary to operate the Properties.

4.1.12 Leasing Matters. Borrower shall (i) observe and perform the obligations imposed upon the lessor under the Leases for its Properties in a commercially reasonable manner; and (ii) enforce the terms, covenants and conditions contained in such Leases upon the part of the Tenant thereunder to be observed or performed in a commercially reasonable manner except in each case to the extent that the failure to do so would not reasonably be expected to have an Individual Material Adverse Effect with respect to a Property. No Rent may be collected under any Lease for the Properties more than one (1) month in advance of its due date.

4.1.13 Property Management.

(a) Borrower shall (i) cause Manager to manage the Properties in accordance with the Management Agreement, (ii) diligently perform and observe all of the terms, covenants and conditions of the Management Agreement on the part of Borrower to be performed and observed, (iii) promptly notify Lender of any default under the Management Agreement of which it is aware, (iv) promptly deliver to Lender a copy of each financial statement, business plan, capital expenditures plan, report and estimate received by it under the Management Agreement, and (v) promptly enforce the performance and observance of all of the covenants required to be performed and observed by Manager under the Management Agreement in a commercially reasonable manner. If Borrower shall default in the performance or observance of any material term, covenant or condition of the Management Agreement on the part of Borrower to be performed or observed, then, without limiting Lender's other rights or remedies under this Agreement or the other Loan Documents, and without waiving or releasing Borrower from any of its Obligations hereunder or under the Management Agreement, Lender shall have the right, but shall be under no obligation, to pay any sums and to perform any act as may be appropriate to cause all the material terms, covenants and conditions of the Management Agreement on the part of Borrower to be performed or observed. In no event shall the fee payable to Manager for any Interest Period exceed the Management Fee Cap for such Interest Period and in no event shall Borrower pay or become obligated to pay to Manager, any transition or termination costs or expenses, termination fees, or their equivalent in connection with the Transfer of a Property or the termination of the Management Agreement.

(b) If any one or more of the following events occurs: (i) the occurrence of an Event of Default, (ii) Manager shall be in material default under the Management Agreement beyond any applicable notice and cure period (including as a result of any gross negligence, fraud, willful misconduct or misappropriation of funds), or (iii) Manager shall become insolvent or a debtor in any bankruptcy or insolvency proceeding, then Lender shall have the right to require Borrower to replace the Manager and enter into a Replacement Management Agreement with (x) a Qualified Manager selected by Borrower that is not an Affiliate of Borrower or (y) another property manager chosen by Borrower and approved by Lender; *provided*, that such approval shall be conditioned upon Borrower delivering a Rating Agency Confirmation as to such property manager. If Borrower fails to select a new Qualified Manager or a replacement Manager that satisfies the conditions described in the foregoing *clause (y)* and enter into a Replacement Management Agreement with such Person within sixty (60) days of Lender's

demand to replace the Manager, then Lender may choose the replacement property manager provided that such replacement property manager is a Qualified Manager or satisfies the conditions set forth in the foregoing *clause (y)* .

4.1.14 Property Files. Borrower will deliver to Lender all Property Files in an electronic format reasonably agreed by Lender and Borrower.

4.1.15 Security Deposits.

(a) All security deposits of Tenants, whether held in cash or any other form, shall be deposited into one or more Eligible Accounts (each, a “*Security Deposit Account*”) established and maintained by Borrower at a local bank which shall be an Eligible Institution, held in compliance with all Legal Requirements, and identified on *Schedule XIII* , as such schedule may be updated from time to time by delivery of written notice by the Borrower to Lender, and shall not be commingled with any other funds of Borrower. On or before the Closing Date, Borrower shall cause all security deposits of Tenants received by Borrower or Manager on or before the Closing Date to be deposited into a Security Deposit Account. Borrower shall cause all security deposits of Tenants received by Borrower or Manager after the Closing Date to be deposited into a Security Deposit Account, the Collection Account or a Rent Deposit Account within three (3) Business Days of receipt; *provided* that if Borrower receives a check or other payment that combines a security deposit of a Tenant together with Rent or other amounts owing by a Tenant, then Borrower shall deposit the combined payment into the Rent Deposit Account or Cash Management Account. Borrower shall maintain complete and accurate records of all transactions pertaining to security deposits of Tenants and the Security Deposit Accounts, with sufficient detail to identify all security deposits of Tenants separate and apart from other payments received from or by Tenants. Borrower shall, no less frequently than once each month, transfer into a Security Deposit Account any security deposits of Tenants previously received and deposited into the Collection Account or a Rent Deposit Account. The security deposits of Tenants shall be disbursed by Borrower in accordance with the terms of the applicable Leases and all Legal Requirements. In the event the Tenant under any Lease defaults such that the applicable security deposit may be drawn upon on account of such default, the proceeds of such draw shall constitute Collections and Borrower shall immediately deposit the proceeds thereof into a Rent Deposit Account or the Collection Account. Borrower shall pay for all expenses of opening and maintaining the Security Deposit Accounts. So long as the Debt is outstanding, except as otherwise provided in this *Section 4.1.15(a)* , Borrower shall not (and shall not permit Manager or any other Person to) open any other accounts for the deposit of security deposits of Tenants other than the Security Deposit Accounts.

(b) Any bond or other instrument which Borrower is permitted to hold in lieu of cash security deposits under any applicable Legal Requirements (i) shall be maintained in full force and effect in the full amount of such deposits unless replaced by cash deposits as herein above described, (ii) shall be issued by an institution reasonably satisfactory to Lender, (iii) shall, if permitted pursuant to any Legal Requirements, name Lender as payee or mortgagee thereunder (or at Lender’s option, be fully assignable to Lender), and (iv) shall in all respects comply with any applicable Legal Requirements and otherwise be satisfactory to Lender. Borrower shall, upon request, provide Lender with evidence reasonably satisfactory to Lender of Borrower’s compliance with the foregoing.

(c) (i) Upon Lender's written request following the occurrence and during the continuance of an Event of Default, Borrower shall deliver (or cause to be delivered) to Lender (or Servicer) or to one or more accounts designated by Lender (or Servicer) the security deposits of Tenants, and (ii) upon a foreclosure of any Property or action in lieu thereof, Borrower shall deliver to Lender (or Servicer) or to an account designated by Lender (or Servicer) the security deposit applicable to the Lease with respect to such Property, except, in each case, to the extent any such security deposits were previously deposited into a Rent Deposit Account or the Collection Account in accordance with **Section 4.1.15(a)** following a default by the Tenant under the applicable Lease. Any security deposits delivered to Lender (or Servicer) pursuant to this **Section 4.1.15(c)** will be held by Lender (or Servicer) for the benefit of the applicable Tenants in accordance with the terms of the Leases and applicable law.

4.1.16 Anti-Money Laundering. Borrower shall comply and shall cause each other Loan Party to comply in all material respects with all applicable Anti-Money Laundering Laws. Without limiting the generality of the foregoing, to the extent required by the Anti-Money Laundering Laws, Borrower shall (a) maintain an anti-money laundering compliance program that is in compliance, in all material respects, with the Anti-Money Laundering Laws, (b) conduct, in all material respects, the due diligence required under the Anti-Money Laundering Laws in connection with the Leases and Tenants, including with respect to the legitimacy of the applicable Tenant and the origin of the assets used by said Tenant to lease the applicable Property and (c) maintain sufficient information to identify the applicable Tenant for purposes of compliance, in all material respects, with the Anti-Money Laundering Laws. Borrower shall provide notice to Lender, within five (5) Business Days of receipt, of any written notice of any Anti-Money Laundering Law violation or action involving a Loan Party.

4.1.17 Embargoed Persons. Prior to entering into a Lease with a prospective Tenant (excluding any existing Tenant of a Property that was previously screened in accordance with this **Section 4.1.17**), Borrower shall confirm that such prospective Tenant is not a Person whose name appears on a Government List. Borrower shall not knowingly enter into a Lease with a Person whose name appears on a Government List unless Borrower determines that such Person is not the terrorist, narcotics trafficker or other Person who is identified on such Government List but merely has the same name as such Person. If notwithstanding such confirmation, a Responsible Officer of a Loan Party or Manager obtains knowledge that a Tenant is a Person whose name appears on a Government List, it shall promptly provide notice of such fact to Lender within five (5) Business Days of acquiring knowledge thereof.

4.1.18 Cooperate in Legal Proceedings. Borrower shall cooperate fully with Lender with respect to any proceedings before any court, board or other Governmental Authority which may in any way affect the rights of Lender hereunder or any rights obtained by Lender under any of the other Loan Documents and, in connection therewith, permit Lender, at its election, to participate in any such proceedings.

4.1.19 Further Assurances. Borrower shall and shall cause each other Loan Party to, at Borrower's sole cost and expense:

(a) furnish to Lender all instruments, documents, certificates, title and other insurance reports and agreements, and each and every other document, certificate, agreement and instrument required to be furnished by Borrower pursuant to the terms of the Loan Documents or which are reasonably requested by Lender in connection therewith.

(b) cure any defects in the execution and delivery of the Loan Documents and execute and deliver, or cause to be executed and delivered, to Lender such documents, instruments, certificates, assignments and other writings, and do such other acts necessary or desirable, to correct any omissions in the Loan Documents, to evidence, preserve and/or protect the Collateral at any time securing or intended to secure the Obligations, as Lender may reasonably require; and

(c) do and execute all and such further lawful and reasonable acts, conveyances and assurances for the better and more effective carrying out of the intents and purposes of this Agreement and the other Loan Documents, as Lender may reasonably require from time to time.

4.1.20 Costs and Expenses.

(a) Except as otherwise expressly set forth herein or in any of the other Loan Documents, Borrower shall pay or, if Borrower fails to pay, reimburse Lender upon receipt of notice from Lender, for all costs and expenses (including reasonable attorneys' fees and disbursements) incurred by Lender in connection with (i) the Relevant Parties' ongoing performance of and compliance with Borrower's agreements and covenants contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date, including confirming compliance with environmental and insurance requirements (except to the extent expressly set forth in **Section 10.20**); (ii) Lender's ongoing performance of and compliance with all agreements and covenants contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date (except to the extent expressly set forth in **Section 10.20**); (iii) the negotiation, preparation, execution and delivery of any consents, amendments, waivers or other modifications to this Agreement and the other Loan Documents and any other documents or matters requested by any Relevant Party; (iv) filing and recording of any Loan Documents; (v) title insurance, surveys, inspections, Broker Price Opinions and broker opinions of market rent; (vi) the creation, perfection or protection of Lender's Liens in the Collateral (including fees and expenses for title and lien searches, intangibles taxes, personal property taxes, mortgage recording taxes, due diligence expenses, travel expenses, accounting firm fees, environmental reports and Lender's diligence consultant); (vii) enforcing or preserving any rights in response to third party claims or the prosecuting or defending of any action or proceeding or other litigation, in each case against, under or affecting any Relevant Party, the Loan Documents, any Property, or any other security given for the Loan; (viii) fees charged by Servicer (except to the extent expressly set forth in **Section 10.20**) and, if a Securitization has occurred, the Rating Agencies in connection with the Loan or any modification thereof; and (ix) enforcing any Obligations of or collecting any payments due from any Relevant Party under this Agreement, the other Loan Documents or with respect to any Property or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "work-out" or of any insolvency or bankruptcy proceedings; *provided*, *however*, that Borrower shall not be liable for the payment of any such costs and expenses to the extent the same arise by reason of the active gross negligence, illegal acts, fraud or willful misconduct of Lender; provided, further, that this **Section 4.1.20** shall not apply with respect to Taxes other than any Taxes that represent losses or damages arising from any non-Tax claim.

(b) In addition, in connection with any Rating Agency Confirmation, Review Waiver or other Rating Agency consent, approval or review requested or required hereunder

(other than the initial review of the Loan by the Rating Agencies in connection with a Securitization), Borrower shall pay all of the costs and expenses of Lender, Servicer and each Rating Agency in connection therewith, and, if applicable, shall pay any fees imposed by any Rating Agency in connection therewith.

(c) Any costs and expenses due and payable by Borrower hereunder which are not paid by Borrower within ten (10) days after demand may be paid from any amounts in the Collection Account, with notice thereof to Borrower. The obligations and liabilities of Borrower under this **Section 4.1.20** shall (i) become part of the Obligations, (ii) be secured by the Loan Documents and (iii) survive the Term and the exercise by Lender of any of its rights or remedies under the Loan Documents.

4.1.21 Indemnity. Borrower shall indemnify, defend and hold harmless Lender from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the reasonable fees and disbursements of counsel for Lender in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not Lender shall be designated a party thereto), that may be imposed on, incurred by, or asserted against Lender in any manner relating to or arising out of (a) any breach by any Relevant Party of its Obligations under, or any material misrepresentation by Borrower contained in, this Agreement or the other Loan Documents; and (b) the use or intended use of the proceeds of the Loan (collectively, the “**Indemnified Liabilities**”); *provided, however*, that Borrower shall not have any obligation to Lender hereunder to the extent that such Indemnified Liabilities arise from the gross negligence, illegal acts, fraud or willful misconduct of Lender. To the extent that the undertaking to indemnify, defend and hold harmless set forth in the preceding sentence may be unenforceable because it violates any law or public policy, Borrower shall pay the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by Lender.

4.1.22 ERISA Matters. Each Loan Party shall and shall cause each of its ERISA Affiliates to establish, maintain and operate all Plans to comply in all material respects with the provisions of ERISA, the Code and all applicable laws, the regulations and interpretation thereunder and the respective requirements of the governing documents for such Plans. Each Loan Party shall and shall cause each of its ERISA Affiliates to establish, maintain and operate all Foreign Plans to comply in all material respects with all laws, regulations and rules applicable thereto and the respective requirements of the governing documents for such plans.

4.1.23 Formation of a Borrower TRS. If Borrower organizes a Borrower TRS then the following covenants shall be applicable:

(a) Borrower shall cause such Borrower TRS to execute and deliver to Lender promptly after the formation of such Borrower TRS and, in any event, prior to contributing any Properties or other Collateral to such Borrower TRS: (i) a guaranty substantially in the form of the Equity Owner Guaranty, guaranteeing the Obligations; (ii) a security agreement, substantially in the form of the Borrower Security Agreement, pursuant to which all personal property assets of such Borrower TRS are pledged by such Borrower TRS as security for the Obligations and (iii) such other agreements, instruments, approvals, legal opinions or other documents as are reasonably requested by Lender in order to create, perfect or establish the first priority (subject to Permitted Liens) of any Lien purported to be covered by any such Collateral Documents or

otherwise to effect the intent that all property and assets of such Borrower TRS shall become Collateral for the Obligations; *provided*, that for the avoidance of doubt, the Lien of the Mortgage encumbering any Property contributed to the Borrower TRS shall not be released at such time and no new Mortgage shall be executed with respect to or recorded against any Property contributed to such Borrower TRS by Borrower;

(b) Borrower shall deliver promptly after the formation of such Borrower TRS and, in any event, prior to contributing any Properties or other Collateral to such Borrower TRS: (i) an updated Exhibit D to the Borrower Security Agreement reflecting the pledge of Borrower's capital stock in such Borrower TRS as Collateral for the Obligations, (ii) a certificate evidencing all of the capital stock of such Borrower TRS; (iii) undated stock powers or other appropriate instruments of assignment executed in blank with signature guaranteed and (iv) such other agreements, instruments, approvals, legal opinions or other documents as are reasonably requested by Lender in order to create, perfect or establish the first priority of (subject to Permitted Liens) Lender's Lien in such capital stock or otherwise to effect the intent that such capital stock shall become Collateral for the Obligations; and

(c) Prior to contributing a Property to such Borrower TRS, Borrower shall cause such Borrower TRS to execute and deliver to Lender an assumption of the Mortgage related to such Property, in form and substance reasonably acceptable to Lender and Borrower.

4.1.24 Loan Proceeds. Borrower shall use the proceeds of the Loan received by it on the Closing Date only for the purposes set forth in **Section 2.1.5**.

Section 4.2 Negative Covenants. Borrower shall comply with the following covenants:

4.2.1 Prohibition Against Termination or Modification. Borrower shall not (a) surrender, terminate, cancel, modify, renew or extend the Management Agreement, *provided*, that Borrower may, without Lender's consent, replace Manager so long as the replacement manager is a Qualified Manager pursuant to a Replacement Management Agreement, (b) enter into any other agreement relating to the management or operation of a Property with Manager or any other Person, *provided*, that Borrower may permit Manager to enter into sub-management agreements with third-party service providers to perform all or any portion of the services by Manager so long as (x) the fees and charges payable under any such sub-management agreements shall be the sole responsibility of Manager, (y) Borrower shall have no liabilities or obligations under any such sub-management agreements, and (z) any such sub-management agreements will be terminable without penalty upon the termination of the Management Agreement, (c) consent to the assignment by the Manager of its interest under the Management Agreement, or (d) waive or release any of its rights and remedies under the Management Agreement, in each case without the express consent of Lender, which consent shall not be unreasonably withheld. If at any time Lender consents to the appointment of a new property manager or a Qualified Manager is appointed, such new property manager (including a Qualified Manager) shall execute a Replacement Management Agreement.

4.2.2 Liens Against Collateral. Borrower shall not and shall cause each other Loan Party not to create or suffer to exist any Liens upon or with respect to, any Collateral except for Liens permitted under the Loan Documents (including, without limitation, Permitted Liens).

4.2.3 Transfers. Borrower acknowledges that Lender has examined and relied on the experience of Borrower and its Affiliates, and their principals in owning and operating properties such as the Properties in agreeing to make the Loan, and will continue to rely on Borrower's ownership of the Properties as a means of maintaining the value of the Properties in connection with the repayment of the Debt and the performance of the Other Obligations. Borrower acknowledges that Lender has a valid interest in maintaining the value of the Properties so as to ensure that, should Borrower default in the repayment of the Debt or the performance of the Other Obligations, Lender can recover the Debt by a sale of the Properties or Borrower's Equity Interests. Therefore, without the prior written consent of Lender, but, in each instance, subject to the provisions of **Article 7**, neither Borrower nor any Loan Party nor any other Person having a direct or indirect ownership or beneficial interest in Borrower or any Loan Party shall sell, convey, mortgage, grant, bargain, encumber, pledge, assign or transfer the Properties or Collateral or any part thereof, or any interest, direct or indirect, in Borrower or any Loan Party, whether voluntarily or involuntarily and whether directly or indirectly, by operation of law or otherwise (a "**Transfer**"). A Transfer within the meaning of this **Section 4.2.3** shall be deemed to include (a) an installment sales agreement wherein Borrower agrees to sell a Property or any part thereof for a price to be paid in installments; (b) an agreement by Borrower for the leasing of all or a substantial part of the Property for any purpose other than the actual occupancy by a space Tenant thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Borrower's right, title and interest in and to any Leases or any Rents; (c) if Borrower, any Guarantor or any general partner, managing member or controlling shareholder of Borrower or any Guarantor is a corporation, the voluntary or involuntary sale, conveyance or transfer of such corporation's stock (or the stock of any corporation directly or indirectly controlling such corporation by operation of law or otherwise) or the creation or issuance of new stock; (d) if Borrower, any Loan Party, any Guarantor or any general partner, managing member or controlling shareholder of Borrower, any Loan Party, or any Guarantor is a limited or general partnership, joint venture or limited liability company, the change, removal, resignation or addition of a general partner, managing partner, limited partner, joint venturer or member or the transfer of the partnership interest of any general partner, managing partner or limited partner or the transfer of the interest of any joint venturer or member; and (e) any pledge, hypothecation, assignment, transfer or other encumbrance of any direct or indirect ownership interest in Borrower or any Loan Party.

4.2.4 Change in Business. Borrower shall, and shall cause each Borrower TRS to, not enter into any line of business other than the acquisition, renovation, rehabilitation, ownership, management and operation of the Properties (and any businesses ancillary or related thereto, including the ownership of a Borrower TRS), or make any material change in the scope or nature of its business objectives, purposes or operations, or undertake or participate in activities other than the continuance of its present business. Except as provided in the Loan Documents, Borrower shall cause (a) Equity Owner to not engage in any activity other than acting as the limited partner of Borrower and the sole member of Borrower GP, (b) Borrower GP to not engage in any activity other than acting as the sole general partner of Borrower, (c) Equity Owner GP to not engage in any activity other than acting as the sole general partner of Equity Owner and (d) any Borrower TRS not to engage in any activity other than marketing and sale of Properties.

4.2.5 Changes to Accounts. Borrower shall not and shall cause each other Loan Party not to (a) open or permit to remain open any cash, securities or other account with any bank,

custodian or institution other than the Collection Account, the Accounts, the Security Deposit Accounts and Property Accounts that are subject to a Property Account Control Agreement, (b) change or permit to change any account number of the Collection Account, the Accounts or any Property Account, (c) open or permit to remain open any sub-account of the Collection Account (except any Account), the Accounts or any Property Account, (d) permit any funds of Persons other than Borrower or any Borrower TRS to be deposited or held in any of the Collection Account, the Accounts or the Property Accounts or (e) permit any Collections or other proceeds of any Properties to be deposited or held in Borrower's Operating Account other than cash that is distributed to Borrower pursuant to **Section 6.8.1(i)** .

4.2.6 Dissolution, Merger, Consolidation, Etc. Borrower shall not and shall cause each other Loan Party not to (a) engage in any dissolution, liquidation or consolidation or merger with or into any other business entity, (b) engage in any business activity other than the business activity of such Loan Party described on **Schedule IV** or otherwise herein, (c) transfer, lease or sell, in one transaction or any combination of transactions, the assets or all or substantially all of the properties or assets of any Loan Party except to the extent permitted by the Loan Documents, (d) modify, amend, waive or terminate its Constituent Documents or its qualification and good standing in any jurisdiction or (e) cause or permit any SPC Party to (i) dissolve, wind up or liquidate or take any action, or omit to take an action, as a result of which such SPC Party would be dissolved, wound up or liquidated in whole or in part, or (ii) amend, modify, waive or terminate the Constituent Documents of such SPC Party, in each case, without obtaining the prior written consent of Lender.

4.2.7 ERISA Matters. None of the Loan Parties or their ERISA Affiliates shall establish or be a party to any employee benefit plan within the meaning of Section 3(2) of ERISA that is a defined benefit pension plan that is subject to Part III of Subchapter D, Chapter 1, Subtitle A of the Code.

4.2.8 Indebtedness. Borrower shall not and shall cause any Borrower TRS not to create, incur, assume or suffer to exist any indebtedness other than (a) the Debt and (b) unsecured trade payables incurred in the ordinary course of business relating to the ownership and operation of the Properties, which in the case of such unsecured trade payables (i) are not evidenced by a note, (ii) do not exceed, at any time, a maximum aggregate amount of three percent (3%) of the original principal amount of the Loan and (iii) are paid within sixty (60) days of the date incurred (collectively, "**Permitted Indebtedness**"). Borrower shall cause each Guarantor and each other SPC Party not to create, incur, assume or suffer to exist any indebtedness other than indebtedness incurred under the Equity Owner Guaranty, the Borrower GP Guaranty, this Agreement and the other Loan Documents to which Guarantors are a party and unsecured trade payables incurred in the ordinary course of business related to the ownership of (x) with respect to Equity Owner, its limited partnership interest in Borrower and limited liability company interest in Borrower GP, (y) with respect to Borrower GP, its general partnership interest in Borrower and (z) with respect to Equity Owner GP, its general partnership interest in Equity Owner, in each case (A) do not exceed at any one time Ten Thousand and No/100 Dollars (\$10,000.00), and (B) are paid within sixty (60) days after the date incurred (collectively, the "**Guarantor's Permitted Indebtedness**"). Nothing contained herein shall be deemed to require Borrower, any Borrower TRS or any Guarantor to pay any unsecured trade payables so long as Borrower, such Borrower TRS or such Guarantor, as applicable, is in good faith at its own expense, and by proper legal proceedings, diligently contesting the validity,

amount or application thereof, provided that in each case, at the time of commencement of any such action or proceeding, and during the pendency of such action or proceeding (1) no Event of Default is continuing, (2) no Property nor any material part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost and (3) such contest operates to suspend collection or enforcement, as the case may be, of the contested amount.

4.2.9 Limitation on Transactions with Affiliates. Borrower shall not and shall cause each other Loan Party and each SPC Party not to enter into, or be a party to any transaction with any Affiliate of the Loan Parties, except for: (a) the Loan Documents; (b) capital contributions by (i) Sponsor to Equity Owner and Equity Owner GP or (ii) Equity Owner and Borrower GP to Borrower; (c) Restricted Junior Payments which are in compliance with **Section 4.2.12**; (d) the Management Agreement; (e) transactions with any Borrower TRS in accordance with the terms of this Agreement, including **Section 4.1.23**; and (f) to the extent not otherwise prohibited under this Agreement, other transactions upon fair and reasonable terms materially no less favorable to the Loan Parties than would be obtained in a comparable arm's-length transaction with a Person not an Affiliate.

4.2.10 Loan Documents. Borrower shall not and shall cause each other Loan Party not to terminate, amend or otherwise modify any Loan Document, or grant or consent to any such termination, amendment, waiver or consent, except in accordance with the terms thereof.

4.2.11 Limitation on Investments. Borrower shall not and shall cause each other Loan Party and each SPC Party not to make or suffer to exist any loans or advances to, or extend any credit to, purchase any property or asset or make any investment (by way of transfer of property, contributions to capital, purchase of stock or securities or evidences of indebtedness, acquisition of the business or assets, or otherwise) in, any Affiliate or any other Person except for acquisition of the Properties and related Collateral and Permitted Investments and for creation of a Borrower TRS and contributions of Properties to a Borrower TRS as permitted by **Section 4.1.23**.

4.2.12 Restricted Junior Payments. Borrower shall not and shall cause each other Loan Party and each SPC Party not to make any Restricted Junior Payment; *provided*, that the Loan Parties may make Restricted Junior Payments so long as (a) no Default or Event of Default shall then exist or would result therefrom, (b) such Restricted Junior Payments have been approved by all necessary action on the part of the Loan Parties or SPC Parties, as applicable, and in compliance with all applicable laws and (c) such Restricted Junior Payments are paid from Unrestricted Cash.

4.2.13 Limitation on Issuance of Equity Interests. Borrower shall not and shall cause each other Loan Party and each SPC Party not to issue or sell or enter into any agreement or arrangement for the issuance and sale of any Equity Interests.

4.2.14 Principal Place of Business. Borrower shall not and shall cause each other Loan Party and each SPC Party not to change its principal place of business from the address set forth on the first page of this Agreement without first giving Lender thirty (30) days prior written notice.

4.2.15 Change of Name, Identity or Structure. Borrower shall not and shall cause each other Loan Party and each SPC Party not to change its name, identity (including its trade name or names) or change its organizational structure without notifying Lender of such change in writing

at least thirty (30) days prior to the effective date of such change and without first obtaining the prior written consent of Lender, such consent not to be unreasonably withheld, conditioned or delayed. Borrower shall not and shall cause each other Loan Party and each SPC Party not to change its jurisdiction of organization. Prior to or contemporaneously with the effective date of any such change, Borrower shall deliver to Lender any financing statement or financing statement change required by Lender to establish or maintain the validity, perfection and priority of the security interest granted herein. At the request of Lender, Borrower shall and shall cause each other Loan Party and each SPC Party to execute a certificate in form satisfactory to Lender listing the trade names under which such Loan Party or SPC Party intends to operate its business, and representing and warranting that such Loan Party or SPC Party does business under no other trade name.

4.2.16 No Embargoed Persons. At all times throughout the term of the Loan, including after giving effect to any Transfers permitted pursuant to the Loan Documents, Borrower shall ensure that (a) none of the funds or other assets of any Loan Party or any SPC Party shall constitute property of, or shall be beneficially owned, directly or indirectly, by any Person subject to trade restrictions under United States law, including, but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder, with the result that the investment in Borrower or Guarantors, as applicable (whether directly or indirectly), would be prohibited by law (each, an “**Embargoed Person**”), or the Loan made by Lender would be in violation of law, (b) no Embargoed Person shall have any interest of any nature whatsoever in any Loan Party or SPC Party with the result that the investment in any Loan Party (whether directly or indirectly), would be prohibited by law or the Loan would be in violation of law, and (c) none of the funds of any Loan Party or SPC Party shall be derived from any unlawful activity with the result that the investment in such Loan Party or SPC Party (whether directly or indirectly), would be prohibited by law or the Loan would be in violation of law.

4.2.17 Zoning. Borrower shall not, and shall cause each Borrower TRS not to, (a) initiate or consent to any zoning reclassification of any portion of any Property or seek any variance under any existing zoning ordinance that would reasonably be expected to have an Individual Material Adverse Effect on such Property or (b) use or knowingly permit the use of any portion of any Property in any manner that results in any Property or the use thereof becoming non-conforming under any zoning ordinance or any other applicable land use law, rule or regulation, in each case, without the prior written consent of Lender, not to be unreasonably withheld, conditioned or delayed.

4.2.18 Special Purpose Bankruptcy Remote Entity. Borrower shall not and shall cause each other Loan Party and each SPC Party not to directly or indirectly make any change, amendment or modification to its Constituent Documents, or otherwise take any action, which will result in Borrower or any other Loan Party or SPC Party not being a Special Purpose Bankruptcy Remote Entity.

4.2.19 No Joint Assessment. Borrower shall not and shall cause any Borrower TRS not to suffer, permit or initiate the joint assessment of any Property (a) with any other real property constituting a tax lot separate from such Property, and (b) which constitutes real property with any portion of such Property which may be deemed to constitute personal property, or any other procedure whereby the lien of any taxes which may be levied against such personal property shall be assessed or levied or charged to such real property portion of such Property.

Section 4.3 Reporting Covenants. Borrower shall, unless Lender shall otherwise consent in writing, furnish or cause to be furnished to Lender the following reports, notices and other documents:

4.3.1 Financial Reporting. Borrower shall furnish the following financial reports to Lender:

(a) As soon as available and in any event within forty-five (45) days after the end of the first three calendar quarters of each year and within ninety (90) days after the end of the fourth calendar quarter of each year commencing with the first calendar quarter ending after the Closing Date, consolidated balance sheets, statements of operations and retained earnings, and statements of cash flows of Borrower, in each case, as at the end of such quarter and for the period commencing at the end of the immediately preceding calendar year and ending with the end of such quarter, setting forth in each case in comparative form the figures for the corresponding date or period of the immediately preceding calendar year (if any), all in reasonable detail and prepared in accordance with GAAP. Such financial statements shall contain such other information as shall be reasonably requested by Lender for purposes of calculations to be made by Lender pursuant to the terms hereof.

(b) As soon as available, and in any event (i) within ninety (90) days after the end of each calendar year, unaudited copies, and (ii) within 120 days following the end of each calendar year, audited copies, of a balance sheet, statements of operations and retained earnings, and statement of cash flows of Borrower, in each case, as at the end of such calendar year, setting forth in each case in comparative form the figures for the immediately preceding calendar year (if any), all in reasonable detail and prepared in accordance with GAAP and the inclusion of footnotes to the extent required by GAAP, such audited financial statements to be accompanied by a report and an unqualified opinion, prepared in accordance with generally accepted auditing standards, of an Independent Accountant selected by Borrower that is reasonably acceptable to Lender (which opinion on such consolidated information shall be without (1) any qualification as to the scope of such audit or (2) a “going concern” or like qualification (other than a going concern qualification that relates solely to the near term maturity of the Loans hereunder)), together with a written statement of such accountants (A) to the effect that, in making the examination necessary for their certification of such financial statements, they have not obtained any knowledge of the existence of an Event of Default or a Default and (B) if such accountants shall have obtained any knowledge of the existence of an Event of Default or such Default, describing the nature thereof.

(c) As soon as available, and in any event within forty-five (45) days after the end of each calendar month (i) an operating statement in respect of such calendar month and a calendar year-to-date operating statement for Borrower, (ii) a statement for each Property showing (A) rent roll in respect of such calendar month and calendar year-to-date, (B) expiration date of the related Lease, (C) vacancy status, (D) security deposits maintained, (E) Tenant payment status, (F) Capital Expenditures and repairs and (G) known violations of any Legal Requirements; *provided* that any of the foregoing items may be excluded from such statements if they are included in the Properties Schedule, (iii) an Officer’s Certificate certifying that such operating statement and Property statements are true, correct and complete in all material

respects as of their respective dates, and (iv) upon Lender's request, other information maintained by Borrower in the ordinary course of business that is reasonably necessary and sufficient to fairly represent the financial position, ongoing maintenance and results of operation of the Properties (on a combined basis) during such calendar month;

(d) Simultaneously with the delivery of the financial statements of Borrower required by **clauses (a) and (b)** above an Officer's Certificate certifying (i) that such statements fairly represent the financial condition and results of operations of Borrower as of the end of such quarter or calendar year (as applicable) and the results of operations and cash flows of Borrower for such quarter or calendar year (as applicable), in accordance with GAAP applied in a manner consistent with that of the most recent audited financial statements of Borrower furnished to Lender, subject to normal year-end adjustments and the absence of footnotes, (ii) stating that such Responsible Officer has reviewed the provisions of this Agreement and the other Loan Documents and has made or caused to be made under his or her supervision a review of the condition and operations of the Relevant Parties with a view to determining whether the Relevant Parties are in compliance with the provisions the Loan Documents to the extent applicable to them, and that such review has not disclosed, and such Responsible Officer has no knowledge of, the existence of an Event of Default or Default or, if an Event of Default or Default exists, describing the nature and period of existence thereof and the action which the Relevant Parties propose to take or have taken with respect thereto and (iii) that as of the date of each Officer's Certificate, no litigation exists involving Borrower or any Property or Properties in which the amount involved is Five Hundred Thousand and No/100 Dollars (\$500,000) (in the aggregate) or more or in which all or substantially all of the potential liability is not covered by insurance, or, if so, specifying such litigation and the actions being taking in relation thereto.

(e) Simultaneously with the delivery of the financial statements required by clauses (a) and (b) above, a reconciliation for the relevant period of net income to Underwritten Net Cash Flow;

(f) Simultaneously with the delivery of the financial statements required by clause (a) above, a duly completed Compliance Certificate, with appropriate insertions, containing the data and calculations set forth on **Exhibit C** ;

(g) Simultaneously with the delivery of the financial statements required by clause (a) above, a certificate executed by a Responsible Officer of Borrower certifying (i) the current Property Tax assessment amounts and Other Charges and HOA Fees payable in respect of each Property, (ii) the payment of all Property Taxes, Other Charges and HOA Fees prior to the date such Property Taxes, Other Charges or HOA Fees become delinquent, subject to any contest conducted in accordance with **Section 4.4.8** and (iii) if an Acceptable Blanket Policy is not in place with respect to all Properties, the monthly cost of the insurance required under in **Section 5.1.1** ;

(h) Simultaneously with the delivery of the financial statements required by clause (a) above, a report setting forth a quarterly summary of any and all Capital Expenditures made at each Property during the prior calendar quarter.

4.3.2 Reporting on Adverse Effects . Promptly and in no event more than two (2) Business Days after any Responsible Officer of any Loan Party obtains knowledge of any matter or the occurrence of any event concerning any Loan Party which would reasonably be expected to have a Material Adverse Effect, written notice thereof.

4.3.3 Litigation. Prompt written notice to Lender of any litigation or governmental proceedings pending or to the actual knowledge of a Responsible Officer of any Loan Party or Manager, threatened in writing against any Loan Party, any SPC Party or against Manager with respect to any Property, which would reasonably be expected to have a Material Adverse Effect or an Individual Material Adverse Effect with respect to any Property.

4.3.4 Event of Default. Promptly after any Responsible Officer of any Loan Party or Manager obtains knowledge of the occurrence of each Event of Default or Default (if such Default is continuing on the date of such notice), a statement of a Responsible Officer of Manager setting forth the details of such Event of Default or Default and the action which such Loan Party is taking or proposes to take with respect thereto.

4.3.5 Other Defaults. Promptly and in no event more than two (2) Business Days after any Responsible Officer of any Loan Party or Manager obtains actual knowledge of any default by any Loan Party or SPC Party under any agreement other than the Loan Documents to which such Loan Party or SPC Party is a party which would reasonably be expected to have a Material Adverse Effect, the statement of a Responsible Officer of Manager setting forth the details of such default and the action which such Loan Party or SPC Party is taking or proposes to take with respect thereto.

4.3.6 Properties Schedule. Borrower shall deliver to Lender no later than the tenth (10th) Business Day of each calendar month (a) an updated Properties Schedule containing each of the data fields set forth on **Schedule I.B.** (other than those under the caption “BPO Values”); *provided* that the information under the caption “Underwritten Net Cash Flow” need only be updated in the Properties Schedule that is delivered for the months of March, June, September and December of each year and (b) a calculation of the monthly turnover rate for the Properties for the prior calendar month, which shall be equal to the number of Properties that became vacant during such calendar month divided by the daily average number of Properties during such calendar month. The foregoing information shall be delivered together with a certificate of a Responsible Officer of Borrower certifying that it is true, correct and complete (i) with respect to the information in the Properties Schedule other than Underwritten Net Cash Flow data, as of the last day of the preceding calendar month, (ii) with respect to the Underwritten Net Cash Flow data in the Properties Schedule, for the calendar quarter ended on the last day of the preceding calendar month and (iii) with respect to the turnover rate of the Properties, for the prior calendar month. In addition, the Borrower shall deliver to Lender no later than sixty (60) days after the end of the first three calendar quarters and within ninety (90) days of the fourth calendar quarter of each year, (A) quarterly supplements to the Properties Schedule which includes the information set forth on **Schedule I.C.** (the “**Supplemental Quarterly Properties Information**”) and the information set forth on **Schedule I.D.** (the “**Quarterly Investor Rollup Report**”), (B) following a Sponsor Public Listing or a Sponsor Public Sale (notice of which shall be provided by Borrower to Lender), an updated Properties Schedule containing each of the data fields set forth on **Schedule I.E.**, updated to reflect the data as of the last day of the related calendar quarter or for the applicable calendar quarter and (C) a calculation of the quarterly turnover rate for the Properties for the prior calendar quarter, which shall be equal to the number of Properties that became vacant during such calendar quarter divided by the daily average number of Properties during such calendar quarter. The foregoing

information shall be delivered together with a certificate of a Responsible Officer of Borrower certifying that it is true, correct and complete (1) with respect to the information in the Properties Schedule, as of the last day of the preceding quarter and (2) with respect to the turnover rate of the Properties, for the prior calendar quarter.

4.3.7 Disqualified Properties. Promptly and in no event more than ten (10) Business Days after any Responsible Officer of Borrower or Manager obtains actual knowledge that any Property fails to comply with the Property Representations or the Property Covenants, written notice thereof and the action that Borrower is taking or proposes to take with respect thereto.

4.3.8 Security Deposits.

(a) Within five (5) days of the last day of each calendar month, written notice of the aggregate amount of security deposits deposited into the Security Deposit Account during such month, which notice shall include (i) the identity of each applicable Security Deposit Account (including, the name and identification number of the applicable Security Deposit Account, the name, address and wiring instructions of the financial institution which maintains the Security Deposit Account, and the name of the Person to contact at such financial institution) and (ii) amount of each security deposit allocable to such Security Deposit Account.

(b) Within ten (10) Business Days of Lender's request therefore, a written accounting of all security deposits of Tenants held in connection with the Leases, including the name and identification number of the accounts in which such security deposits are held, the name and address of the financial institutions in which such security deposits are held and the name of the Person to contact at such financial institution, along with any authority or release necessary for Lender to obtain information regarding such accounts directly from such financial institutions.

4.3.9 ERISA Matters.

(a) As soon as reasonably possible, and in any event within thirty (30) days after the occurrence of any ERISA Event, written notice of, and any requested information relating to such ERISA Event.

(b) As soon as reasonably possible after the occurrence of a Plan Termination Event, written notice of any action that any Loan Party or any of its ERISA Affiliates proposes to take with respect thereto, along with a copy of any notices received from or filed with the PBGC, the IRS or any Multiemployer Plan with respect to such Plan Termination Event, as applicable.

(c) As soon as reasonably possible, and in any event within thirty (30) days after a Responsible Officer of any Loan Party has actual knowledge of, or with respect to any Plan or Multiemployer Plan to which such Loan Party or any of its ERISA Affiliates makes direct contributions has reason to believe, that any of the events or conditions specified below with respect to any Plan or Multiemployer Plan has occurred or exists, a statement signed by a Responsible Officer of Borrower setting forth details respecting such event or condition and the action, if any, that the applicable Loan Party or any of its ERISA Affiliates proposes to take with respect thereto (and a copy of any report or notice required to be filed with or given to PBGC by any such Loan Party or any of its ERISA Affiliates with respect to such event or condition):

(i) any Reportable Event with respect to a Plan, as to which the PBGC has not by regulation or otherwise waived the requirement of Section 4043(a) of ERISA that it be notified within thirty (30) days of the occurrence of such event (provided that a failure to meet the minimum funding standard of Section 412 of the Code or Section 302 of ERISA, including the failure to make on or before its due date a required installment under Section 412(m) of the Code or Section 302(e) of ERISA, shall be a Reportable Event regardless of the issuance of any waivers in accordance with Section 412(d) of the Code); and any request for a waiver under Section 412(d) of the Code for any Plan;

(ii) the distribution under Section 404(c) of ERISA of a notice of intent to terminate any Plan or any action taken by any Loan Party or any of its ERISA Affiliates to terminate any Plan;

(iii) the institution by the PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by Equity Owner GP, any Loan Party or any of their ERISA Affiliates of a notice from a Multiemployer Plan that such action has been taken by PBGC with respect to such Multiemployer Plan;

(iv) the complete or partial withdrawal from a Multiemployer Plan by any Loan Party or any of its ERISA Affiliates, as applicable, that results in liability under Section 4201 or 4204 of ERISA (including the obligation to satisfy secondary liability as a result of a purchaser default) or the receipt by any Loan Party or any of its ERISA Affiliates, as applicable, of notice from a Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA;

(v) the institution of a proceeding by a fiduciary of any Multiemployer Plan against any Loan Party or any of its ERISA Affiliates, as applicable, to enforce Section 515 of ERISA; and

(vi) failure to satisfy Section 436 of the Code.

4.3.10 Periodic Rating Agency Information. Borrower shall, or shall cause Manager to, deliver to the Rating Agencies the information and reports set forth on *Schedule X* (the “*Periodic Rating Agency Information*”) at the times set forth therein.

4.3.11 Other Reports. Borrower shall deliver to Lender, within ten (10) Business Days of the receipt thereof by Borrower, a copy of all material reports prepared by Manager pursuant to the Management Agreement, including, without limitation, the Annual Budget.

(b) Borrower shall deliver to Lender, within ten (10) Business Days of Lender’s request therefor, copies of any requested Property Tax, Other Charge or insurance bills, statements or invoices received by Borrower or any Loan Party with respect to the Properties.

(c) Borrower shall, as soon as reasonably practicable after request by Lender furnish or cause to be furnished to Lender in such manner and in such detail as may be reasonably requested by Lender, such additional information, documents, records or reports as may be reasonably requested with respect to the Property or the conditions or operations, financial or otherwise, of the Relevant Parties.

4.3.12 HOA Reporting.

(a) The Borrower shall deliver to Lender, within twenty-eight (28) days after the end of each calendar quarter, a report (the “**Quarterly HOA Report**”) containing the following information with respect to each Applicable HOA Property, a data tape of such Applicable HOA Property containing the following data fields: (x) the data fields set forth on the Properties Schedule under the captions “Property ID”, “YardiCode”, “Property Name”, “Address (Street)”, “City”, “County”, “State”, “Closest MSA”, and “Zip Code” and (y) the HOA name, the frequency with which payments are due to the HOA, the last HOA payment due date, the next HOA payment due date, the amount owed on the last HOA payment due date, the amount paid on the last HOA payment due date, the amount owed on the next HOA payment due date and payments to the HOA for the applicable Fiscal Year, which such Quarterly HOA Report shall be certified by a Responsible Officer of Borrower as true, correct and complete in all material respects.

(b) Subject to the remainder of this subsection (b), Borrower shall deliver to Lender, within twenty (20) Business Days after the end of each calendar quarter of each year, one or more legal opinions (which may be in the form of a bring-down or date-down opinion with respect to an earlier delivered opinion, including, without limitation, any Closing Date HOA Opinion) from a nationally recognized law firm (or one with prominent standing in the applicable state) specifying with respect to each state in which a Property is located whether such state is an Applicable HOA State (as defined under clause (a) of the definition thereof). Any opinion required to be delivered pursuant to this **Section 4.3.12(b)** may be aggregated with any other opinion required to be delivered to Lender (or Servicer on behalf of Lender) so long as all the states in which Properties are located are included in such opinion or opinions and such opinion or opinions specifically reference this Agreement and otherwise meet the requirements of this **Section 4.3.12(b)**. If, with respect to any state in which a Property is located, (i) Borrower fails to deliver to Lender an opinion pursuant to this **Section 4.3.12(b)**, Lender may in its sole and absolute discretion designate such state an Applicable HOA State by written notice to Borrower or (ii) any opinion delivered to Lender pursuant to this **Section 4.3.12(b)** shall be unsatisfactory to Lender in its reasonable discretion, Lender may request in writing that Borrower obtain a second opinion from a nationally recognized law firm (or one with prominent standing in the applicable state) and deliver such opinion to Lender within twenty (20) Business Days of such written request and (1) if Borrower fails to deliver such a second opinion to Lender, Lender may in its reasonable discretion designate such state an Applicable HOA State by written notice to Borrower or (2) if any such second opinion delivered to Lender shall be unsatisfactory to Lender in its sole and absolute discretion and Lender believes in good faith that such state is an Applicable HOA State (as defined under clause (a) of the definition thereof), Lender may designate such state an Applicable HOA State by written notice to Borrower. In addition, if Lender believes in good faith that any provisions for the subordination of Liens for HOA Fees to the Lien of the Mortgages are unenforceable under the laws of an Applicable HOA State or that such Lien for HOA Fees would be entitled to Priority, Lender may redesignate all affected HOA Properties in such Applicable HOA State as Applicable HOA Properties. On the Closing Date, Lender acknowledges based on the Closing Date HOA Opinions that the only Applicable HOA Properties are listed on **Schedule XV**.

(c) If subsequent to the Closing Date there is consummated a securitization of a single borrower single family residential rental financing similar to the transactions contemplated by this Agreement and such financing contains HOA reporting and/or HOA Opinion delivery requirements and/or HOA Funds reserve requirements that are less burdensome to the borrower thereunder than those required by this Agreement (including **Sections 4.3.12**, **4.4.11**, **6.2.3**, **6.2.4** and **Schedule X**), then subject to receipt by Borrower of a Rating Agency Confirmation, Lender at the request of Borrower shall amend this Agreement in a manner consistent with such less burdensome requirements.

Section 4.4 Property Covenants. Borrower shall comply with the following covenants with respect to each Property:

4.4.1 Ownership of the Property. Borrower shall take all necessary action to retain title to the Property and the related Collateral irrevocably in Borrower, free and clear of any Liens other than Permitted Liens. Borrower shall warrant and defend the title to the Property and every part thereof, subject only to Permitted Liens, in each case against the claims of all Persons whomsoever.

4.4.2 Liens Against the Property. Borrower shall not create, incur, assume or permit to exist any Lien on any direct or indirect interest in any Property, except for the Permitted Liens.

4.4.3 Title Insurance for the Property. If a Title Insurance Policy or a Title Insurance Owner's Policy provided in the Property File with respect to the Property initially consists of a marked or initialed binding commitment, then Borrower shall post a copy to the Property File of a fully issued Title Insurance Policy or Title Insurance Owner's Policy, as applicable, for such Property in the form and with the coverages and endorsements as provided in such marked or initialed binding commitment within one hundred eighty (180) days following the date hereof.

4.4.4 Deeds. If a deed provided in the Property File with respect to the Property does not initially consist of a certified copy of the original conforming recorded deed from the applicable recording office, then Borrower shall post a copy such a deed to the Property File within three hundred sixty (360) days following the date hereof.

4.4.5 Mortgage Documents. If any Mortgage Documents provided in the Property File with respect to the Property initially consists of a copy of such Mortgage Documents in recordable form that have been submitted by the title insurance company for recording in the jurisdiction in which the Property is located, then Borrower shall post a copy to the Property File of a certified or file stamped (in each by the applicable land registry) executed original of such Mortgage Documents within one hundred eighty (180) days following the date hereof.

4.4.6 Condition of the Property. Except if the Property has suffered a Casualty and is in the process of being restored in accordance with **Section 5.4**, Borrower shall keep and maintain in all material respects the Property in a good, safe and habitable condition and repair and free of and clear of any damage or waste, and from time to time make, or cause to be made, in all material respects, all reasonably necessary repairs, renewals, replacements, betterments and improvements thereto, that are necessary to comply with the Renovation Standards and applicable Legal Requirements in all material respects; *provided*, that a Designated Renovation Property need not comply with the Renovation Standards during the time that it is leased to the Tenant who is in occupancy of such Designated Renovation Property as of the Closing Date and for so long thereafter as is reasonably necessary to renovate such Property in accordance with the Renovation Standards.

4.4.7 Compliance with Legal Requirements. The Property (including the leasing and intended use thereof) shall comply in all material respects with all applicable Legal Requirements, including, without limitation, building and zoning ordinances and codes and all certifications, permits, licenses and approvals, including without limitation, certificates of completion and occupancy permits, required for the legal leasing, use, occupancy, habitability and operation of the Property, all such certifications, permits, licenses and approvals shall be maintained in full force and effect, except as would not reasonably be expected to have an Individual Material Adverse Effect on the Property. Borrower shall obtain and maintain in full force and effect all consents, approvals, orders, certifications, permits, licenses and authorizations of, and make all filings with or notices to, any court or Governmental Authority related to the operation, use or leasing of the Property except where the failure to obtain would not reasonably be expected to have an Individual Material Adverse Effect with respect to the Property. Borrower shall not and shall not permit any other Loan Party, any Borrower TRS, any Manager or any other Person in occupancy of or involved with the operation, use or leasing of the Property to commit any act or omission affording any Governmental Authority the right of forfeiture as against the Property or any part thereof.

4.4.8 Property Taxes, Other Charges and HOA Fees. Borrower shall promptly pay or cause to be paid all Property Taxes, Other Charges and HOA Fees now or hereafter levied, assessed or imposed on it as the same become due and payable and shall furnish to Lender evidence of payment of Property Taxes, Other Charges and HOA Fees prior to the date the same shall become delinquent, and shall promptly pay for all utility services provided to the Property as the same become due and payable (other than any such utilities which are, pursuant to the terms of any Lease, required to be paid by the Tenant thereunder directly to the applicable service provider); *provided* that, after prior written notice to Lender of its intention to contest any such Property Taxes, Other Charges and HOA Fees, such Loan Party may contest by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity of any such Property Taxes, Other Charges and HOA Fees and, in such event, may permit the Property Taxes, Other Charges and HOA Fees so contested to remain unpaid during any period, including appeals, when a Loan Party is in good faith contesting the same so long as (a) no Event of Default has occurred and remains uncured, (b) such proceeding shall be permitted under and be conducted in accordance with all applicable Legal Requirements, (c) no Property or other Collateral nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, canceled or lost, (d) the applicable Loan Party has set aside on its books adequate reserves in accordance with GAAP, and the non-payment or non-discharge of such Property Taxes, Other Charges and HOA Fees would not reasonably be expected to have an Individual Material Adverse Effect on the applicable Property, (e) enforcement of the contested Property Taxes, Other Charges and HOA Fees is effectively stayed for the entire duration of such contest and no Lien is imposed on any Property or other Collateral which is reasonably expected to have an Individual Material Adverse Effect, (f) any Property Taxes, Other Charges and HOA Fees determined to be due, together with any interest or penalties thereon, is promptly paid as required after final resolution of such contest, (g) to the extent such Property Taxes, Other Charges and HOA Fees (when aggregated with all other Taxes that any Loan Party is then contesting under this **Section 4.4.8** or **Section 4.1.3** and for which Borrower has not delivered to Lender any Contest Security) exceed Two Million Five Hundred Thousand and No/100 Dollars

(\$2,500,000), Borrower shall deliver to Lender either (i) cash, or other security as may be approved by Lender, in an amount sufficient to insure the payment of any such Property Taxes, Other Charges and HOA Fees, together with all interest and penalties thereon or (ii) a payment and performance bond in an amount equal to one hundred percent (100%) of the contested amount from a surety acceptable to Lender in its reasonable discretion, (h) failure to pay such Property Taxes, Other Charges and HOA Fees will not subject Lender to any civil or criminal liability, (i) such contest shall not affect the ownership, use or occupancy of any Property, and (j) Borrower shall, upon request by Lender, give Lender prompt notice of the status of such proceedings and/or confirmation of the continuing satisfaction of the conditions set forth in **clauses (a) through (j) of this Section 4.4.8**. Notwithstanding the foregoing, Borrower shall pay any contested Property Taxes, Other Charges and HOA Fees (or, if cash or other security has been provided, Lender may pay over any such cash or other security held by Lender to the claimant entitled thereto) if, in Lender's reasonable judgment, any Property or other Collateral (or any part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, cancelled or lost or there shall be any danger of the Lien of any Collateral Document being primed by any related Lien.

4.4.9 Compliance with Agreements Relating to the Properties. Borrower shall not enter into any agreement or instrument or become subject to any restriction which would reasonably be expected to have an Individual Material Adverse Effect on any Property. Borrower shall not default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which any Property is bound. Borrower shall not have a material financial obligation under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument by which any Property is bound, other than obligations under the Loan Documents. Borrower shall not, and shall cause each Borrower TRS not to, default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Permitted Lien with respect to any Property. No Property nor any part thereof shall be subject to any purchase options, rights of first refusal, rights of first offer or other similar rights in favor of any Tenant or other third parties.

4.4.10 Leasing. Borrower shall not enter into any Lease (including any renewals or extensions of any existing Lease) for any Property unless such Lease is an Eligible Lease.

4.4.11 Verification of HOA Payments. Borrower shall deliver to Lender, within twenty-eight (28) days after the end of each calendar quarter, with respect to each Applicable HOA Property, proof of payment of the paid HOA Fees identified in the corresponding Quarterly HOA Report (whether in the form of cancelled checks, receipts, ACH confirmations, confirmation of electronic payments or other evidence of such payment reasonably satisfactory to Lender) unless such proof of payment has previously been delivered (e.g. quarterly prepayments) as may reflect that as of the end of such calendar quarter no other amounts (except HOA Fees that may be contested in accordance with **Section 4.4.8**) remain then due and payable by Borrower or that Borrower has prepaid or otherwise has a positive credit balance (whether in the form of invoices, payment coupons, account statements, assessment letters, estoppels, receipts or other evidence reasonably satisfactory to Lender).

ARTICLE 5

INSURANCE, CASUALTY AND CONDEMNATION

Section 5.1 Insurance.

5.1.1 Insurance Policies.

(a) Borrower, at its sole cost and expense, shall obtain and maintain during the entire Term, or cause to be maintained, insurance policies for Borrower and the Properties providing at least the following coverages:

(i) comprehensive “all risk” or special causes of loss form insurance, as is available in the insurance market as of the Closing Date, including, but not limited to, loss caused by any type of windstorm (including hail) on the Properties (A) in an amount equal to one hundred percent (100%) of the “full replacement cost”, which for purposes of this Agreement shall mean actual replacement value of the Properties, subject to a loss limit equal to Fifty Million and No/100 Dollars (\$50,000,000) per occurrence; (B) containing an agreed amount endorsement with respect to the Improvements and personal property at any Property waiving all co-insurance provisions or to be written on a no co-insurance form and (C) providing for no deductible in excess of Twenty-Five Thousand and No/100 Dollars (\$25,000) (it being understood that, so long as no Default or Event of Default has occurred and is continuing (1) Borrower may utilize a Five Million and No/100 Dollars (\$5,000,000) aggregate deductible stop loss subject to a Twenty-Five Thousand and No/100 Dollars (\$25,000) per occurrence deductible and a Twenty-Five Thousand and No/100 Dollars (\$25,000) maintenance deductible following the exhaustion of the aggregate, (2) the aggregate stop loss does not contain any losses arising from named windstorm, earthquake or flood, (3) the perils of named windstorm or flood shall be permitted to have a per occurrence deductible of fifteen percent (15%) of the total insurable value of the Properties subject to a loss (with a minimum deductible of Two Hundred Fifty Thousand and No/100 Dollars (\$250,000) per occurrence for any and all locations), (4) the peril of earth movement including but not limited to earthquake shall be permitted to have a per occurrence deductible of fifteen percent (15%) of the total insurable value of the Properties subject to a loss (with a minimum deductible of Two Hundred Fifty Thousand and No/100 Dollars (\$250,000) per occurrence for any and all locations) and (5) the peril of “other wind and hail” shall be permitted to have a per occurrence deductible of fifteen percent (15%) of the total insurable value of the Properties subject to a loss (with a minimum deductible of Two Hundred Fifty Thousand and No/100 Dollars (\$250,000) per occurrence for any and all locations)). In addition, Borrower shall obtain (x) if any portion of a Property is currently or at any time in the future located in a federally designated “special flood hazard area”, flood hazard insurance in an amount equal to the maximum amount of such insurance available under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each may be amended, plus excess amounts as Lender shall require, (y) named storm insurance in an amount equal to or greater than Twenty-Five Million and No/100 Dollars (\$25,000,000) in all states other than Florida and One Hundred Sixty Million and No/100 Dollars (\$160,000,000) in Florida, provided that such coverage amount shall be increased if a higher coverage amount is indicated (and may be decreased if lower coverage amount is indicated) based upon a storm risk analysis on a 475 year event Probable Maximum Loss (*PML*) or Scenario Expected Limit (*SEL*) (such analysis to be secured by the applicable Borrower utilizing a third-party engineering firm qualified to perform such storm risk analysis

using the most current RMS software, or its equivalent, to include consideration of storm surge, if applicable and loss amplification, at the expense of the applicable Borrower at least two times per year or more frequently as may reasonably be requested by Lender and shared with Lender presented by the Properties located in areas prone to named storm activity); and (z) earthquake insurance in an amount equal to or greater than Thirty-Five Million and No/100 Dollars (\$35,000,000) in all states other than California and Washington and Seventy Million and No/100 Dollars (\$70,000,000) in California and Washington, provided that such coverage amount shall be increased if a higher coverage amount is indicated (and may be decreased if lower coverage amount is indicated) based upon a seismic risk analysis on a 475 year event Probable Maximum Loss (PML) or Scenario Expected Limit (SEL) (such analysis to be secured by the applicable Borrower utilizing a third-party engineering firm qualified to perform such seismic risk analysis using the most current RMS software, or its equivalent, to include consideration of loss amplification, at the expense of the applicable Borrower at least two times per year or more frequently as may reasonably be requested by Lender and shared with Lender presented by the Properties located in areas prone to seismic activity); *provided* that the insurance pursuant to **subclauses (x)** , **(y)** and **(z)** hereof shall be on terms consistent with the comprehensive all risk insurance policy required under this **Section 5.1.1(a)(i)** ; *provided , however* , that with respect to any HOA Property for which an HOA Policy is maintained and which sustains a loss covered by the insurance policies described above, subject to the deductibles described above, the all risk comprehensive insurance policies shall (1) cover the “walls-in” improvements and betterments and actual loss of rents sustained with respect to any covered loss at such HOA Property, (2) in the event that the insurance proceeds of the HOA Policy are inadequate to pay for the expected cost of the Restoration of such HOA Property, cover the balance of the expected cost of the Restoration by either (A) covering any special assessments that the HOA levies to fully restore property damaged due to a covered loss or (B) in the event that the HOA cannot or does not complete Restoration of an HOA Property damaged due to a covered loss, paying for the greater of (I) the actual cash value of the HOA Property, inclusive of the “walls-out” portion of the building in which the HOA Property is located or (II) the Allocated Loan Amount of such HOA Property, unless in either case such HOA Property is sold “as-is” before Restoration is completed, in either case minus any proceeds actually received by Borrower from any sale of such HOA Property before Restoration is completed, which sale proceeds shall be treated as Net Proceeds and applied to prepay the Allocated Loan Amount of such HOA Property in accordance with Section 5.4.

(ii) business income or rental loss insurance, written on an “Actual Loss Sustained Basis” (A) with loss payable to Lender for the benefit of Lenders; (B) covering all risks required to be covered by the insurance provided for in **Section 5.1.1(a)(i)** , **(ii)** , **(iv)** and **(viii)** ; (C) in an amount equal to one hundred percent (100%) of the aggregate projected net income from the operation of the Properties for a period of at least twelve (12) months after the date of the Casualty; and (D) containing an extended period of indemnity endorsement which provides that after the physical loss to the Improvements and personal property at a Property has been repaired, the continued loss of income will be insured until such income either returns to the same level it was at prior to the loss, or the expiration of thirty (30) days from the date that the applicable Property is repaired or replaced and operations are resumed, whichever first occurs, and notwithstanding that the policy may expire prior to the end of such period. The amount

of such business income or rental loss insurance shall be determined prior to the Closing Date and at least once each year thereafter based on Borrower's reasonable estimate of the net income from each Property for the succeeding twelve (12) month period. All proceeds payable to Lender pursuant to this subsection shall be held by Lender and shall be applied in Lender's sole discretion to (x) the Obligations or (y) Operating Expenses approved by Lender in its sole discretion; *provided, however*, that nothing herein contained shall be deemed to relieve Borrower of their obligation to pay the Obligations on the respective dates of payment provided for in this Agreement and the other Loan Documents except to the extent such amounts are actually paid out of the proceeds of such business income insurance;

(iii) at all times during which structural construction, repairs or renovations are being made with respect to any Property, and only if each of the property coverage form and the liability insurance coverage form does not otherwise apply, (A) owner's contingent or protective liability insurance, otherwise known as Owner Contractor's Protective Liability (or its equivalent), covering claims not covered by or under the terms or provisions of the above mentioned commercial general liability insurance policy, (B) the insurance provided for in **Section 5.1.1(a)** written in a so-called builder's risk completed value form including coverage for all insurable hard and soft costs of construction (x) on a non-reporting basis, (y) against all risks insured against pursuant to **Section 5.1.1(a)(i)**, **(iii)**, **(iv)** and **(viii)**, (z) including permission to occupy such Property and (C) with an agreed amount endorsement waiving co-insurance provisions;

(iv) commercial general liability insurance against claims for personal injury, bodily injury, death or property damage occurring upon, in or about any Property, such insurance (A) to be on the so-called "occurrence" form with a combined limit of not less than One Million and No/100 Dollars (\$1,000,000.00) per occurrence; Two Million and No/100 Dollars (\$2,000,000.00) in the aggregate "per location" and overall \$20,000,000.00 in the aggregate; (B) to continue at not less than the aforesaid limit until required to be changed by Lender in writing by reason of changed economic conditions making such protection inadequate and (C) to cover at least the following hazards: (1) premises and operations; (2) products and completed operations on an "if any" basis; (3) independent contractors; (4) blanket contractual liability for all insured contracts and (5) contractual liability covering the indemnities contained in any Loan Document to the extent the same is available;

(v) automobile liability coverage for all owned and non-owned vehicles, including rented and leased vehicles containing minimum limits per occurrence of One Million and No/100 Dollars (\$1,000,000.00);

(vi) if applicable, worker's compensation subject to the worker's compensation laws of the applicable state, and employer's liability in amounts reasonably acceptable to Lender;

(vii) umbrella and excess liability insurance in an amount not less than Fifty Million and No/100 Dollars (\$50,000,000.00) per occurrence and in the aggregate on terms consistent with the commercial general liability insurance policy required under **Section 5.1.1(a)(iv)**, and including employer liability and automobile liability, if required; and

(viii) upon sixty (60) days' written notice, such other reasonable insurance, and in such reasonable amounts as Lender from time to time may reasonably request against such other insurable hazards which at the time are commonly insured against for properties similar to the Properties located in or around the region in which Properties are located.

(b) All insurance provided for in **Section 5.1.1(a)** shall be obtained under valid and enforceable policies (collectively, the “**Policies**” or in the singular, the “**Policy**”) and shall be placed per the requirements of Lender as to form and substance, including insurance companies, amounts, deductibles, loss payees and insureds and evidence that the Properties are specifically covered by such policies. Certificates of insurance evidencing the Policies shall be delivered to Lender on the Closing Date with respect to the current Policies in place on the Closing Date. Not less than ten (10) days prior to the expiration dates of the Policies theretofore furnished to Lender, certificates of insurance evidencing the Policies (and, upon the written request of Lender, copies of such Policies) accompanied by evidence satisfactory to Lender of payment of the premiums then due thereunder (the “**Insurance Premiums**”), shall be delivered by Borrower to Lender.

(c) Any blanket insurance Policy shall otherwise provide the same protection as would a separate Policy insuring only the Properties in compliance with the provisions of **Section 5.1.1(a)** (any such blanket policy, an “**Acceptable Blanket Policy**”).

(d) All Policies of insurance provided for or contemplated by **Section 5.1.1(a)**, except for the Policy referenced in **Section 5.1.1(a)(v)**, shall name Borrower as the insured and Lender and its successors and/or assigns as mortgagee and loss payee, as its interests may appear, and in the case of property damage, boiler and machinery, windstorm, flood and earthquake insurance, shall contain a so-called New York standard non-contributing mortgagee clause in favor of Lender providing that the loss thereunder shall be payable to Lender unless below the threshold for Borrower to handle such claim without Lender intervention as provided in **Section 5.2**. Additionally, if Borrower obtains property insurance coverage in addition to or in excess of that required by **Section 5.1.1(a)(i)**, then such insurance policies shall also contain a so-called New York standard non-contributing mortgagee clause in favor of Lender providing that the loss thereunder shall be payable to Lender.

(e) All Policies of insurance provided for in **Section 5.1.1(a)**, except for the Policies referenced in **Section 5.1.1(a)(vi)**, shall contain clauses or endorsements to the effect that:

(i) no act or negligence of Borrower, or anyone acting for Borrower, or of any Tenant or other occupant, or failure to comply with the provisions of any Policy, which might otherwise result in a forfeiture of the insurance or any part thereof, shall in any way affect the validity or enforceability of the insurance insofar as Lender is concerned;

(ii) the Policy shall not be canceled without at least thirty (30) days’ written notice to Lender and any other party named therein as an additional insured (other

than in the case of non-payment in which case only ten days prior notice, or the shortest time allowed by applicable Legal Requirement (whichever is longer), will be required) and shall not be materially changed (other than to increase the coverage provided thereby) without such a thirty (30) day notice;

(iii) Lender shall not be liable for any Insurance Premiums thereon or subject to any assessments thereunder; and

(iv) the issuers thereof shall give notice to Lender if a Policy has not been renewed ten (10) days prior to its expiration; and

(f) If at any time Lender is not in receipt of written evidence that all insurance required hereunder is in full force and effect, Lender shall have the right, without notice to Borrower, to take such action as Lender deems necessary to protect its interest in the Properties, including the obtaining of such insurance coverage as Lender in its sole discretion deems appropriate and all premiums incurred by Lender in connection with such action or in obtaining such insurance and keeping it in effect shall be paid by Borrower to Lender upon demand and until paid shall be secured by the Collateral Documents and shall bear interest at the Default Rate.

(g) In the event of foreclosure of the pledge of the Equity Interests of Borrower pursuant to Borrower Security Agreement the Policies shall remain in full force and effect.

5.1.2 Insurance Company . All Policies required pursuant to **Section 5.1.1** shall (a) be issued by financially sound and responsible insurance companies authorized to do business in the states where the applicable Properties are located and having a rating of "A3" or better by Moody's or, if Moody's does not provide a rating of an applicable insurance company, a rating of "A-" or better by S&P or Fitch, *provided, however*, that if Borrower elects to have its insurance coverage provided by a syndicate of insurers, then, if such syndicate consists of five (5) or more members, (i) at least sixty percent (60%) of the insurance coverage (or seventy-five percent (75%) if such syndicate consists of four (4) or fewer members) and one hundred (100%) of the first layer of such insurance coverage shall be provided by insurance companies having a rating of "A3" or better by Moody's or, if Moody's does not provide a rating of an applicable insurance company, a rating of "A-" or better by S&P or Fitch and (ii) the remaining forty percent (40%) of the insurance coverage (or the remaining twenty-five percent (25%) if such syndicate consists of four (4) or fewer members) shall be provided by insurance companies having a rating of "Baa2" by Moody's or, if Moody's does not provide a rating of an applicable insurance company, a rating of "BBB" or better by S&P or Fitch; (b) with respect to all property insurance policies, name Lender and its successors and/or assigns as their interest may appear; (c) with respect to all property insurance policies and rental loss and/or business interruption insurance policies, contain a Lender's Loss Payable Endorsement, or their equivalents, naming Lender as the person to whom all payments made by such insurance company shall be paid; (d) with respect to all liability policies, name Lender and its successors and/or assigns as an additional insured; (e) contain a waiver of subrogation against Lender; (f) contain such provisions as Lender deems reasonably necessary or desirable to protect its interest including endorsements providing that (i) neither Borrower, Lender nor any other party shall be a co-insurer under said Policies, (ii) Lender shall receive at least thirty (30) days prior written notice of any modification, reduction or cancellation, and (iii) for a deductible per loss of an amount not

more than that which is customarily maintained by prudent owners of properties with a standard of operation and maintenance comparable to and in the general vicinity of the Properties, but in no event in excess of an amount reasonably acceptable to Lender; and (g) be satisfactory in form and substance to Lender and shall be approved by Lender as to amounts, form, risk coverage, deductibles, loss payees and insureds. In addition to the insurance coverages described in **Section 5.1.1**, Borrower shall obtain such other insurance as may from time to time be reasonably required by Lender in order to protect its interests. Certified copies of the Policies shall be delivered to Lender at the address below (or to such other address or Person as Lender shall designate from time to time by notice to Borrower) on the date hereof with respect to the current Policies and within thirty (30) days after the effective date thereof with respect to all renewal Policies:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION
383 Madison Avenue, Floor 31
New York, New York 10179
Attention: Chuckie C. Reddy

Borrower shall pay the Insurance Premiums annually in advance as the same become due and payable and shall furnish to Lender evidence of the renewal of each of the Policies with receipts for the payment of the Insurance Premiums or other evidence of such payment reasonably satisfactory to Lender (*provided, however*, that Borrower shall not be required to pay such Insurance Premiums nor furnish such evidence of payment to Lender in the event that the amounts required to pay such Insurance Premiums have been deposited into the Insurance Account pursuant to **Section 6.3**). Within thirty (30) days after request by Lender, Borrower shall obtain such increases in the amounts of coverage required hereunder as may be reasonably requested by Lender, taking into consideration changes in the value of money over time, changes in liability laws, changes in prudent customs and practices.

5.1.3 Special Insurance Reserve. Notwithstanding anything in this **Section 5.1** to the contrary, Borrower shall be permitted to obtain and maintain insurance policies with deductibles in excess of the amounts specified in this **Section 5.1**, so long as Borrower shall have deposited into and maintains at all times in the Special Insurance Reserve Account an amount equal to the difference between such higher deductible and the applicable deductible specified in this **Section 5.1** (such amount, the “**Excess Deductible**”).

Section 5.2 Casualty. If one or more Properties are damaged or destroyed in whole or in part by fire or other casualty (a “**Casualty**”) and either (i) the aggregate loss amount is or is reasonably expected to exceed \$25,000, or (ii) any damaged Property is or is reasonably expected to be rendered uninhabitable for more than 30 days as a result of the Casualty, then (A) the Borrower is required to file proof of loss under the applicable Policy or Policies and (B) the Borrower shall give prompt notice of the Casualty to the Lender. Lender may, but shall not be obligated to make proof of loss if not made promptly by Borrower. In addition, Lender may participate in any settlement discussions with any insurance companies (and shall approve any final settlement) (x) if an Event of Default is continuing or (y) with respect to any Casualty in which the Net Proceeds or the costs of completing the Restoration are reasonably expected to be equal to or greater than the Casualty Threshold Amount and Borrower shall deliver to Lender all instruments required by Lender to permit such participation. Any Insurance Proceeds in connection with any Casualty (whether or not Lender elects to settle and adjust the claim or Borrower settles such claim) shall be due and payable solely to Lender and held by Lender in

accordance with the terms of this Agreement. If Borrower or any party other than Lender receives any Insurance Proceeds or Condemnation Proceeds, Borrower shall immediately deliver such proceeds to Lender and shall endorse, and cause all such third parties to endorse, check payable therefor to the order of Lender. Borrower hereby irrevocably appoints Lender as its attorney-in-fact, coupled with an interest, to endorse any such check payable to the order of Lender. Borrower hereby releases Lender from any and all liability with respect to the settlement and adjustment by Lender of any claims in respect of any Casualty. Solely with respect to any HOA Property for which an HOA provides one or more property insurance policies that covers a Casualty (each an “**HOA Policy**”), the following additional provisions shall apply: (1) Borrower shall first make, or request the HOA to make, a claim with respect to any such Casualty under such HOA Policy or HOA Policies, (2) to the extent Borrower has any right to participate in any settlement discussions with insurance companies or approve any final settlement under the HOA Policies and the loss is greater than \$25,000, Lender shall have the right to participate in any settlement discussions with any such insurance companies and to approve any final settlement to the same extent it has such rights as described above with respect to Borrower’s Policies, (3) to the extent permitted under the HOA Policies, any insurance proceeds of the HOA Policies that relate to such Casualty shall be handled and directed in the same manner as Insurance Proceeds, and (4) in the event that insurance proceeds payable with respect to such Casualty under the HOA Policies are insufficient to pay the expected costs of completing the Restoration, Borrower shall make a claim under its insurance policies maintained in accordance with **Section 5.1.1**.

Section 5.3 Condemnation. Borrower shall promptly give Lender notice of the actual or threatened commencement of any proceeding for the Condemnation of all or any portion of a Property and shall deliver to Lender copies of any and all papers served in connection with such proceedings. Lender may participate in any such proceedings, and Borrower shall from time to time deliver to Lender all instruments requested by it to permit such participation. Borrower shall, at its expense, diligently prosecute any such proceedings, and shall consult with Lender, its attorneys and experts, and cooperate with them in the carrying on or defense of any such proceedings which is reasonably expected to involve an Award of an amount greater than the Casualty Threshold Amount. Notwithstanding any taking by any public or quasi-public authority through Condemnation or otherwise (including, but not limited to, any transfer made in lieu of or in anticipation of the exercise of such taking), Borrower shall continue to pay the Debt at the time and in the manner provided for its payment in the Note and in this Agreement and the Debt shall not be reduced until any Condemnation Proceeds shall have been actually received and applied by Lender, after the deduction of expenses of collection, to the reduction or discharge of the Debt. If Borrower or any party other than Lender receives any Condemnation Proceeds, Borrower shall immediately deliver such proceeds to Lender and shall endorse, and cause all such third parties to endorse, a check payable therefore to the order of Lender. Lender shall not be limited to the interest paid on the Award by the condemning authority but shall be entitled to receive out of the Award interest at the rate or rates provided herein or in the Note. Net Proceeds from a Condemnation shall be applied as follows:

(a) If a partial Condemnation of a Property does not interfere with the use of such Property as a residential rental property, then the Net Proceeds paid by the condemning authority shall be applied to the prepayment of the Debt in accordance with **Section 2.4.3(e)**.

(b) If a partial Condemnation of a Property does interfere with the use of such Property as a residential rental property or if there occurs a complete Condemnation of a Property (each, a “ **Fully Condemned Property** ”), then (i) if no Event of Default shall have occurred and be continuing and, within thirty (30) days of the date of the occurrence of such Condemnation, Borrower delivers to Lender a written undertaking to substitute the Fully Condemned Property with a Substitute Property in accordance with the requirements of **Section 2.4.3(a)** , then (A) if Net Proceeds are paid by the condemning authority directly to Borrower subsequent to such substitution, such Net Proceeds may be retained by Borrower (for the avoidance of doubt, Net Proceeds received by Borrower prior to such substitution shall be immediately paid to Lender as required by **Section 5.2**), (B) if Net Proceeds are paid by the condemning authority to Lender, such Net Proceeds will be disbursed by Lender to Borrower upon the consummation of such substitution and (C) Borrower shall provide a Substitute Property within ten (10) Business Days of the date of such undertaking in accordance with the requirements of **Section 2.4.3(a)** and (ii) if an Event of Default shall have occurred and be continuing or Borrower fails to deliver such an undertaking to Lender, then (A) Lender may retain any Net Proceeds received by it, (B) Borrower shall immediately deliver to Lender any Net Proceeds paid to Borrower, (C) Net Proceeds shall be applied to the prepayment of the Debt in accordance with **Section 2.4.3(c)** and (D) Borrower shall prepay the Loan in an amount equal to the positive difference between such Net Proceeds and the Allocated Loan Amount for the Fully Condemned Property, together with all interest and other amounts required to be paid in connection therewith under **Section 2.4.5** (collectively, the “ **Fully Condemned Property Prepayment Amounts** ”). Following Borrower’s written request after either (1) the substitution of a Substitute Property for such Fully Condemned Property in accordance with the conditions set forth above or (2) receipt by Lender of the Net Proceeds and payment by Borrower of the Fully Condemned Property Prepayment Amounts, Lender shall release the Fully Condemned Property from the applicable Mortgage Documents and related Lien, provided, that (x) Borrower has delivered to Lender a draft release (and, in the event the Mortgage and the Assignment of Leases and Rents applicable to the Fully Condemned Property encumbers other Property(ies) in addition to the Fully Condemned Property, such release shall be a partial release that relates only to the Fully Condemned Property and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such Fully Condemned Property is located and shall contain standard provisions protecting the rights of Lender and (y) Borrower shall pay all costs, taxes and expenses associated with such release (including, without limitation, cost to file and record the release and Lender’s reasonable attorneys’ fees).

Section 5.4 Restoration . The following provisions shall apply in connection with the Restoration of any Property or Properties affected by a Casualty:

(a) If the Net Proceeds reasonably expected to be received in connection with any single Casualty event is less than the Casualty Threshold Amount, then, (i) if no Event of Default shall have occurred and be continuing and, within sixty (60) days of the date of the occurrence of such Casualty, Borrower delivers to Lender a written undertaking to expeditiously commence and to satisfactorily complete with due diligence the Restoration of the affected Properties in accordance with the terms of this Agreement, then (A) if Net Proceeds are paid by the insurance company directly to Borrower subsequent to delivering such undertaking, such Net Proceeds may be retained by Borrower (for the avoidance of doubt, Net Proceeds received by Borrower prior to delivering such undertaking shall be immediately paid to Lender as required

by **Section 5.2**), (B) if Net Proceeds are paid by the insurance company to Lender, such Net Proceeds will be disbursed by Lender to Borrower and (C) Borrower shall conduct the Restoration of the affected Properties in accordance with the terms of **Section 5.4(c)** and (ii) if an Event of Default shall have occurred and be continuing or Borrower fails to deliver such an undertaking to Lender, then (A) Lender may retain any Net Proceeds received by it, (B) Borrower shall immediately deliver to Lender any Net Proceeds paid to Borrower as required by **Section 5.2** , (C) such Net Proceeds shall be applied to the prepayment of the Debt in accordance with **Section 2.4.3(c)** , (D) Borrower shall prepay the Loan in an amount equal to the positive difference between such Net Proceeds and the Allocated Loan Amount for the affected Properties, together with all interest and other amounts required to be paid in connection therewith under **Section 2.4.5** , and (E) following Borrower's written request and receipt by Lender of the Net Proceeds and payment by Borrower of the amounts set forth in clause (D) above, Lender shall release the affected Properties from the applicable Mortgage Documents and related Liens, provided, that (x) Borrower has delivered to Lender draft releases (and, in the event any of the Mortgages and the Assignments of Leases and Rents applicable to any of the affected Properties encumber other Property(ies) in addition to the affected Properties, such release shall be a partial release that relates only to the affected Property(ies) and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such affected Properties are located and shall contain standard provisions protecting the rights of Lender and (y) Borrower shall pay all costs, taxes and expenses associated with such release (including, without limitation, cost to file and record the release and Lender's reasonable attorneys' fees).

(b) If the Net Proceeds reasonably expected to be received in connection with any single Casualty event is greater than the Casualty Threshold Amount, then, (i) if no Event of Default shall have occurred and be continuing and, within sixty (60) days of the date of the occurrence of such Casualty, Borrower delivers to Lender a written undertaking to expeditiously commence and to satisfactorily complete with due diligence the Restoration of the affected Properties in accordance with the terms of this Agreement, then (A) Borrower shall immediately deliver to Lender any Net Proceeds paid to Borrower as required by **Section 5.2** and (B) Borrower shall conduct the Restoration of the affected Properties in accordance with the terms of and subject to the conditions of **Section 5.4(d)** and (ii) if an Event of Default shall have occurred and be continuing or Borrower fails to deliver such an undertaking to Lender, then (A) Lender may retain any Net Proceeds received by it, (B) Borrower shall immediately deliver to Lender any Net Proceeds paid to Borrower as required by **Section 5.2** , (C) such Net Proceeds shall be applied to the prepayment of the Debt in accordance with **Section 2.4.3(c)** , (D) Borrower shall prepay the Loan in an amount equal to the positive difference between such Net Proceeds and the Allocated Loan Amount for the affected Properties, together with all interest and other amounts required to be paid in connection therewith under **Section 2.4.5** , and (E) following Borrower's written request and receipt by Lender of the Net Proceeds and payment by Borrower of the amounts set forth in clause (D) above, Lender shall release the affected Properties from the applicable Mortgage Documents and related Liens, provided, that (x) Borrower has delivered to Lender draft releases (and, in the event any of the Mortgages and the Assignments of Leases and Rents applicable to any of the affected Properties encumber other Property(ies) in addition to the affected Properties, such release shall be a partial release that relates only to the affected Property(ies) and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such affected Properties are located and shall contain standard provisions protecting the rights of Lender and (y) Borrower shall pay all costs, taxes and expenses associated with such release (including, without limitation, cost to file and record the release and Lender's reasonable attorneys' fees).

(c) If Borrower elects to undertake the Restoration of a Property or Properties pursuant to **Section 5.4(a)**, (i) Borrower shall commence the Restoration as soon as reasonably practicable (but in no event later than ninety (90) days after such Casualty occurs) and shall diligently pursue the same to satisfactory completion; (ii) Borrower shall cause the affected Property and the use thereof after the Restoration to be in compliance with and permitted under all applicable Legal Requirements and such Property, after Restoration, shall be of the same character as prior to such damage or destruction; (iii) the Restoration shall be done and completed by Borrower in an expeditious and diligent fashion and in compliance with all applicable Legal Requirements and the Renovation Standards and (iv) Borrower shall deliver, or cause to be delivered, to Lender a signed detailed budget approved in writing by Borrower's architect or engineer stating the entire cost of completing the Restoration, which budget shall be reasonably acceptable to Lender.

(d) If Borrower elects to undertake the Restoration of a Property or Properties pursuant to **Section 5.4(b)**, the following provisions shall apply:

(i) the Net Proceeds shall be made available to Borrower for Restoration upon the determination of Lender that the following conditions are met: (i) Borrower shall commence the Restoration as soon as reasonably practicable (but in no event later than ninety (90) days after such Casualty occurs) and shall diligently pursue the same to satisfactory completion; (ii) Lender shall be satisfied that any operating deficits, including all scheduled payments of principal and interest under the Note, which will be incurred with respect to the Properties as a result of the occurrence of the Casualty, whichever the case may be, will be covered out of (1) the Net Proceeds, (2) the insurance coverage referred to in **Section 5.1.1(a)(ii)**, if applicable, or (3) by other funds of Borrower; (iii) Lender shall be satisfied that the Restoration will be completed on or before the earliest to occur of (1) the date six (6) months prior to the Stated Maturity Date, as extended pursuant to **Section 2.7**, (2) the earliest date required for such completion under the terms of any Lease, (3) such time as may be required under applicable Legal Requirements or (4) six (6) months prior to the expiration of the insurance coverage referred to in **Section 5.1.1(a)(ii)**; (iv) Borrower shall cause the affected Property and the use thereof after the Restoration to be in compliance with and permitted under all applicable Legal Requirements and such Property, after Restoration, shall be of the same character as prior to such damage or destruction; (v) the Restoration shall be done and completed by Borrower in an expeditious and diligent fashion and in compliance with all applicable Legal Requirements and the Renovation Standards; (vi) Borrower shall deliver, or cause to be delivered, to Lender a signed detailed budget approved in writing by Borrower's architect or engineer stating the entire cost of completing the Restoration, which budget shall be reasonably acceptable to Lender and (vii) the Net Proceeds together with any cash or cash equivalent deposited by Borrower with Lender are sufficient in Lender's discretion to cover the cost of the Restoration.

(ii) The Net Proceeds shall be held by Lender in the Casualty and Condemnation Account and, until disbursed in accordance with the provisions of this **Section 5.4(d)**, shall constitute additional security for the Debt and other obligations under the Loan Documents. The Net Proceeds shall be disbursed by Lender to, or as

directed by, Borrower from time to time during the course of the Restoration, upon receipt of evidence satisfactory to Lender that (A) all materials installed and work and labor performed (except to the extent that they are to be paid for out of the requested disbursement) in connection with the Restoration have been paid for in full, and (B) there exist no notices of pendency, stop orders, mechanic's or materialman's liens or notices of intention to file same, or any other liens or encumbrances of any nature whatsoever on the Properties which have been fully bonded to the satisfaction of Lender and discharged of record or in the alternative fully insured to the satisfaction of Lender by the title company issuing the Title Insurance Policy.

(iii) All plans and specifications required in connection with the Restoration shall be subject to the prior approval of Lender and an independent consulting engineer selected by Lender (the "**Casualty Consultant**"). Lender shall have the use of the plans and specifications and all permits, licenses and approvals required or obtained in connection with the Restoration. The identity of the contractors, subcontractors and materialmen engaged in the Restoration, as well as the contracts under which they have been engaged, shall be subject to the approval of Lender and the Casualty Consultant. All costs and expenses incurred by Lender in connection with recovering, holding and advancing the Net Proceeds for the Restoration including, without limitation, reasonable attorneys' fees and disbursements and the Casualty Consultant's fees and disbursements, shall be paid by Borrower.

(iv) In no event shall Lender be obligated to make disbursements of the Net Proceeds in excess of an amount equal to the costs actually incurred from time to time for work in place as part of the Restoration, as certified by the Casualty Consultant, less the Casualty Retainage. The term "**Casualty Retainage**" shall mean, as to each contractor, subcontractor or materialman engaged in the Restoration, an amount equal to ten percent (10%) of the costs actually incurred for work in place as part of the Restoration, as certified by the Casualty Consultant, until the Restoration has been completed. The Casualty Retainage shall in no event, and notwithstanding anything to the contrary set forth above in this **Section 5.4(d)**, be less than the amount actually held back by Borrower from contractors, subcontractors and materialmen engaged in the Restoration. The Casualty Retainage shall not be released until the Casualty Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this **Section 5.4(b)** and that all approvals necessary for the re-occupancy and use of the Property have been obtained from all appropriate Governmental Authorities, and Lender receives evidence satisfactory to Lender that the costs of the Restoration have been paid in full or will be paid in full out of the Casualty Retainage; provided, however, that Lender will release the portion of the Casualty Retainage being held with respect to any contractor, subcontractor or materialman engaged in the Restoration as of the date upon which (x) the Casualty Consultant certifies to Lender that such contractor, subcontractor or materialman has satisfactorily completed all work and has supplied all materials in accordance with the provisions of such contractor's, subcontractor's or materialman's contract, (y) the contractor, subcontractor or materialman delivers the lien waivers and evidence of payment in full of all sums due to the contractor, subcontractor or materialman as may be reasonably requested by Lender or by the title company issuing the Title Insurance Policy, and (z) Lender receives an endorsement to the Title Insurance Policy insuring the continued priority of the Lien of

the Mortgage and evidence of payment of any premium payable for such endorsement. If required by Lender, the release of any such portion of the Casualty Retainage shall be approved by the surety company, if any, which has issued a payment or performance bond with respect to the contractor, subcontractor or materialman.

(v) Lender shall not be obligated to make disbursements of the Net Proceeds more frequently than once every calendar month.

(vi) If at any time the Net Proceeds or the undisbursed balance thereof shall not, in the opinion of Lender in consultation with the Casualty Consultant, be sufficient to pay in full the balance of the costs which are estimated by the Casualty Consultant to be incurred in connection with the completion of the Restoration, Borrower shall deposit the deficiency (the “*Net Proceeds Deficiency*”) with Lender (for deposit into the Casualty and Condemnation Account) before any further disbursement of the Net Proceeds shall be made. The Net Proceeds Deficiency deposited with Lender shall be deposited by Lender into the Casualty and Condemnation Account and shall be disbursed for costs actually incurred in connection with the Restoration on the same conditions applicable to the disbursement of the Net Proceeds, and until so disbursed pursuant to this **Section 5.4(d)** shall constitute additional security for the Obligations.

(vii) The excess, if any, of the Net Proceeds and the remaining balance, if any, of the Net Proceeds Deficiency deposited with Lender after the Casualty Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this **Section 5.4(d)**, and the receipt by Lender of evidence satisfactory to Lender that all costs incurred in connection with the Restoration have been paid in full, shall be remitted by Lender to Borrower, provided no Event of Default shall have occurred and shall be continuing.

(e) All reasonable out-of-pocket costs and expenses incurred by Lender in connection with any Restoration including, without limitation, reasonable attorneys’ fees and disbursements, shall be paid by Borrower.

(f) Notwithstanding anything to the contrary set forth in this Agreement, including the provisions of **Section 5.3** or **Section 5.4**, if the Loan is included in a REMIC Trust and, immediately following a release of any portion of the Lien of a Mortgage following a Casualty or Condemnation of a Property (but taking into account any proposed Restoration of the remaining portion of such Property), the ratio of the unpaid principal balance of the Loan to the value of the remaining Properties is greater than one hundred twenty-five percent (125%) (such value to be determined, in Lender’s sole discretion, by any commercially reasonable method permitted to a REMIC Trust; and which shall exclude the value of personal property (other than fixtures) or going concern value, if any), the Outstanding Principal Balance must be paid down (by application of the Net Proceeds or Award, as applicable, or if such amounts are not sufficient, by Borrower) by a “qualified amount” as that term is defined in the IRS Revenue Procedure 2010-30, as the same may be amended, replaced, supplemented or modified from time to time, unless Lender receives an opinion of counsel that if such amount is not paid, the applicable Securitization will not fail to maintain its status as a REMIC Trust as a result of the related release of such portion of the Lien of such Mortgage. If and to the extent the preceding sentence applies, only such amount of the net Award or net Insurance Proceeds (as applicable), if any, in excess of the amount required to pay down the principal balance of the Loan may be released for purposes of Restoration or released to Borrower as otherwise expressly provided in **Section 5.3** or **Section 5.4**.

(g) In the event of foreclosure of a Mortgage, or other transfer of title to a Property or Properties in extinguishment in whole or in part of the Debt all right, title and interest of Borrower in and to the Policies that are not blanket Policies then in force concerning such Property or Properties and all proceeds payable thereunder shall thereupon vest in the purchaser at such foreclosure or Lender or other transferee in the event of such other transfer of title.

ARTICLE 6

CASH MANAGEMENT AND RESERVE FUNDS

Section 6.1 Cash Management Arrangements.

6.1.1 Rent Deposit Account and Collection Account. Borrower shall establish and maintain one or more trust accounts for the purpose of collecting Rents (each, a “**Rent Deposit Account**”) at a local bank selected by Borrower and reasonably approved by Lender which shall be an Eligible Institution (the “**Rent Deposit Bank**”). The Rent Deposit Accounts shall be subject to a Property Account Control Agreement and Borrower and Manager shall have access to and may make withdrawals from any Rent Deposit Account for the sole purpose of making refunds of partial payments of Rents to preserve rights of eviction (as provided below) until the occurrence of an Event of Default, after which Lender may exercise sole control and dominion over each Rent Deposit Account and neither Borrower nor Manager shall have the right of withdrawal from or access to the Rent Deposit Accounts; *provided* that, for the avoidance of doubt, no Property Account Control Agreement shall be required with respect to Security Deposit Accounts. Borrower shall cause all Rents which are paid to or received by Borrower or Manager to be deposited into a Rent Deposit Account or the Collection Account, provided that all Rents are deposited into the Collection Account within three (3) Business Days after receipt thereof by Borrower or Manager. Borrower shall (or instruct Manager to) cause all funds on deposit in a Rent Deposit Account to be deposited into the Collection Account every third (3rd) Business Day (or more frequently in Borrower’s discretion), *provided*, that so long as no Event of Default exists, Borrower may cause Rent Deposit Bank to retain a reasonable amount of funds in the Rent Deposit Accounts (the “**Rent Deposit Account Retained Amount**”) with respect to anticipated overdrafts, charge-backs and refunds of partial payments of Rents to preserve rights of eviction, provided in no event shall the Rent Deposit Account Retained Amount exceed two and one-half percent (2.5%) of the total Rents deposited into the Rent Deposit Accounts during the immediately prior calendar month. Borrower shall cause any Rents which are paid to Borrower or Manager via wire or other electronic means to be deposited directly into a Rent Deposit Account or the Collection Account and, without limitation of the foregoing, Borrower shall notify and advise each current and future Tenant to send all payments of Rent pursuant to an instruction letter in the form of **Exhibit D** attached hereto (a “**Tenant Direction Letter**”). Without the consent of Lender, neither Borrower nor Manager shall terminate, amend, revoke or modify any Tenant Direction Letter in any manner whatsoever, or direct or cause any Tenant to pay any amount in any manner other than as provided in the related Tenant Direction Letter. In the event of any Transfer of any Property, Borrower shall (or shall cause the Manager or the closing title company or escrow agent, as applicable, to) deposit directly into the Collection Account the Net Transfer Proceeds for allocation in accordance with the terms of this Agreement. In addition, Borrower shall, and shall cause Manager to, deposit

any other Collections received by or on behalf of Borrower directly into the Collection Account within three (3) Business Days following receipt thereof. Without in any way limiting the foregoing, any Rents and other Collections received by Borrower or Manager shall be deemed to be collateral for the Obligations and shall be held in trust for the benefit, and as the property, of Lender, and such amounts shall not be commingled with any other funds or property of Borrower or Manager. Lender may also establish subaccounts of the Collection Account which shall at all times be Eligible Accounts (and may be ledger or book entry accounts and not actual accounts) (such subaccounts are referred to herein as “*Accounts*”). The Collection Account and all other Accounts shall be subject to the Blocked Account Control Agreement and shall be under the sole control and dominion of Lender, and Borrower shall have no right of withdrawal therefrom. Neither Borrower nor Manager shall have the right of withdrawal with respect to the Collection Account or any Accounts except with the prior written consent of Lender, and neither Borrower, Manager, nor any Person claiming on or behalf of or through Borrower or Manager shall have any right or authority to give instructions with respect to the Collection Account or the Accounts. Borrower acknowledges and agrees that Collection Account Bank shall comply with (i) the instructions originated by Lender with respect to the disposition of funds in the Collection Account and the Accounts without the further consent of Borrower or Manager or any other Person and (ii) all “entitlement orders” (as defined in Section 8-102(a)(8) of the UCC) and instructions originated by Lender directing the transfer or redemption of any financial asset relating to the Collection Account or any Account without further consent by Borrower or any other Person. The Collection Account and each Account is and shall be treated either as a “securities account”, as such term is defined in Section 8-501(a) of the UCC, or a “deposit account”, as defined in Section 9-102(a)(29) of the UCC. Borrower shall not further pledge, assign or grant any security interest in the Rent Deposit Accounts or the monies deposited therein or permit any lien or encumbrance to attach thereto, or any levy to be made thereon, or any UCC-1 financing statements, except those naming Lender as the secured party, to be filed with respect thereto. Borrower shall indemnify Lender and hold Lender harmless from and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations and costs and expenses (including litigation costs and reasonable attorneys’ fees and expenses) arising from or in any way connected with the Rent Deposit Accounts and/or the related Property Account Control Agreement (unless arising from the gross negligence or willful misconduct of Lender) or the performance of the obligations for which the Rent Deposit Accounts were established.

6.1.2 Investment of Funds in Collection Account, Accounts, and Rent Deposit Account. Sums on deposit in the Collection Account and the Accounts may be invested in Permitted Investments. Lender shall have the right to direct Collection Account Bank to invest sums on deposit in the Collection Account and the Accounts in Permitted Investments. The Collection Account shall be assigned the federal tax identification number of Borrower. Sums on deposit in the Rent Deposit Accounts shall not be invested in Permitted Investments and shall be held solely in cash. The amount of actual losses sustained on a liquidation of a Permitted Investment in the Collection Account or an Account shall be deposited into the Collection Account or the applicable Account, as applicable, by Borrower no later than one (1) Business Day following such liquidation. Borrower shall be responsible for payment of any federal, state or local income or other tax applicable to income earned from Permitted Investments.

6.1.3 Borrower’s Operating Account. Borrower shall establish and maintain an account (the “*Borrower’s Operating Account*”) at a local bank selected by Borrower and

reasonably approved by Lender which shall be an Eligible Institution. Borrower may also establish and maintain subaccounts of Borrower's Operating Account (which may be ledger or book entry accounts and not actual accounts). Borrower's Operating Account (and any subaccounts thereof) shall be subject to a Property Account Control Agreement in which Borrower and Manager shall have access to and may make withdrawals from Borrower's Operating Account until the occurrence of an Event of Default, after which Lender may exercise sole control and dominion over Borrower's Operating Account (and any subaccounts thereof) and neither Borrower nor Manager shall have the right of withdrawal from or access to Borrower's Operating Account (and any subaccounts thereof).

6.1.4 General. Borrower shall pay for all expenses of opening and maintaining the Collection Account (and the Accounts) and the Property Accounts. There are no other accounts maintained by Borrower or Manager or any other Person other than the Rent Deposit Accounts and the Collection Account into which Rents or any other Collections shall be deposited. So long as the Debt is outstanding, Borrower shall not (and shall not permit Manager or any other Person to) open any other account for the deposit of Rents or any other Collections.

Section 6.2 Tax Funds; HOA Funds.

6.2.1 Deposits of Tax Funds. Borrower shall deposit with Lender (i) on the Closing Date, an amount equal to \$2,621,998 and (ii) on each Monthly Payment Date, an amount equal to one-twelfth of the Property Taxes that Lender estimates will be payable during the next ensuing twelve (12) months (initially, \$873,999), in order to accumulate sufficient funds to pay all such Property Taxes prior to their respective due dates, which amounts shall be transferred into an Account (the "**Tax Account**"). Amounts deposited from time to time into the Tax Account pursuant to this **Section 6.2.1** are referred to herein as the "**Tax Funds**". If at any time Lender reasonably determines that the Tax Funds will not be sufficient to pay the Property Taxes, Lender shall notify Borrower of such determination and, commencing with the first Monthly Payment Date following Borrower's receipt of such written notice, the monthly deposits for Property Taxes shall be increased by the amount that Lender estimates is sufficient to make up the deficiency at least ten (10) days prior to the respective due dates for the Property Taxes; *provided*, that if Borrower receives notice of any deficiency after the date that is ten (10) days prior to the date that Property Taxes are due, Borrower will deposit with or on behalf of Lender such amount within one (1) Business Day after its receipt of such notice.

6.2.2 Release of Tax Funds. Provided no Event of Default is continuing, Lender shall apply Tax Funds in the Tax Account to reimburse Borrower for payments of Property Taxes made by Borrower after delivery by Borrower to Lender of evidence of such payment reasonably acceptable to Lender. If the amount of the Tax Funds shall exceed the amounts due for Property Taxes, Lender shall, in its sole discretion, return any excess to Borrower or credit such excess against future payments to be made to the Tax Funds. Any Tax Funds remaining in the Tax Account after the Obligations have been paid in full shall be returned to Borrower. Provided no Default or Event of Default exists, the Tax Funds reserved for any Property will be released upon a permitted sale and release of such Property in accordance with the terms hereof.

6.2.3 Deposits of HOA Funds. Borrower shall deposit with Lender on the Closing Date, an amount equal to the HOA Fees that Lender estimates will be payable with respect to all Applicable HOA Properties during the next ensuing twelve (12) months (initially, \$66,366) which amounts shall be transferred into a subaccount established at the Collection

Account Bank to hold such funds (the “**HOA Subaccount**”). Amounts deposited from time to time into the HOA Subaccount pursuant to this **Section 6.2.3** are referred to herein as the “**HOA Funds**”. If at any time Lender reasonably determines that the HOA Funds will not be sufficient to pay the HOA Fees for the Applicable HOA Properties for the next ensuing twelve (12) months, Lender shall notify Borrower of such determination and, within thirty (30) days following Borrower’s receipt of such written notice, Borrower shall deposit with Lender for transfer into the HOA Subaccount an amount that Lender estimates is sufficient to make up the deficiency.

6.2.4 Release of HOA Funds. If at any time Lender believes in good faith that HOA Fees due and payable to an HOA for any HOA Property have become delinquent, Lender shall in its sole and absolute discretion apply the HOA Funds to pay such HOA Fees. If the amount of the HOA Funds shall exceed the HOA Fees that Lender estimates will be payable with respect to all Applicable HOA Properties during the next ensuing twelve (12) months, Lender shall, in its sole discretion, return any excess to Borrower or credit such excess against future payments to be made to the HOA Funds. Any HOA Funds remaining in the HOA Subaccount after the Obligations have been paid in full shall be returned to Borrower. Provided no Default or Event of Default exists, the HOA Funds reserved for any Applicable HOA Property shall be released upon a permitted sale and release of such Property in accordance with the terms hereof.

Section 6.3 Insurance Funds.

6.3.1 Deposits of Insurance Funds. Borrower shall deposit with or on behalf of Lender on each Monthly Payment Date, an amount equal to one-twelfth of the Insurance Premiums that Lender estimates will be payable for the renewal of the coverage afforded by the Policies upon the expiration thereof, in order to accumulate sufficient funds to pay all such Insurance Premiums prior to the expiration of the Policies, which amounts shall be transferred into an Account established at the Collection Account Bank to hold such funds (the “**Insurance Account**”). Amounts deposited from time to time into the Insurance Account pursuant to this **Section 6.3.1** are referred to herein as the “**Insurance Funds**”. If at any time Lender reasonably determines that the Insurance Funds will not be sufficient to pay the Insurance Premiums, Lender shall notify Borrower of such determination and the monthly deposits for Insurance Premiums shall be increased by the amount that Lender estimates is sufficient to make up the deficiency at least thirty (30) days prior to expiration of the Policies.

6.3.2 Release of Insurance Funds. Provided no Event of Default is continuing, Lender shall apply Insurance Funds in the Insurance Account to timely pay, or reimburse Borrower for payments of, Insurance Premiums. If the amount of the Insurance Funds shall exceed the amounts due for Insurance Premiums, Lender shall, in its sole discretion, return any excess to Borrower or credit such excess against future payments to be made to the Insurance Funds. Any Insurance Funds remaining in the Insurance Account after the Obligations have been paid in full shall be returned to Borrower. Provided no Default or Event of Default exists, the Insurance Funds reserved for any Property will be released upon a permitted sale and release of such Property in accordance with the terms hereof.

6.3.3 Acceptable Blanket Policy. Notwithstanding anything to the contrary contained in **Section 6.3.1**, in the event that an Acceptable Blanket Policy is in effect with respect to the Policies required pursuant to **Section 5.1.1**, deposits into the Insurance Account

required for Insurance Premiums pursuant to **Section 6.3.1** shall be suspended to the extent that Insurance Premiums relate to such Acceptable Blanket Policy. As of the date hereof, an Acceptable Blanket Policy is in effect with respect to the Policies required as of the Closing Date pursuant to **Section 5.1.1**.

Section 6.4 Capital Expenditure Funds.

6.4.1 Deposits of Capital Expenditure Funds. Borrower shall deposit with or on behalf of Lender on each Monthly Payment Date, an amount equal to one-twelfth of the product of (i) \$750 multiplied by (ii) the number of Properties to which the Loan is applicable, in order to accumulate sufficient funds, for annual Capital Expenditures, which amounts shall be transferred into an Account (the “**Capital Expenditure Account**”). Amounts deposited from time to time into the Capital Expenditure Account pursuant to this **Section 6.4.1** are referred to herein as the “**Capital Expenditure Funds**”.

6.4.2 Release of Capital Expenditure Funds. Provided no Event of Default is continuing, Lender shall disburse Capital Expenditure Funds out of the Capital Expenditure Account to pay for Capital Expenditures or to reimburse Borrower for Capital Expenditures actually paid for by Borrower, provided that: (i) such disbursement is for an Approved Capital Expenditure, (ii) the request for disbursement is accompanied by (A) an Officer’s Certificate from Borrower (1) stating that the items to be funded by the requested disbursement are Approved Capital Expenditures, and a description thereof, (2) stating that all Approved Capital Expenditures to be funded by the requested disbursement have been completed (or completed to the extent of the requested disbursement) in a good and workmanlike manner and in accordance with all applicable Legal Requirements and the Renovation Standards and, (3) stating that the Approved Capital Expenditures to be funded from the disbursement in question have not been the subject of a previous disbursement have been paid for by Borrower and (iii) for any individual expenditure greater than Twenty-Five Thousand and No/100 Dollars (\$25,000), Borrower has delivered to Lender copies of any invoices, bills or statements related to such Approved Capital Expenditures that are requested by Lender. For the avoidance of doubt, Borrower shall not be entitled to receive a distribution of Capital Expenditure Funds for expenses related to the refurbishment or repair of a Property to the extent that Borrower has been or will be entitled to reimbursement for such expenses from a Tenant’s security deposit.

Section 6.5 Special Insurance Reserve Account.

(a) Deposit of Special Insurance Reserve Funds . If pursuant to **Section 5.1.3** Borrower elects maintain insurance policies with deductibles in excess of the amounts required by **Section 5.1.1**, Borrower shall deposit into and maintain in an Account (the “**Special Insurance Reserve Account**”) an aggregate amount equal to the difference between deductibles in respect of insurance policies maintained by Borrower that are in excess of the levels required by **Section 5.1.1**. Amounts deposited from time to time into the Special Insurance Reserve Account pursuant to this **Section 6.5** are referred to herein as the “**Special Insurance Reserve Funds**”.

(b) Release of Special Insurance Reserve Funds. Provided no Event of Default is continuing, in the event of a Casualty, Lender shall disburse to Borrower Special Insurance Reserve Funds in the amount of the applicable Excess Deductible within five (5) Business Days of receipt by Lender of written request therefor by Borrower; *provided* that if

Borrower continues to maintain insurance policies with Excess Deductibles, then no disbursement shall be made to the extent such disbursement would result in the Special Insurance Reserve Funds on deposit in the Special Insurance Reserve Account to be less than the aggregate amount of the Excess Deductibles.

Section 6.6 Casualty and Condemnation Account. Borrower shall pay, or cause to be paid, to Lender all Insurance Proceeds or Awards due to any Casualty or Condemnation in accordance with the provisions of **Section 5.2** and **Section 5.3**, which amounts shall be transferred into an Account (the “**Casualty and Condemnation Account**”). Amounts deposited from time to time into the Casualty and Condemnation Account pursuant to this **Section 6.6** are referred to herein as the “**Casualty and Condemnation Funds**”. All Casualty and Condemnation Funds shall be held, disbursed and/or applied in accordance with the provisions of **Section 5.3** or **Section 5.4**, as applicable.

Section 6.7 Cash Collateral Reserve.

6.7.1 Cash Collateral Account. If a Trigger Period shall be continuing, all Available Cash (after payment of the Monthly Budgeted Amount and any Approved Extraordinary Operating Expenses in accordance with **Section 6.8.1**) shall be paid to Lender, which amounts shall be transferred by Lender into an Account (the “**Cash Collateral Account**”) to be held by Lender as cash collateral for the Debt. Amounts on deposit from time to time in the Cash Collateral Account pursuant to this **Section 6.7** are referred to as the “**Cash Collateral Funds**”. Lender shall have the right, but not the obligation, at any time during the continuance of an Event of Default, in its sole and absolute discretion to apply any and all Cash Collateral Funds then on deposit in the Cash Collateral Account to the Debt, in such order and in such manner as Lender shall elect in its sole and absolute discretion, including to make a prepayment of principal to cause the Debt Yield to meet the Low Debt Yield Trigger (together with the applicable Spread Maintenance Premium, if any, applicable thereto) or any other amounts due hereunder.

6.7.2 Withdrawal of Cash Collateral Funds. Provided no Default or an Event of Default hereunder is continuing and there is an amount exceeding Five Million Dollars (\$5,000,000) on deposit in the Cash Collateral Account (the “**Cash Collateral Floor**”), Lender shall make disbursements from the Cash Collateral Account of Cash Collateral Funds in excess of the Cash Collateral Floor to pay costs and expenses in connection with the ownership, management and/or operation of the Properties to the extent such amounts are not otherwise paid pursuant to **Section 6.8.1** or by Manager pursuant to the Management Agreement for the following items: (i) Operating Expenses including Management Fees (subject to discretionary Operating Expenses being within a five percent (5%) variation of an Approved Annual Budget), (ii) emergency repairs and/or life-safety items (including applicable Capital Expenditures for such purpose), (iii) Capital Expenditures set forth in an Approved Annual Budget (subject to a five percent (5%) variation for Capital Expenditures in such Approved Annual Budget), (iv) legal, audit and accounting costs associated with the Properties or Borrower, excluding legal fees incurred in connection with the enforcement of Borrower’s, rights pursuant to the Loan Documents, (v) payment of Debt Service on the Loan, (vi) voluntary or mandatory prepayment of the Loan (together with any applicable Spread Maintenance Premium), including, without limitation, any Debt Yield Cure Prepayment, and (vii) expenses and shortfalls relating to Restoration; *provided* that no disbursements shall be made from the Cash Collateral Account for any of the Operating Expenses or Capital Expenditures described in the foregoing clauses (i)

through (iv) to the extent amounts for such Operating Expenses or Capital Expenditures have been distributed to Borrower from the Collection Account under **Section 6.8.1(i)(B)** , or may be distributed to Borrower from the Tax Account, the Insurance Account or the Capital Expenditure Account, as applicable.

6.7.3 Release of Cash Collateral Funds. Provided no Trigger Period is continuing as of two (2) consecutive Calculation Dates, Lender shall release Cash Collateral Funds in the Cash Collateral Account to Borrower; provided, that in the event of a Debt Yield Cure Prepayment, Lender shall release Cash Collateral Funds in the Cash Collateral Account to Borrower within one (1) Business Day of the date of such Debt Yield Cure Prepayment.

Section 6.8 Property Cash Flow Allocation.

6.8.1 Order of Priority of Funds in Collection Account. On each Monthly Payment Date during the Term, except during the continuance of an Event of Default, Collections on deposit in the Collection Account on such day shall be applied on such Monthly Payment Date in the following order of priority:

(a) *first* , to the applicable Security Deposit Account, the amount of any security deposits that have been deposited into the Collection Account by Borrower during the calendar month ending immediately prior to such Monthly Payment Date, as set forth in a written notice from Borrower to Lender delivered pursuant to **Section 4.3.8** ;

(b) *second* , to the Tax Account, to make the required payments of Tax Funds as required under **Section 6.2** ;

(c) *third* , to the Insurance Account, to make any required payments of Insurance Funds as required under **Section 6.3** ;

(d) *fourth* , to Lender, funds sufficient to pay the Monthly Debt Service Payment Amount, applied (A) *first* , to the payment of interest then due and payable on Component A, (B) *second* , to the payment of interest then due and payable on Component B, (C) *third* , to the payment of interest then due and payable on Component C, (D) *fourth* , to the payment of interest then due and payable on Component D, (E) *fifth* , to the payment of interest then due and payable on Component E, (F) *sixth* , to the payment of interest then due and payable on Component F, and (G) *seventh* , to the payment of interest then due and payable on Component G;

(e) *fifth* , to the Manager, management fees payable for the calendar month ending immediately prior to such Monthly Payment Date, but not in excess of six percent (6%) of gross Rents collected during such calendar month;

(f) *sixth* , to the Capital Expenditure Account, to make the required payments of Capital Expenditure Funds as required under **Section 6.4** ;

(g) *seventh* , to Lender, any other fees, costs, expenses (including Trust Fund Expenses) or indemnities then due or payable under this Agreement or any other Loan Document;

(h) *eighth*, to Lender the amount of any mandatory prepayment of the Outstanding Principal Balance pursuant to **Sections 2.4.3** then due and payable and all other amounts payable in connection therewith, such amounts to be applied in the manner set forth in **Section 2.4.5(d)**;

(i) *ninth*, all amounts remaining after payment of the amounts set forth in clauses (a) through (h) above (the “**Available Cash**”) either:

(A) if as of a Monthly Payment Date no Low Debt Yield Period is continuing, any remaining amounts to Borrower’s Operating Account; and

(B) if as of a Monthly Payment Date a Low Debt Yield Period is continuing:

(1) *first*, to Borrower’s Operating Account, funds in an amount equal to the Monthly Budgeted Amount;

(2) *second*, to Borrower’s Operating Account, payments for Approved Extraordinary Operating Expenses, if any; and

(3) *third*, to the Cash Collateral Account to be held or disbursed in accordance with **Section 6.7**.

6.8.2 Application During Event of Default. Notwithstanding anything to the contrary contained herein (including this **Article 6**), upon the occurrence and during the continuance of an Event of Default, Lender, at its option, may apply any Collections then in the possession of Lender, Servicer or the Collection Account Bank (including any Reserve Funds on deposit in the Accounts) or any Property Account Bank to the payment of the Debt in such order, proportion and priority as Lender may determine in its sole and absolute discretion. Lender’s right to withdraw and apply any of the foregoing funds shall be in addition to all other rights and remedies provided to Lender under the Loan Documents.

6.8.3 Annual Budget. Prior to the date hereof, Borrower has submitted and Lender has approved an Annual Budget for the 2015 calendar year (the “**Approved Initial Budget**”). Borrower shall submit to Lender by November 1 of each year the Annual Budget relating to the Properties for the succeeding Fiscal Year. During the continuance of a Trigger Period, Lender shall have the right to approve each Annual Budget (which approval shall not be unreasonably conditioned, delayed or withheld so long as no Event of Default is continuing). An Annual Budget approved by Lender during a Trigger Period or any Annual Budget submitted prior to the commencement of a Trigger Period, shall each hereinafter be referred to as an “**Approved Annual Budget**”. In the event of a Transfer of any Property the Approved Annual Budget shall be reduced as reasonably determined by Lender in consultation with Borrower in order to reflect the removal of such Property and the Operating Expenses associated therewith; *provided, further*, that no such reduction shall be made in the event such Transfer is made in connection with a substitution under **Section 2.4.3(a)**. If Lender has the right to approve an Annual Budget pursuant to this **Section 6.8.3**, neither Borrower nor Manager shall change or modify the Annual Budget that has been approved by Lender without the prior written consent of Lender (which consent shall not be unreasonably withheld, conditioned or delayed so long as no Event of Default is continuing). The “**Monthly Budgeted Amount**” for each Monthly Payment

Date shall mean the monthly amount set forth in the Approved Annual Budget for Operating Expenses and Capital Expenditures for the Interest Period related to such Monthly Payment Date. If during any Trigger Period, Borrower has submitted an Annual Budget and such Annual Budget has not been approved prior to the commencement of the calendar year to which such budget relates then the previous Approved Annual Budget shall continue to be deemed to be the Approved Annual Budget for that calendar year, except that the line item for Capital Expenditures shall not exceed the Capital Expenditures set forth in the Approved Initial Budget.

6.8.4 Extraordinary Operating Expenses. During any Low Debt Yield Period, in the event that Borrower incurs or is required to incur an extraordinary operating expense not set forth in the Approved Annual Budget relating to the Properties (each an “**Extraordinary Operating Expense**”), then Borrower shall promptly deliver to Lender a reasonably detailed explanation of such proposed Extraordinary Operating Expense for Lender’s approval. Any Extraordinary Operating Expense approved by Lender is referred to herein as an “**Approved Extraordinary Operating Expense**”. Any Funds distributed to Borrower for the payment of Approved Extraordinary Operating Expenses pursuant to **Section 6.8.1** shall be used by Borrower only to pay for such Approved Extraordinary Operating Expenses or reimburse Borrower for such Approved Extraordinary Operating Expenses, as applicable.

Section 6.9 Security Interest in Reserve Funds. As security for payment of the Debt and the performance by Borrower of all other terms, conditions and provisions of the Loan Documents, Borrower hereby pledges and assigns to Lender, and grants to Lender a security interest in, all Borrower’s right, title and interest in and to all (collectively, the “**Account Collateral**”) (i) Collections, (ii) any and all Permitted Investments, (iii) in and to all payments to, cash, checks, drafts, letters of credit, certificates and instruments from time to time held in the Property Accounts, the Collection Account and/or Accounts (collectively, the “**Cash Management Accounts**”), (iv) all interest, dividends, cash, instruments, investment property and other property from time to time received, receivable or otherwise payable in respect of, or in exchange for, any or all of the foregoing, and (v) to the extent not covered by **clauses (i), (ii), (iii) or (iv)** above, all “proceeds” (as defined under the UCC) of any or all of the foregoing. Borrower hereby grants to Lender a continuing security interest in, and agrees to hold in trust for the benefit of Lender, all Rents and other Collections in its possession prior to the (x) payment of such Collections to Lender or (y) deposit of such Collections into a Rent Deposit Account or Collection Account, as applicable. Borrower shall not, without obtaining the prior written consent of Lender, further pledge, assign or grant any security interest in any Cash Management Account, or permit any Lien to attach thereto, or any levy to be made thereon, or any UCC Financing Statements, except those naming Lender as the secured party, to be filed with respect thereto. This Agreement is, among other things, intended by the parties to be a security agreement for purposes of the UCC. Upon the occurrence and during the continuance of an Event of Default, Lender may apply any sums in any Cash Management Account in any order and in any manner as Lender shall elect in Lender’s discretion without seeking the appointment of a receiver and without adversely affecting the rights of Lender to foreclose the Lien of any Mortgage Documents, Borrower Security Agreement or exercise its other rights under any other Loan Documents. Provided no Event of Default exists, all interest which accrues on the funds in the Collection Account or any Account (other than the Tax Account and the Insurance Account) shall accrue for the benefit of Borrower and shall be taxable to Borrower and shall be added to and disbursed in the same manner and under the same conditions as the principal sum on which said interest accrued. Upon repayment in full of the Debt, all remaining funds in the Collection Account and the Accounts, if any, shall be promptly disbursed to Borrower.

Section 6.10 Eligibility Reserve Account.

(a) Deposit of Eligibility Funds. If Borrower shall be required to make a prepayment in respect of any Property pursuant to **Section 2.4.3(a)** (other than in the case of any Property that constitutes a Disqualified Property due to the occurrence of a Voluntary Action in respect thereof), Borrower shall have an option to deposit into an Account (the “**Eligibility Reserve Account**”) an amount equal to one hundred percent (100%) of the Allocated Loan Amount for any such Property (“**Eligibility Funds**”), provided that Borrower provides Lender with written notice of any such Eligibility Funds and, no later than the due date for the prepayment required under **Section 2.4.3(a)**, delivers such Eligibility Funds with Lender for deposit to the Eligibility Reserve Account.

(b) Release of Eligibility Funds. Provided no Default or Event of Default exists, Lender shall disburse the Eligibility Funds with respect to a Property to Borrower upon (i) the sale of such Property and payment in full of the applicable Release Amount, (ii) upon such Property becoming an Eligible Property or (iii) upon the substitution of the applicable Disqualified Property with a Substitute Property in accordance with the conditions of **Section 2.4.3(a)**.

Section 6.11 Release of Reserve Funds Generally. Notwithstanding anything to the contrary contained in this **Article 6**, disbursements of Reserve Funds to Borrower shall only occur on the Reserve Release Date after receipt by Lender of a Reserve Release Request from Borrower not less than five (5) Business Days prior to such date; *provided*, that if the amount of Reserves to be released to Borrower on any Reserve Release Date is less than the Minimum Disbursement Amount, then such Reserves shall continue to be maintained in the Reserve Accounts until the next Reserve Release Date on which an amount equal to or greater than the Minimum Disbursement Amount is available for disbursement or until the payment in full of the Obligations.

ARTICLE 7

PERMITTED TRANSFERS

Section 7.1 Permitted Transfers. Notwithstanding anything to the contrary contained in **Section 4.2.3**, the following Transfers (herein, the “**Permitted Transfers**”) shall be permitted hereunder without Lender’s consent:

- (a) an Eligible Lease entered into in accordance with the Loan Documents;
- (b) a Permitted Lien or any other Lien expressly permitted under the terms of the Loan Documents;
- (c) a Transfer of a Property in accordance with **Section 2.5**;
- (d) a substitution of a Property for a Substitute Property in accordance with **Section 2.4.3** or **Section 5.3(b)**, as applicable;

(e) the Transfer of any direct or indirect legal or beneficial interests in any Public Vehicle, including a Public Vehicle that exists on the date hereof or a Public Vehicle which acquires a direct or indirect legal or beneficial interest in Borrower and each other Loan Party after the Closing Date in accordance with the terms of this **Section 7.1** ;

(f) a Transfer of any direct or indirect interest in Borrower or any other Loan Party provided that:

(i) after giving effect to such Transfer, a Qualified Transferee (A) shall own not less than fifty-one percent (51%) of the direct or indirect legal and beneficial interests in Borrower and the other Loan Parties and (B) shall continue to Control (directly or indirectly) Borrower, each other Loan Party and each SPC Party;

(ii) Lender shall receive notice of any Transfer described in this **Section 7.1(f)** not less than (x) if the Qualified Transferee referenced in clause (i) above is not the Sponsor, ten (10) Business Days prior to the consummation thereof or (y) if the Qualified Transferee referenced in clause (i) above is the Sponsor, thirty (30) days following the consummation thereof, but the failure to deliver the notice referred to in this clause (y) shall not constitute an Event of Default unless such failure continues for ten (10) Business Days following notice of such failure from Lender;

(iii) each of Borrower, Equity Owner GP, Equity Owner, Borrower GP and each SPC Party shall each continue to be a Special Purpose Bankruptcy Remote Entity;

(iv) after giving effect to such Transfer (A) Borrower GP shall remain the sole general partner of Borrower owning not less than one percent (1.0%) of the partnership interest in Borrower, (B) Equity Owner shall remain the sole limited partner of Borrower and the sole member of Borrower GP, (C) Equity Owner GP shall remain the sole general partner of Equity Owner owning not less than one percent (1.0%) of the partnership interest in Equity Owner and (D) Borrower shall remain the sole member of any Borrower TRS;

(v) the Properties shall continue to be managed by Existing Manager or by a Qualified Manager pursuant to a Replacement Management Agreement;

(vi) if such Transfer shall cause more than forty-nine percent (49%) of the direct or indirect interests in Borrower, any other Loan Party or any SPC Party to be owned by any Person and its Affiliates that owned less than forty-nine percent (49%) of the direct or indirect interest in Borrower, any other Loan Party or any SPC Party prior to such Transfer, Borrower shall deliver (or cause to be delivered) to Lender a substantive non-consolidation opinion in form and substance reasonably satisfactory to Lender and satisfactory to the applicable Rating Agencies;

(vii) notwithstanding the foregoing, no Transfer of any direct interest in Borrower or any other Loan Party which constitutes a portion of the Collateral shall be permitted; and

(viii) so long as the Loan is outstanding, (A) no pledge or other encumbrance of any direct interests in any Restricted Pledge Party (other than pledges securing the Obligations pursuant to the Collateral Documents) shall be permitted, except that a pledge of the direct ownership interests in the most upper-tier Restricted Pledge Party shall be permitted if such pledge directly or indirectly secures indebtedness that is also directly or indirectly secured by substantial assets other than the Collateral, and (B) no Restricted Pledge Party shall issue preferred equity that has the characteristics of mezzanine debt (such as a fixed maturity date, regular payments of interest, a fixed rate of return and rights of the equity holder to demand repayment of its investment); and

(g) a Sponsor Public Listing or a Sponsor Public Sale provided that:

(i) if after giving effect to any such Sponsor Public Listing or Sponsor Public Sale, more than forty-nine percent (49%) of the direct or indirect interest in Borrower, any Loan Party or any SPC Party is owned by any Person and its Affiliates that owned less than forty-nine percent (49%) of the direct or indirect interest in Borrower, any other Loan Party or any SPC Party prior to such Transfer, Borrower shall deliver (or cause to be delivered) to Lender a substantive non-consolidation opinion in form and substance reasonably satisfactory to Lender and satisfactory to the applicable Rating Agencies;

(ii) each of Borrower, Equity Owner GP, Equity Owner, Borrower GP and each SPC Party shall each continue to be a Special Purpose Bankruptcy Remote Entity;

(iii) after giving effect to such Transfer (A) Borrower GP shall remain the sole general partner of Borrower owning not less than one percent (1.0%) of the partnership interest in Borrower, (B) Equity Owner shall remain the sole limited partner of Borrower and the sole member of Borrower GP and (C) Equity Owner GP shall remain the sole general partner of Equity Owner owning not less than one percent (1.0%) of the partnership interest in Equity Owner;

(iv) the Properties shall continue to be managed by Existing Manager or by a Qualified Manager pursuant to a Replacement Management Agreement;

(v) notwithstanding the foregoing, no Transfer of any direct interest in Borrower, any other Loan Party or any SPC Party shall be permitted in connection with such Sponsor Public Listing or Sponsor Public Sale;

(vi) so long as the Loan is outstanding, (A) no pledge or other encumbrance of any direct interests in any Restricted Pledge Party (other than pledges securing the Obligations pursuant to the Collateral Documents) shall be permitted, and (B) no Restricted Pledge Party shall issue preferred equity that has the characteristics of mezzanine debt (such as a fixed maturity date, regular payments of interest, a fixed rate of return and rights of the equity holder to demand repayment of its investment);

(vii) in the case of a Transfer that is a Sponsor Public Listing, shareholder equity in an amount of at least Two Hundred Million and No/100 Dollars (\$200,000,000) has been sold to third parties in such Sponsor Public Listing and the Public Vehicle that has been listed satisfies the Eligibility Requirements; and

(viii) in the case of a Transfer that is a Sponsor Public Sale, after giving effect to such Transfer, (x) the Loan Parties shall be Controlled (directly or indirectly) by a Qualified Transferee and (y) such Qualified Transferee shall own at least fifty-one percent (51%) of the direct or indirect legal and beneficial interests in Borrower and the other Loan Parties.

(h) Following a Permitted Transfer, if Sponsor (or a Person comprising Sponsor) no longer owns a majority of the direct or indirect interest in Borrower or the Properties, Sponsor shall be released from the Sponsor Guaranty for all liability accruing after the date of such Transfer, provided, that the Qualified Transferee shall execute and deliver to Lender a replacement guaranty in substantially the same form and substance as the Sponsor Guaranty covering all liability accruing from and after the date of such Transfer (but not any which may have accrued prior thereto).

Section 7.2 Cost and Expenses; Searches; Copies.

(a) Borrower shall pay all costs and expenses of Lender in connection with any Transfer, whether or not such Transfer is deemed to be a Permitted Transfer, including, without limitation, all fees and expenses of Lender's counsel, whether internal or outside, and the cost of any required counsel opinions related to REMIC or other securitization or tax issues and any Rating Agency fees.

(b) Borrower shall provide Lender with copies of all organizational documents and all transaction documents relating to any Permitted Transfer.

(c) In connection with any Permitted Transfer, to the extent a transferee shall own ten percent (10%) or more of the direct or indirect ownership interests in Borrower immediately following such transfer (provided such transferee owned less than ten percent (10%) of the direct or indirect ownership interests in Borrower as of the Closing Date), Borrower shall deliver (and Borrower shall be responsible for any reasonable out of pocket costs and expenses in connection therewith), customary searches reasonably requested by Lender in writing (including credit, judgment, lien, litigation, bankruptcy, criminal and watch list) reasonably acceptable to Lender with respect to such transferee.

ARTICLE 8

DEFAULTS

Section 8.1 Events of Default. Each of the following events shall constitute an event of default hereunder (an "*Event of Default*"):

(i) if (A) the Obligations are not paid in full on the Maturity Date, (B) any regularly scheduled monthly payment of interest or principal due under the Note is not paid in full on the applicable Monthly Payment Date, (C) any prepayment of principal due under this Agreement or the Note is not paid when due or (D) the Spread Maintenance Premium is not paid when due,

(ii) if any deposit to the Reserve Funds is not made on the required deposit date therefor, with such failure continuing for two (2) Business Days after Lender delivers written notice thereof to Borrower;

(iii) if any other amount payable pursuant to this Agreement, the Note or any other Loan Document (other than as set forth in the foregoing **clauses (i) and (ii)**) is not paid in full when due and payable in accordance with the provisions of the applicable Loan Document, with such failure continuing for ten (10) days after Lender delivers written notice thereof to Borrower;

(iv) if the Policies are not (A) delivered to Lender within five (5) days of Lender's written request and (B) kept in full force and effect, each in accordance with the terms and conditions hereof;

(v) a Transfer other than a Permitted Transfer occurs;

(vi) if any certification, representation or warranty made by a Relevant Party herein or any other Loan Document, other than a Property Representation, or in any report, certificate, financial statement or other instrument, agreement or document furnished to Lender shall have been false or misleading in any material and adverse respect as of the date such representation or warranty was made; *provided, however*, if any untrue certification, representation or warranty made after the Closing Date is susceptible of being cured, Borrower shall have the right to cure such certification, representation or warranty within thirty (30) days after receipt of notice from Lender;

(vii) if any Relevant Party shall make an assignment for the benefit of creditors;

(viii) if a receiver, liquidator or trustee shall be appointed for any Relevant Party or any SPC Party or if Borrower, any Relevant Party or any SPC Party shall be adjudicated a bankrupt or insolvent, or if any petition for bankruptcy, reorganization or arrangement pursuant to federal bankruptcy law, or any similar federal or state law, shall be filed by or against, consented to, or acquiesced in by, Borrower, any Relevant Party or any SPC Party, or if any proceeding for the dissolution or liquidation of Borrower, any Relevant Party or any SPC Party shall be instituted, or if Borrower is substantively consolidated with any other Person; *provided, however*, if such appointment, adjudication, petition, proceeding or consolidation was involuntary and not consented to by such Relevant Party, upon the same not being discharged, stayed or dismissed within sixty (60) days following its filing;

(ix) if any Loan Party attempts to assign its rights under this Agreement or any of the other Loan Documents or any interest herein or therein in contravention of the Loan Documents;

(x) if any of the assumptions contained in the Insolvency Opinion, or in any other non-consolidation opinion delivered to Lender in connection with the Loan, or in any other non-consolidation opinion delivered subsequent to the closing of the Loan, is or shall become untrue in any material respect;

(xi) a breach of the covenants set forth in **Sections 4.1.1 , 4.1.2 , 4.1.3 , 4.1.9 , 4.1.24 , 4.2.1 , 4.2.2 , 4.2.3 , 4.2.4 , 4.2.5 , 4.2.7 , 4.2.8 , 4.2.9 , 4.2.13 or 4.2.18** ;

(xii) if with respect to any Disqualified Property, Borrower fails to within the time periods specified in **Section 2.4.3(a)** either: (A) pay the Release Amount in respect thereof, (B) substitute such Disqualified Property with a Substitute Property in accordance with **Section 2.4.3(a)** or (C) or deposit an amount equal to one hundred percent (100%) of the Allocated Loan Amount for the Disqualified Property in the Eligibility Reserve Account in accordance with **Section 2.4.3(a)** and such failure continues for more than five (5) Business Days after written notice thereof from Lender to Borrower;

(xiii) if, without Lender's prior written consent, (i) any Management Agreement is terminated (unless simultaneously therewith, Borrower and a new Qualified Manager enter into a Replacement Management Agreement in accordance with **Section 4.2.1**), or (ii) there is a default by Borrower under any Management Agreement beyond any applicable notice or grace period that permits such Manager to terminate or cancel the applicable Management Agreement (unless, within thirty (30) days after the expiration of such notice or grace period, Borrower and a new Qualified Manager enter into a Replacement Management Agreement in accordance with **Section 4.2.1**);

(xiv) if any Loan Party or any Person owning a direct or indirect ownership interest in any Loan Party shall be convicted of a Patriot Act Offense by a court of competent jurisdiction;

(xv) any failure on the part of any Borrower to duly observe or perform any of its covenants set forth in **Section 4.1.17** or the representation and warranty in **Section 3.1.26** shall fail to be correct in respect of a Tenant of any Property and, in each case, Borrower fails to notify OFAC within five (5) Business Days of Borrower or Manager obtaining knowledge that such Tenant is on any of the lists described in those sections and promptly take such steps as may be required by OFAC with respect to such Tenant;

(xvi) if there shall be a default under any of the other Loan Documents beyond any applicable cure periods contained in such Loan Documents, whether as to any Relevant Party or the Properties, or if any other such event shall occur or condition shall exist, if the effect of such event or condition is to accelerate the maturity of any portion of the Obligations or to permit Lender to accelerate the maturity of all or any portion of the Obligations;

(xvii) if Borrower fails to obtain or maintain an Interest Rate Cap Agreement or replacement thereof in accordance with **Section 2.6** and/or **Section 2.7** hereof;

(xviii) if any Loan Document or any Lien granted thereunder by any Relevant Party shall (except in accordance with its terms or pursuant to Lender's written consent), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of the parties thereto or (y) any Relevant Party or any other party shall disaffirm or contest, in writing, in any manner such effectiveness, validity, binding nature or enforceability (other than as a result of the occurrence of the payment in full of the Obligations);

(xix) one or more final judgments for the payment of Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000) or more rendered against any Loan Party, and such amount is not covered by insurance or indemnity or not discharged, paid or stayed within sixty (60) days after (i) the date on which the right to appeal thereof has expired if no such appeal has commenced, or (ii) the date on which all rights to appeal have been extinguished;

(xx) unless BREP has agreed in writing to be primarily liable for all obligations of the Sponsor under the Sponsor Guaranty, as of any Calculation Date, Sponsor or any Qualified Transferee that executes and delivers a replacement guaranty pursuant to **Section 7.1** fails to comply with the Sponsor Financial Covenant; or

(xxi) if any Relevant Party shall continue to be in Default under any of the other terms, covenants or conditions of this Agreement or any other Loan Document not specified in subsections (i) to (xx) above, and such Default shall continue for ten (10) days after notice to Borrower from Lender, in the case of any such Default which can be cured by the payment of a sum of money, or for thirty (30) days after notice to Borrower from Lender in the case of any other such Default; *provided, however*, that if such non-monetary Default is susceptible of cure but cannot reasonably be cured within such 30-day period, and provided further that Borrower shall have commenced to cure such Default within such 30-day period shall and thereafter diligently and expeditiously proceed to cure the same, such 30-day period shall be extended for such time as is reasonably necessary for Borrower in the exercise of due diligence to cure such Default, such additional period not to exceed ninety (90) days.

Section 8.2 Remedies.

8.2.1 Acceleration. Upon the occurrence of an Event of Default (other than an Event of Default described in *clauses (vii)*, *(viii)* or *(ix)* of **Section 8.1**) and at any time thereafter, Lender may, in addition to any other rights or remedies available to it pursuant to this Agreement and the other Loan Documents or at law or in equity, take such action, without notice or demand (and Borrower hereby expressly waives any such notice or demand), that Lender deems advisable to protect and enforce its rights against any Relevant Party and in and to the Properties, including declaring the Obligations to be immediately due and payable, and Lender may enforce or avail itself of any or all rights or remedies provided in the Loan Documents against the Relevant Parties, including all rights or remedies available at law or in equity; and upon any Event of Default described in *clauses (vii)*, *(viii)* or *(ix)* of **Section 8.1**, the Obligations of Borrower hereunder and under the other Loan Documents shall immediately and automatically become due and payable in full, without notice or demand, and the Loan Parties hereby expressly waives any such notice or demand, anything contained herein or in any other Loan Document to the contrary notwithstanding.

8.2.2 Remedies Cumulative.

(a) During the continuance of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to Lender against each Relevant Party

under this Agreement or any of the other Loan Documents executed and delivered by, or applicable to, a Relevant Party or at law or in equity may be exercised by Lender at any time and from time to time, whether or not all or any of the Obligations shall be declared due and payable, and whether or not Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Loan Documents with respect to the Collateral. The rights, powers and remedies of Lender under this Agreement shall be cumulative and not exclusive of any other right, power or remedy which Lender may have against a Relevant Party pursuant to this Agreement or the other Loan Documents, or existing at law or in equity or otherwise. Lender's rights, powers and remedies may be pursued independently, singly, successively, together or otherwise, at such time and in such order as Lender may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of Lender permitted by law or contract or as set forth herein or in the other Loan Documents or by equity. Without limiting the generality of the foregoing, if an Event of Default is continuing (i) Lender shall not be subject to any "one action" or "election of remedies" law or rule, and (ii) all Liens and other rights, remedies or privileges provided to Lender shall remain in full force and effect until Lender has exhausted all of its remedies against the Properties and the other Collateral and each Mortgage has been foreclosed, sold and/or otherwise realized upon in satisfaction of the Obligations or the Obligations have been paid in full including, without limitation, any liquidation fees, workout fees, special servicing fees and interest payable on advances made by the Servicer with respect to delinquent debt service payments or expenses of curing Borrower's or any Loan Party's defaults under the Loan Documents or other similar fees payable to Servicer or any special servicer in connection therewith. No delay or omission to exercise any remedy, right or power accruing upon an Event of Default shall impair any such remedy, right or power or shall be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Default or Event of Default with respect to a Relevant Party shall not be construed to be a waiver of any subsequent Default or Event of Default by such Relevant Party or to impair any remedy, right or power consequent thereon.

(b) With respect to Borrower, the other Loan Parties and the Collateral, nothing contained herein or in any other Loan Document shall be construed as requiring Lender to resort to any Property or other portion of the Collateral for the satisfaction of any of the Debt in preference or priority to any other portion of the Collateral, and Lender may seek satisfaction out of all of the Collateral or any part thereof, in its absolute discretion in respect of the Debt. During the continuance of an Event of Default, Lender shall have the right from time to time to partially foreclose any Mortgage or the Lien of any of the other Collateral Documents in any manner and for any amounts secured by the Collateral Documents then due and payable as determined by Lender in its sole discretion, including the following circumstances: (i) in the event Borrower defaults beyond any applicable grace period in the payment of one or more scheduled payments of principal and interest, Lender may foreclose one or more of the Mortgages or other Collateral Documents to recover such delinquent payments, or (ii) in the event Lender elects to accelerate less than the entire Outstanding Principal Balance, Lender may foreclose one or more of the Mortgages or other Collateral Documents to recover so much of the principal balance of the Loan as Lender may accelerate and such other sums secured by the Mortgages and the other Collateral Documents as Lender may elect. Notwithstanding one or more partial foreclosures, the Collateral shall remain subject to the Mortgages and the other Collateral Documents to secure payment of the sums secured by the Collateral Documents and not previously recovered.

8.2.3 Severance.

(b) During the continuance of an Event of Default, Lender shall have the right from time to time to sever the Note and the other Loan Documents into one or more separate notes, Collateral Documents and other security documents in such denominations as Lender shall determine in its sole discretion for purposes of evidencing and enforcing its rights and remedies provided hereunder. The Loan Parties shall execute and deliver to Lender from time to time, promptly after the request of Lender, a severance agreement and such other documents as Lender shall request in order to effect the severance described in the preceding sentence, all in form and substance reasonably satisfactory to Lender. The Loan Parties hereby absolutely and irrevocably appoint Lender as its true and lawful attorney, coupled with an interest, in its name and stead to make and execute all documents necessary or desirable to effect the aforesaid severance, Borrower ratifying all that its said attorney shall do by virtue thereof; *provided, however*, Lender shall not make or execute any such documents under such power until three (3) days after notice has been given to a Loan Party by Lender of Lender's intent to exercise its rights under such power.

(c) During the continuance of an Event of Default, any amounts recovered from the Collateral may be applied by Lender toward the payment of any interest and/or principal of the Loan and/or any other amounts due under the Loan Documents, in such order, priority and proportions as Lender in its sole discretion shall determine.

(d) As used in this **Section 8.2**, a "foreclosure" shall include, without limitation, any sale by power of sale.

8.2.4 Lender's Right to Perform. If any Loan Party fails to perform any covenant or obligation contained herein and such failure shall continue for a period of five (5) Business Days after Borrower's receipt of written notice thereof from Lender, without in any way limiting Lender's right to exercise any of its rights, powers or remedies as provided hereunder, or under any of the other Loan Documents, Lender may, but shall have no obligation to, perform, or cause the performance of, such covenant or obligation, and all costs, expenses, liabilities, penalties and fines of Lender incurred or paid in connection therewith shall be payable by Borrower to Lender upon demand and if not paid shall be added to the Obligations (and to the extent permitted under applicable laws, secured by the Mortgages and the other Collateral Documents) and shall bear interest thereafter at the Default Rate. Notwithstanding the foregoing, Lender shall have no obligation to send notice to Borrower of any such failure.

ARTICLE 9

SECURITIZATION

Section 9.1 Securitization.

(a) Lender shall have the right (i) to sell or otherwise transfer the Loan or any portion thereof as a whole loan, (ii) to sell participation interests in the Loan, or (iii) to securitize the Loan or any portion thereof in a single asset securitization or a pooled loan securitization. (The transactions referred to in **clauses (i)**, **(ii)** and **(iii)** are each hereinafter referred to as a "**Secondary Market Transaction**" and the transactions referred to in **clause (iii)** shall hereinafter be referred to as a "**Securitization**". Any certificates, notes or other securities issued in

connection with a Secondary Market Transaction are hereinafter referred to as “*Securities*”). At Lender’s election, each note and/or component comprising the Loan may be subject to one or more Secondary Market Transactions.

(b) If requested by Lender, the Loan Parties shall use reasonable efforts to provide information in the possession or control of Borrower or its Affiliates, attorneys, accountants or other agents or which may be reasonably required by Lender in order to satisfy the market standards to which Lender customarily adheres or which may be required in the marketplace, by prospective investors, the Rating Agencies, applicable Legal Requirements and/or otherwise in the marketplace in connection with any Secondary Market Transactions, including to:

(i) (A) provide updated financial and other information with respect to the Properties, the business operated at the Properties, Borrower, Sponsor and the Manager, including, without limitation, the information set forth on **Exhibit C** attached hereto, and (B) provide updated budgets and other information (to extent required by investors or Rating Agencies) relating to the Properties (the “*Updated Information*”) which were obtained in connection with the origination of the Loan;

(ii) provide (A) an updated Insolvency Opinion, and (B) updated opinions of Borrower’s and Guarantors’ New York and Delaware counsel, substantially the same as those delivered as of the Closing Date, which opinions shall be addressed, for purposes or reliance thereon, to each Person acquiring any interest in the Loan in connection with any Secondary Market Transaction (including, without limitation, any “B Note” purchasers), or otherwise reasonably satisfactory to Lender and the Rating Agencies;

(iii) (A) confirm that as of the closing date of any Secondary Market Transaction, the representations and warranties as set forth in the Loan Documents are true, complete and correct in all material respects as of the closing date of the Secondary Market Transaction (except to the extent that any such representations and warranties are and can only be made as of a specific date and the facts and circumstances upon which such representation and warranty is based are specific solely to a certain date in which case confirmation as to truth, completeness and correctness shall be provided as of such specific date or to the extent such representations are no longer true and correct as a result of subsequent events in which case Borrower shall provide an updated representation or warranty) and (B) make such additional representations and warranties as the Rating Agencies may customarily require; and

(iv) execute amendments to the Loan Documents and the Loan Parties’ organizational documents requested by Lender; *provided*, *however*, that Borrower shall not be required to modify or amend any Loan Document if such modification or amendment would (A) cause the initial weighted average of the interest rates for all Components in the aggregate immediately after the effective date of such modification to exceed the weighted average interest rate of the original Components in the aggregate immediately prior to such modification, (B) cause the outstanding principal balance of all Components in the aggregate immediately after the effective date of such modification to exceed the outstanding principal balance of all Components in the aggregate immediately prior to such modification, (C) require Borrower to make or remake any representations

or warranties, (D) require principal amortization of the Loan (other than repayment in full on the Maturity Date), (E) change any Stated Maturity Date or (F) otherwise increase the obligations or reduce the rights of Borrower or any Guarantor under the Loan Documents.

(c) If, at the time a Disclosure Document is being prepared for a Securitization, Lender reasonably determines that Borrower alone or Borrower and one or more Affiliates of Borrower (including any guarantor or other Person that is directly or indirectly committed by contract or otherwise to make payments on all or a part of the Loan) collectively, or the Properties alone or the Properties and Related Properties collectively, will be a Significant Obligor, Borrower shall furnish to Lender upon request the following financial information:

(i) if Lender reasonably determines that the principal amount of the Loan together with any Related Loans, as of the cut-off date for such Securitization, may equal or exceed ten percent (10%) (but less than twenty percent (20%)) of the aggregate principal amount of all mortgage loans included or expected to be included in the Securitization, net operating income for the Properties and the Related Properties for the most recent Fiscal Year and interim period as required under Item 1112(b)(1) of Regulation AB (or, if the Loan is not treated as a non-recourse loan under Instruction 3 for Item 1101(k) of Regulation AB, selected financial data meeting the requirements and covering the time periods specified in Item 301 of Regulation S-K and Item 1112(b)(1) of Regulation AB), or

(ii) if Lender reasonably determines that the principal amount of the Loan together with any Related Loans, as of the cut-off date for such Securitization, may equal or exceed twenty percent (20%) of the aggregate principal amount of all mortgage loans included or expected to be included in the Securitization, the financial statements required under Item 1112(b)(2) of Regulation AB (which includes, but may not be limited to, a balance sheet with respect to the entity that Lender determines to be a Significant Obligor for the two most recent Fiscal Years and applicable interim periods, meeting the requirements of Rule 3-01 of Regulation S-X, and statements of income and statements of cash flows with respect to the Properties for the three most recent Fiscal Years and applicable interim periods, meeting the requirements of Rule 3-02 of Regulation S-X (or if Lender determines that the Properties is the Significant Obligor and the Properties (other than properties that are hotels, nursing homes, or other properties that would be deemed to constitute a business and not real estate under Regulation S-X or other legal requirements) was acquired from an unaffiliated third party and the other conditions set forth in Rule 3-14 of Regulation S-X have been met, the financial statements required by Rule 3-14 of Regulation S-X)).

(d) Further, if requested by Lender, Borrower shall, promptly upon Lender's request, furnish to Lender financial data or financial statements meeting the requirements of Item 1112(b)(1) or (2) of Regulation AB, as specified by Lender, for any Tenant of the Properties if, in connection with a Securitization, Lender reasonably determines there to be, as of the cutoff date for such Securitization, a concentration with respect to such Tenant or group of Affiliated Tenants within all of the mortgage loans included or expected to be included in the Securitization such that such Tenant or group of Affiliated Tenants would constitute a Significant Obligor. Borrower shall furnish to Lender, in connection with the preparation of the Disclosure Documents and on an ongoing basis, financial data and/or financial statements with respect to

such Tenants meeting the requirements of Item 1112(b)(1) or (2) of Regulation AB, as specified by Lender, but only for so long as such entity or entities are a Significant Obligor and either (x) filings pursuant to the Exchange Act in connection with or relating to the Securitization (an “**Exchange Act Filing**”) are required to be made under applicable Legal Requirements or (y) comparable information is required to otherwise be “available” to holders of the Securities under Regulation AB or applicable Legal Requirements.

(e) If Lender determines that Borrower alone or Borrower and one or more Affiliates of Borrower collectively, or the Properties alone or the Properties and Related Properties collectively, are a Significant Obligor, then Borrower shall furnish to Lender, on an ongoing basis, selected financial data or financial statements meeting the requirements of Item 1112(b)(1) or (2) of Regulation AB, as specified by Lender, but only for so long as such entity or entities are a Significant Obligor and either (x) Exchange Act Filings are required to be made under applicable Legal Requirements or (y) comparable information is required to otherwise be “available” to holders of the Securities under Regulation AB or applicable Legal Requirements.

(f) If reasonably requested by Lender, Borrower shall provide Lender, within a reasonable period of time following Lender’s request therefor, with any other or additional financial statements, or financial, statistical or operating information, as Lender shall reasonably determine to be required pursuant to Regulation S-K or Regulation S-X, as applicable, Regulation AB, or any amendment, modification or replacement thereto or other Legal Requirements relating to a Securitization or as shall otherwise be reasonably requested by Lender.

Section 9.2 Securitization Indemnification .

(a) Borrower understands that information provided to Lender by Borrower, the Guarantors and their respective agents, counsel and representatives may be included in preliminary and final disclosure documents in connection with any Secondary Market Transaction, including a Securitization, including an offering circular, a prospectus, prospectus supplement, private placement memorandum or other offering document (each, a “**Disclosure Document**”) and may also be included in filings with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the “**Securities Act**”), or the Securities and Exchange Act of 1934, as amended (the “**Exchange Act**”), and may be made available to investors or prospective investors in the Securities, investment banking firms, NRSROs, accounting firms, law firms and other third-party advisory and service providers relating to any Secondary Market Transaction, including a Securitization. Borrower also understands that the findings and conclusions of any third-party due diligence report obtained by Lender, Issuer or the Securitization placement agent or underwriter may be made publicly available if required, and in the manner prescribed, by Section 15E(s)(4)(A) of the Exchange Act and any rules promulgated thereunder.

(b) Borrower hereby agrees to indemnify Lender (and for purposes of this **Section 9.2**, Lender shall include the initial lender, its successors and assigns, and their respective officers and directors) and each Person who controls Lender within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the “**Lender Group**”), the issuer of the Securities (the “**Issuer**”) and for purposes of this **Section 9.2**, Issuer shall include its officers, director and each Person who controls the Issuer within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act), and any placement agent or

underwriter with respect to the Securitization, each of their respective officers and directors and each Person who controls the placement agent or underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the “**Underwriter Group**”) for any losses, claims, damages or liabilities (collectively, the “**Liabilities**”) to which Lender, Lender Group, the Issuer or the Underwriter Group may become subject insofar as the Liabilities arise out of, or are based upon, (A) any untrue statement or alleged untrue statement of any material fact contained in the Covered Disclosure Information (defined below), (B) the omission or alleged omission to state in the Covered Disclosure Information a material fact required to be stated in such information or necessary in order to make the statements in such information, in light of the circumstances under which they were made, not misleading, or (C) a breach of the representations and warranties made by any Loan Party in **Section 3.1.24** of this Agreement (Full and Accurate Disclosure). For purposes of the foregoing, the “**Covered Disclosure Information**” shall mean the information provided by or on behalf of Borrower relating to Borrower, Guarantors, Manager, Sponsor, the Properties and the Loan which is contained in the sections of the Disclosure Documents entitled as follows, or comparable sections thereto: “Summary of the Offering Circular,” “Risk Factors,” “Description of the Relevant Parties and the Manager,” “Description of the Properties,” “Description of the Management Agreement and the Assignment and Subordination of Management Agreement,” “Description of the Loan,” and “Certain Legal Aspects of the Loan”, which Disclosure Documents shall be delivered for review and comment by Borrower not less than five (5) Business Days prior to the date upon which Borrower is otherwise required to confirm such Disclosure Documents. Borrower also agrees to reimburse Lender, Lender Group, the Issuer and/or the Underwriter Group for any legal or other expenses reasonably incurred by Lender, Lender Group, the Issuer and/or the Underwriter Group in connection with investigating or defending the Liabilities. This indemnification provision will be in addition to any liability which Borrower may otherwise have.

(c) In connection with any Exchange Act Filing or other reports containing comparable information that is required to be made “available” to holders of the Securities under Regulation AB or applicable Legal Requirements, Borrower agrees to (i) indemnify Lender, Lender Group, the Issuer and the Underwriter Group for Liabilities to which Lender, Lender Group, the Issuer and/or the Underwriter Group may become subject insofar as the Liabilities arise out of, or are based upon any untrue statement or alleged untrue statement of any material fact in the Covered Disclosure Information, or the omission or alleged omission to state in the Covered Disclosure Information a material fact required to be stated therein or necessary in order to make the statements in the Covered Disclosure Information, in light of the circumstances under which they were made, not misleading, and (ii) reimburse Lender, Lender Group, the Issuer and/or the Underwriter Group for any legal or other expenses reasonably incurred by Lender, Lender Group, the Issuer and/or the Underwriter Group in connection with defending or investigating the Liabilities.

(d) Promptly after receipt by an indemnified party under this **Section 9.2** of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this **Section 9.2**, notify the indemnifying party in writing of the commencement thereof, but the omission to so notify the indemnifying party will not relieve the indemnifying party from any liability which the indemnifying party may have to any indemnified party under **Section 9.2(b)** or **(c)** except to the extent that failure to notify causes prejudice to the indemnifying party. In the event that any action is brought against any indemnified party, and it notifies the indemnifying party of the

commencement thereof, the indemnifying party will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel satisfactory to such indemnified party. After notice from the indemnifying party to such indemnified party pursuant to the immediately preceding sentence of this **Section 9.2(d)**, such indemnifying party shall pay for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation; *provided, however*, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there are any legal defenses available to it and/or other indemnified parties that are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party at the cost of the indemnifying party. The indemnifying party shall not be liable for the expenses of more than one separate counsel unless an indemnified party shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to the indemnifying party. Without the prior written consent of Lender (which consent shall not be unreasonably withheld or delayed), no indemnifying party shall settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not any indemnified party is an actual or potential party to such claim, action, suit or proceeding) unless the indemnifying party shall have given Lender reasonable prior written notice thereof and shall have obtained an unconditional release of each indemnified party hereunder from all liability arising out of such claim, action, suit or proceedings, and such settlement requires no statement as to, or an admission of, fault, culpability or a failure to act, by or on behalf of the indemnified party.

(e) In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in **Section 9.2(b)** or **(c)** is for any reason held to be unenforceable as to an indemnified party in respect of any Liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under **Section 9.2(b)** or **(c)**, the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such Liabilities (or action in respect thereof); *provided, however*, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the Issuer's and Borrower's relative knowledge and access to information concerning the matter with respect to which the claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable considerations appropriate in the circumstances. Lender and Borrower hereby agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

(f) The liabilities and obligations of both Borrower and Lender under this **Section 9.2** shall survive the termination of this Agreement and the satisfaction and discharge of the Debt.

Section 9.3 Severance.

9.3.1 Severance Documentation. Lender, without in any way limiting Lender's other rights hereunder, in its sole and absolute discretion, shall have the right, at any time (whether prior to or after any sale, participation or other Secondary Market Transaction with respect to all or any portion of the Loan), to require Borrower (at Lender's expense) to execute and deliver "component" notes (including certificating existing uncertificated "component" notes) and/or modify the Loan or the existing "component note" structure in order to create one or more senior and subordinate notes (i.e., an A/B or A/B/C structure) and/or one or more additional components of the Note or Notes, or make any other change to the Loan, the Note or Components including but not limited to: reducing the number of Components of the Note or Notes, revising the interest rate for each Component, reallocating the principal balances of the Notes and/or the Components, increasing or decreasing the monthly debt service payments for each Component or eliminating the Component structure and/or the multiple note structure of the Loan (including the elimination of the related allocations of principal and interest payments); *provided* that (A) the outstanding principal balance of all Components in the aggregate immediately after the effective date of such modification equals the outstanding principal balance immediately prior to such modification, (B) the initial weighted average of the interest rates for all Components in the aggregate immediately after the effective date of such modification equals the weighted average interest rate of the original Components immediately prior to such modification, (C) no principal amortization of the Loan (or any Components thereof) shall be required (other than repayment in full on the Maturity Date), (D) there shall be no change to any Stated Maturity Date and (E) Borrower and Guarantors shall not be required to amend any Loan Documents that would otherwise increase the obligations or reduce the rights of Borrower or Guarantors under the Loan Documents. At Lender's election, each note comprising the Loan may be subject to one or more Secondary Market Transactions. Lender shall have the right to modify the Note and/or Notes and any Components in accordance with this **Section 9.3** and, provided that such modification shall comply with the terms of this **Section 9.3**, it shall become immediately effective.

9.3.2 Cooperation; Execution; Delivery. Borrower shall reasonably cooperate with all reasonable requests of Lender in connection with this **Section 9.3**. If requested by Lender, Borrower shall promptly execute and deliver such documents as shall be required by Lender and any Rating Agency in connection with any modification pursuant to this **Section 9.3**, all in form and substance satisfactory to Lender and satisfactory to any applicable Rating Agency. It shall be an Event of Default under this Agreement, the Note, and the other Loan Documents if Borrower fails to comply with any of the terms, covenants or conditions of this **Section 9.3** after expiration of ten (10) Business Days after notice thereof.

ARTICLE 10

MISCELLANEOUS

Section 10.1 Survival; Successors and Assigns. This Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by Lender of the Loan and the execution and delivery to Lender of the Note, and shall continue in full force and effect so long as all or any of the Obligations are outstanding and unpaid unless a longer period is expressly set forth herein or in the other Loan Documents. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the legal representatives, successors and assigns of such party. All

covenants, promises and agreements in this Agreement, by or on behalf of Borrower and the other Loan Parties, shall inure to the benefit of the legal representatives, successors and assigns of Lender.

Section 10.2 Lender's Discretion; Rating Agency Review Waiver.

(a) Whenever pursuant to this Agreement Lender exercises any right given to it to approve or disapprove any matter, or any arrangement or term is to be satisfactory to Lender, the decision of Lender to approve or disapprove such matter or to decide whether arrangements or terms are satisfactory or not satisfactory shall (except as is otherwise specifically herein provided) be in the sole discretion of Lender and shall be final and conclusive. Prior to a Securitization, whenever pursuant to this Agreement the Rating Agencies are given any right to approve or disapprove any matter, or any arrangement or term is to be satisfactory to the Rating Agencies, the decision of Lender to approve or disapprove such matter or to decide whether arrangements or terms are satisfactory or not satisfactory, based upon Lender's determination of Rating Agency criteria, shall be substituted therefor.

(b) Whenever, pursuant to this Agreement or any other Loan Documents, a Rating Agency Confirmation is required from each applicable Rating Agency, in the event that any applicable Rating Agency "declines review", "waives review" or otherwise indicates to Lender's or Servicer's satisfaction that no Rating Agency Confirmation will or needs to be issued with respect to the matter in question (each, a "**Review Waiver**"), then the requirement to obtain a Rating Agency Confirmation from such Rating Agency shall not apply with respect to such matter; *provided, however*, if a Review Waiver occurs with respect to a Rating Agency and Lender does not have a separate and independent approval right with respect to the matter in question, then such matter shall require the written reasonable approval of Lender. It is expressly agreed and understood, however, that receipt of a Review Waiver (i) from any one Rating Agency shall not be binding or apply with respect to any other Rating Agency and (ii) with respect to one matter shall not apply or be deemed to apply to any subsequent matter for which Rating Agency Confirmation is required.

Section 10.3 Governing Law.

(a) THIS AGREEMENT WAS NEGOTIATED IN THE STATE OF NEW YORK, AND MADE BY LENDER AND ACCEPTED BY BORROWER AND GUARANTORS IN THE STATE OF NEW YORK, AND THE PROCEEDS OF THE NOTE DELIVERED PURSUANT HERETO WERE DISBURSED FROM THE STATE OF NEW YORK, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY, AND IN ALL RESPECTS, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE (PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW) AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA. TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER AND GUARANTORS HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS AGREEMENT AND THE NOTE.

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST LENDER, BORROWER OR GUARANTORS ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY AT LENDER'S OPTION BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY OF NEW YORK, COUNTY OF NEW YORK, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, AND BORROWER AND EACH GUARANTOR WAIVE ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND BORROWER AND EACH GUARANTOR HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING. BORROWER AGREES THAT SERVICE OF PROCESS UPON BORROWER AT THE ADDRESS FOR BORROWER SET FORTH HEREIN AND WRITTEN NOTICE OF SAID SERVICE MAILED OR DELIVERED TO BORROWER IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON BORROWER IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK, AND EACH GUARANTOR AGREES THAT SERVICE OF PROCESS UPON SUCH GUARANTOR AT THE ADDRESS FOR SUCH GUARANTOR SET FORTH HEREIN AND WRITTEN NOTICE OF SAID SERVICE MAILED OR DELIVERED TO SUCH GUARANTOR IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON GUARANTOR IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK. BORROWER (I) SHALL GIVE PROMPT NOTICE TO LENDER OF ANY CHANGE IN THE ADDRESS FOR BORROWER SET FORTH HEREIN, (II) MAY AT ANY TIME AND FROM TIME TO TIME DESIGNATE AN AUTHORIZED AGENT OF BORROWER WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH AGENT AND OFFICE SHALL BE DESIGNATED AS THE PERSON AND ADDRESS FOR SERVICE OF PROCESS), AND (III) SHALL PROMPTLY DESIGNATE AN AUTHORIZED AGENT IF BORROWER CEASES TO HAVE AN OFFICE IN NEW YORK, NEW YORK. EACH GUARANTOR (I) SHALL GIVE PROMPT NOTICE TO LENDER OF ANY CHANGE IN THE ADDRESS FOR SUCH GUARANTOR SET FORTH HEREIN, (II) MAY AT ANY TIME AND FROM TIME TO TIME DESIGNATE AN AUTHORIZED AGENT OF SUCH GUARANTOR WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH AGENT AND OFFICE SHALL BE DESIGNATED AS THE PERSON AND ADDRESS FOR SERVICE OF PROCESS), AND (III) SHALL PROMPTLY DESIGNATE AN AUTHORIZED AGENT IF SUCH GUARANTOR CEASES TO HAVE AN OFFICE IN NEW YORK, NEW YORK NOTHING CONTAINED HEREIN SHALL AFFECT THE RIGHT OF LENDER TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST BORROWER IN ANY OTHER JURISDICTION.

Section 10.4 Modification, Waiver in Writing. No modification, amendment, extension, discharge, termination or waiver of any provision of this Agreement or of any other Loan Document, nor consent to any departure by any Loan Party therefrom, shall in any event be effective unless the same shall be in a writing signed by the party or parties against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. Except as otherwise expressly provided herein,

no notice to, or demand on, any Loan Party shall entitle any Loan Party to any other or future notice or demand in the same, similar or other circumstances. Neither any failure nor any delay on the part of Lender in insisting upon strict performance of any term, condition, covenant or agreement, or exercising any right, power, remedy or privilege hereunder or under any other Loan Document, shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under this Agreement or any other Loan Document, Lender shall not be deemed to have waived any right either to require prompt payment when due of all other amounts due under this Agreement or the other Loan Documents, or to declare a default for failure to effect prompt payment of any such other amount. Lender shall have the right to waive or reduce any time periods that Lender is entitled to under the Loan Documents in its sole and absolute discretion.

Section 10.5 Notices. All notices, demands, requests, consents, approvals or other communications (any of the foregoing, a “*Notice*”) required, permitted or desired to be given hereunder shall be in writing and shall be sent by facsimile (with answer back acknowledged) or by registered or certified mail, postage prepaid, return receipt requested, or delivered by hand or by reputable overnight courier, addressed to the party to be so notified at its address hereinafter set forth, or to such other address as such party may hereafter specify in accordance with the provisions of this **Section 10.5**. Any Notice shall be deemed to have been received: (a) three (3) days after the date such Notice is mailed, (b) on the date of sending by facsimile if sent during business hours on a Business Day (otherwise on the next Business Day), (c) on the date of delivery by hand if delivered during business hours on a Business Day (otherwise on the next Business Day), and (d) on the next Business Day if sent by an overnight commercial courier, in each case addressed to the parties as follows:

If to Lender:	JPMorgan Chase Bank, National Association 383 Madison Avenue, Floor 31 New York, New York 10179 Attention: Chuckie C. Reddy
with a copy to:	Midland Loan Services, a Division of PNC Bank, National Association 10851 Mastin Street, Suite 300 Overland Park, KS 66210 Attention: Executive Vice President – Division Head Facsimile No. (913) 253-9001
with a copy to:	Andrascik & Tita LLC 1425 Locust Street, Suite 26B Philadelphia, PA 19102 Attention: Stephanie M. Tita Email: Stephanie@kanlegal.com
If to a Loan Party:	[INSERT NAME OF LOAN PARTY] c/o Invitation Homes 901 Main Street, Suite 4700

Dallas, TX 75202
Attention: General Counsel
Facsimile No. (972) 421-3601

With a copy to: [INSERT NAME OF LOAN PARTY]
c/o Invitation Homes
901 Main Street, Suite 4700
Dallas, TX 75202
Attention: Jonathan Olsen
Facsimile No. (214) 481-5057

and a copy to: Blackstone Real Estate Advisors L.P.
345 Park Avenue
New York, NY 10154
Attention: William J. Stein and Judy Turchin
Facsimile No. (212) 583-5202

and a copy to: Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Gregory J. Ressa, Esq.
Facsimile No.: (212) 455-2502

Any party may change the address to which any such Notice is to be delivered by furnishing ten (10) days written notice of such change to the other parties in accordance with the provisions of this **Section 10.5**. Notices shall be deemed to have been given on the date as set forth above, even if there is an inability to actually deliver any such Notice because of a changed address of which no Notice was given, or there is a rejection or refusal to accept any Notice offered for delivery. Notice for any party may be given by its respective counsel. Additionally, Notice from Lender may also be given by Servicer and Lender hereby acknowledges and agrees that Borrower shall be entitled to rely on any Notice given by Servicer as if it had been sent by Lender.

Section 10.6 Waiver of Trial by Jury. BORROWER AND LENDER EACH HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THE LOAN DOCUMENTS OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY BORROWER AND LENDER AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. EACH PARTY IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER.

Section 10.7 Headings, Schedules and Exhibits. The Article and/or Section headings and the Table of Contents in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose. The Schedules and Exhibits annexed hereto are hereby incorporated herein as a part of this Agreement with the same effect as if set forth in the body hereof.

Section 10.8 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 10.9 Preferences. Lender shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by Borrower to any portion of the Obligations of Borrower hereunder. To the extent Borrower makes a payment or payments to Lender, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the Obligations hereunder or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by Lender.

Section 10.10 Waiver of Notice. Borrower shall not be entitled to any notices of any nature whatsoever from Lender except with respect to matters for which this Agreement or the other Loan Documents specifically and expressly provide for the giving of notice by Lender to Borrower and except with respect to matters for which Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. Borrower hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Agreement or the other Loan Documents do not specifically and expressly provide for the giving of notice by Lender to Borrower. Except as specifically and expressly provided for in the Loan Documents, Guarantors shall not be entitled to any notices of any nature whatsoever from Lender under this Agreement or the other Loan Documents, and each Guarantor hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Agreement or the other Loan Documents do not specifically and expressly provide for the giving of notice by Lender to such Guarantor.

Section 10.11 Remedies of Borrower. In the event that a claim or adjudication is made that Lender or its agents have acted unreasonably or unreasonably delayed acting in any case where, by law or under this Agreement or the other Loan Documents, Lender or such agent, as the case may be, has an obligation to act reasonably or promptly, neither Lender nor its agents shall be liable for any monetary damages and Borrower's sole remedy shall be limited to commencing an action seeking injunctive relief or declaratory judgment. Any action or proceeding to determine whether Lender has acted reasonably shall be determined by an action seeking declaratory judgment.

Section 10.12 Offsets, Counterclaims and Defenses. Any assignee of Lender's interest in and to this Agreement and the other Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses which are unrelated to such documents which Borrower may otherwise have against any assignor of such documents, and no such unrelated counterclaim or defense shall be interposed or asserted by Borrower in any action or proceeding brought by any such assignee upon such documents and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by Borrower.

Section 10.13 No Joint Venture or Partnership; No Third Party Beneficiaries.

(a) Borrower and Lender intend that the relationships created hereunder and under the other Loan Documents be solely that of borrower and lender. Nothing herein or therein is intended to create a joint venture, partnership, tenancy-in-common or joint tenancy relationship between Borrower and Lender nor to grant Lender any interest in any Property other than that of beneficiary or lender.

(b) The Loan Documents are solely for the benefit of Lender and Borrower and nothing contained in any Loan Document shall be deemed to confer upon anyone other than Lender and Borrower any right to insist upon or to enforce the performance or observance of any of the obligations contained therein.

Section 10.14 Publicity. All news releases, publicity or advertising by Borrower or any of its Affiliates through any media intended to reach the general public which refers to the Loan Documents or the financing evidenced by the Loan Documents, to Lender (with respect to the Loan and the Securitization of the Loan only), the Affiliate of Lender that acts as the issuer with respect to a Securitization or any of their other Affiliates (in each case, with respect to the Loan and the Securitization of the Loan only) (a) shall be prohibited prior to the final Securitization of the Loan and (b) after the final Securitization of the Loan, shall be subject to the prior written approval of Lender. Lender shall have the right to publicly describe the Loan in general terms advertising and public communications of all kinds, including press releases, direct mail, newspapers, magazines, journals, e-mail, or internet advertising or communications. Notwithstanding the foregoing, Borrower's approval shall not be required for the publication by Lender of notice of the Loan and the Securitization of the Loan by means of a customary tombstone advertisement, which, for the avoidance of doubt, may include the amount of the Loan, the amount of securities sold, the number of Properties as of the Closing Date, the settlement date and the parties involved in the transactions contemplated hereby and the Securitization.

Section 10.15 Waiver of Marshalling of Assets. To the fullest extent permitted by law, Borrower, for itself and its successors and assigns, waives all rights to a marshalling of the assets of Borrower, Borrower's members or partners, as applicable, and others with interests in Borrower, and of the Collateral, and shall not assert any right under any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lender under the Loan Documents to a sale of the Collateral for the collection of the Obligations without any prior or different resort for collection, or of the right of Lender to the payment of the Obligations out of the net proceeds of the Collateral in preference to every other claimant whatsoever.

Section 10.16 Certain Waivers. Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by Lender or its agents or otherwise to offset any obligations to make the payments required by the Loan Documents. No failure by Lender to perform any of its obligations hereunder shall be a valid defense to, or result in any offset against, any payments which Borrower is obligated to

make under any of the Loan Documents. Without limiting any of the other provisions contained herein, Borrower hereby unconditionally and irrevocably waives, to the maximum extent not prohibited by applicable law, any rights it may have to claim or recover against Lender in any legal action or proceeding any special, exemplary, punitive or consequential damages.

Section 10.17 Conflict; Construction of Documents; Reliance. In the event of any conflict between the provisions of this Agreement and any of the other Loan Documents, the provisions of this Agreement shall control. The parties hereto acknowledge that they were represented by competent counsel in connection with the negotiation, drafting and execution of the Loan Documents and that such Loan Documents shall not be subject to the principle of construing their meaning against the party which drafted same. Borrower acknowledges that, with respect to the Loan, Borrower shall rely solely on its own judgment and advisors in entering into the Loan, without relying in any manner on any statements, representations or recommendations of Lender or any parent, subsidiary or affiliate of Lender. Lender shall not be subject to any limitation whatsoever in the exercise of any rights or remedies available to it under any of the Loan Documents or any other agreements or instruments which govern the Loan by virtue of the ownership by it or any parent, subsidiary or affiliate of Lender of any equity interest any of them may acquire in Borrower, and Borrower hereby irrevocably waives the right to raise any defense or take any action on the basis of the foregoing with respect to Lender's exercise of any such rights or remedies. Borrower acknowledges that Lender engages in the business of real estate financings and other real estate transactions and investments which may be viewed as adverse to or competitive with the business of Borrower or its Affiliates.

Section 10.18 Brokers and Financial Advisors. Borrower hereby represents that neither Borrower or any other Loan Party has dealt with any financial advisors, brokers, underwriters, placement agents, agents or finders in connection with the transactions contemplated by this Agreement. Borrower shall indemnify, defend and hold Lender harmless from and against any and all claims, liabilities, losses, costs and expenses of any kind (including Lender's attorneys' fees and expenses) in any way relating to or arising out of a claim by any Person that such Person acted on behalf of Borrower, any Loan Party or Lender in connection with the transactions contemplated herein. The provisions of this **Section 10.18** shall survive the expiration and termination of this Agreement and the payment of the Obligations.

Section 10.19 Prior Agreements. This Agreement and the other Loan Documents contain the entire agreement of the parties hereto and thereto and their respective affiliates in respect of the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, including any confidentiality agreements or any similar agreements between or among any such parties, whether oral or written, are superseded by the terms of this Agreement and the other Loan Documents.

Section 10.20 Servicer. At the option of Lender, the Loan may be serviced by a servicer or special servicer (the "**Servicer**") selected by Lender and Lender may delegate all or any portion of its responsibilities under this Agreement and the other Loan Documents to the Servicer pursuant to the trust and servicing agreement or pooling and servicing agreement (the "**Servicing Agreement**") governing the Securitization. Borrower shall not be responsible for any set-up fees or any other initial costs relating to or arising under the Servicing Agreement. Borrower shall not be responsible for payment of the monthly master servicing fee due to the Servicer under the Servicing Agreement. Notwithstanding the foregoing, Borrower shall pay all Trust Fund Expenses. For the avoidance of doubt, this **Section 10.20** shall not be deemed to limit Borrower's obligations under **Section 4.1.20**.

Section 10.21 Joint and Several Liability. If more than one Person has executed this Agreement as “Borrower,” the representations, covenants, warranties and obligations of all such Persons hereunder shall be joint and several.

Section 10.22 Creation of Security Interest. Notwithstanding any other provision set forth in this Agreement, the Note, the Mortgage Documents or any of the other Loan Documents, Lender may at any time create a security interest in all or any portion of its rights under this Agreement, the Note, the Mortgage Documents and any other Loan Document (including the advances owing to it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

Section 10.23 Assignments and Participations. In addition to the right to securitize the Loan under *Section 9.1*, to sever the interests in the Loan into “component” notes under *Section 9.3* and any other rights of Lender hereunder, the Loan, the Note, the Loan Documents and/or Lender’s rights, title, obligations and interests therein may be sold, assigned, participated or otherwise transferred by Lender and any of its successors and assigns to any Person at any time in its sole and absolute discretion, in whole or in part, whether by operation of law (pursuant to a merger or other successor in interest) or otherwise without notice to or consent from Borrower or any other Person. Upon such assignment, all references to Lender in this Agreement and in any Loan Document shall be deemed to refer to such assignee or successor in interest and such assignee or successor in interest shall thereafter stand in the place of Lender in all respects (subject to the requirements and limitations therein, including the requirements under *Section 2.10.6*). Borrower agrees that each beneficial owner of the Securities or component notes issued pursuant to *Sections 9.1* and *9.3* shall be entitled to the benefits of *Sections 2.9* and *2.10* (subject to the requirements and limitations therein, including the requirements under *Section 2.10.6*). Each participant shall be entitled to the benefits of *Sections 2.9* and *2.10* (subject to the requirements and limitations therein, including the requirements under *Section 2.10.6*, it being understood that the documentation required under *Section 2.10.6* shall be delivered to the participating Lender) to the same extent as if it were a Lender and had acquired its interest by assignment; provided that such participant shall not be entitled to receive any greater payment pursuant to *Sections 2.9* or *Section 2.10* than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a change in law that occurs after the participant acquired the applicable participation.

Section 10.24 Register and Participant Register. Lender or its designee (the “*Registrar*”), as a non-fiduciary agent of Borrower, shall maintain a record that identifies each owner (including successors and assignees) of an interest in the Loan, any Securities or any component notes, including the name and address of the owner, and each owner’s rights to principal and stated interest (the “*Register*”), and shall record all transfers of an interest in the Loan, any Securities or any component notes, including each assignment, in the Register. Transfers of interests in the Loan (including assignments), any Securities or any component notes shall be subject to the applicable conditions set forth in the Loan Documents with respect thereto and the Registrar will update the Register to reflect the transfer. The Register shall be available for inspection by Borrower, at any reasonable time and from time to time upon reasonable prior notice. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph. Furthermore, each Lender

that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts and stated interest of each participant's interest in the Loan or other obligations under the Loan Documents (the "**Participant Register**"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any participant or any information relating to a participant's interest) except to the extent that such disclosure is necessary to establish that such Loan or other obligation is in registered form under Section 5f.103-1(c) of the U.S. Department of Treasury regulations. The entries in the Register and Participant Register shall be conclusive absent manifest error. Borrower, Lender and any of its successors and assigns, and the Registrar shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement and the participating Lender shall treat each Person whose name is recorded in the Participant Register pursuant to the terms hereof as the owner of such participation for all purposes of this Agreement. Failure to make any such recordation, or any error in such recordation, however, shall not affect Borrower's obligations in respect of the Loan.

Section 10.25 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

Section 10.26 Set-Off. In addition to any rights and remedies of Lender provided by this Agreement and by law, Lender shall have the right in its sole discretion, without prior notice to Borrower, any such notice being expressly waived by Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by Borrower hereunder (whether at the stated maturity, by acceleration or otherwise), to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by Lender or any Affiliate thereof to or for the credit or the account of Borrower; provided however, Lender may only exercise such right during the continuance of an Event of Default. Lender agrees promptly to notify Borrower after any such set-off and application made by Lender; provided that the failure to give such notice shall not affect the validity of such set-off and application.

Section 10.27 Cross-Default; Cross-Collateralization; Waiver of Marshalling of Assets.

(a) Borrower acknowledge that Lender has made the Loan to Borrower upon, among other things, the security of its collective interest in the Properties and in reliance upon the aggregate of the Properties taken together being of greater value as collateral security than the sum of each Property taken separately. Borrower agrees that the Mortgages are and will be cross-collateralized and cross-defaulted with each other so that (i) an Event of Default under any of the Mortgages shall constitute an Event of Default under each of the other Mortgages which secure the Note; (ii) an Event of Default under the Note or this Agreement shall constitute an Event of Default under each Mortgage; (iii) each Mortgage shall constitute security for the Note as if a single blanket lien were placed on all of the Properties as security for the Note; and (iv) such cross-collateralization shall in no event be deemed to constitute a fraudulent conveyance.

(b) To the fullest extent permitted by law, Borrower for itself and its successors and assigns, waives all rights to a marshalling of the assets of Borrower, Borrower's partners or members and of the Properties, or to a sale in inverse order of alienation in the event of foreclosure of all or any of the Mortgages, and agrees not to assert any right under any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lender under the Loan Documents to a sale of the Properties for the collection of the Debt without any prior or different resort for collection or of the right of Lender to the payment of the Debt out of the net proceeds of the Properties in preference to every other claimant whatsoever. In addition, Borrower, for itself and its successors and assigns, waives in the event of foreclosure of any or all of the Mortgages, any equitable right otherwise available to Borrower which would require the separate sale of the Properties or require Lender to exhaust its remedies against any Property or any combination of the Properties before proceeding against any other Property or combination of Properties; and further in the event of such foreclosure Borrower does hereby expressly consent to and authorizes, at the option of Lender, the foreclosure and sale either separately or together of any combination of the Properties

Section 10.28 Certificated Interests .

(a) If any ownership interest in an Equity Interest is represented by a certificate (each, an "*Equity Certificate*") that has been pledged and delivered to Lender and such Equity Certificate is lost, stolen or destroyed, then, upon the written request of Lender to the applicable Loan Party, such Loan Party shall issue to Lender a new Equity Certificate in place of the Equity Certificate that was lost, stolen or destroyed, provided such Lender: (i) makes proof by written, notarized affidavit, in form and substance reasonably satisfactory to the applicable Loan Party that such previously issued Equity Certificate has been lost, stolen or destroyed and has not been assigned, endorsed, transferred or hypothecated, (ii) delivers a written indemnity (in form and substance and from an indemnitor reasonably satisfactory to the applicable Loan Party) to the extent required by any title company proposing to provide title insurance with respect to such Equity Certificate and (iii) requests the issuance of a new Equity Certificate before the Loan party has notice that such previously issued Equity Certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim.

(b) Upon repayment in full of the Loan, in the event Lender fails to return to a Loan Party an Equity Certificate previously delivered by such Loan Party to Lender in connection with the Loan, Lender shall deliver to the applicable Loan Party, within ten (10) days of such Loan Party's demand, (i) a written, notarized affidavit, in form and substance reasonably satisfactory to the applicable Loan Party that such previously issued Equity Certificate has been lost, stolen or destroyed and has not been assigned, endorsed, transferred or hypothecated and (ii) a written indemnity (in form and substance and from an indemnitor reasonably satisfactory to the applicable Loan Party) to the extent required by any title company proposing to provide title insurance with respect to such Equity Certificate.

Section 10.29 Exculpation of Lender . Lender neither undertakes nor assumes any responsibility or duty to Borrower or any other party to select, review, inspect, examine, supervise, pass judgment upon or inform Borrower or any third party of (a) the existence, quality, adequacy or suitability of Broker Price Opinions of the Properties or other Collateral, (b) any environmental report, or (c) any other matters or items, including property inspections that are contemplated in the Loan Documents. Any such selection, review, inspection,

examination and the like, and any other due diligence conducted by Lender, is solely for the purpose of protecting Lender's rights under the Loan Documents, and shall not render Lender liable to Borrower or any third party for the existence, sufficiency, accuracy, completeness or legality thereof.

Section 10.30 No Fiduciary Duty.

(a) Borrower acknowledges that, in connection with this Agreement, the other Loan Documents and the Transaction, Lender has relied upon and assumed the accuracy and completeness of all of the financial, legal, regulatory, accounting, tax and other information provided to, discussed with or reviewed by Lender for such purposes, and Lender does not assume any liability therefor or responsibility for the accuracy, completeness or independent verification thereof. Lender, its affiliates and their respective equityholders and employees (for purposes of this Section, the "**Lending Parties**") have no obligation to conduct any independent evaluation or appraisal of the assets or liabilities (including any contingent, derivative or off-balance sheet assets and liabilities) of Sponsor, Borrower or any other Person or any of their respective affiliates or to advise or opine on any related solvency or viability issues.

(b) It is understood and agreed that (i) the Lending Parties shall act under this Agreement and the other Loan Documents as an independent contractor, (ii) the Transaction is an arm's-length commercial transaction between the Lending Parties, on the one hand, and Borrower, on the other, (iii) each Lending Party is acting solely as principal and not as the agent or fiduciary of Borrower, Sponsor or their respective affiliates, stockholders, employees or creditors or any other Person and (iv) nothing in this Agreement, the other Loan Documents, the Transaction or otherwise shall be deemed to create (A) a fiduciary duty (or other implied duty) on the part of any Lending Party to Sponsor, Borrower, any of their respective affiliates, stockholders, employees or creditors, or any other Person or (B) a fiduciary or agency relationship between Sponsor, Borrower or any of their respective affiliates, stockholders, employees or creditors, on the one hand, and the Lending Parties, on the other. Borrower agrees that neither it nor Sponsor nor any of their respective affiliates shall make, and hereby waives, any claim against the Lending Parties based on an assertion that any Lending Party has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to Borrower, Sponsor or their respective affiliates, stockholders, employees or creditors. Nothing in this Agreement or the other Loan Documents is intended to confer upon any other Person (including affiliates, stockholders, employees or creditors of Borrower and Sponsor) any rights or remedies by reason of any fiduciary or similar duty.

(c) Borrower acknowledges that it has been advised that the Lending Parties are a full service financial services firm engaged, either directly or through affiliates in various activities, including securities trading, investment banking and financial advisory, investment management, principal investment, hedging, financing and brokerage activities and financial planning and benefits counseling for both companies and individuals. In the ordinary course of these activities, the Lending Parties may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and/or financial instruments (including loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and/or instruments. Such investment and other activities may involve securities and instruments of affiliates of Borrower, including Sponsor, as well as of other Persons that may (i) be involved in transactions arising from or relating to the Transaction, (ii) be customers or competitors of Borrower, Sponsor and/or their

respective affiliates, or (iii) have other relationships with Borrower, Sponsor and/or their respective affiliates. In addition, the Lending Parties may provide investment banking, underwriting and financial advisory services to such other Persons. The Lending Parties may also co-invest with, make direct investments in, and invest or co-invest client monies in or with funds or other investment vehicles managed by other parties, and such funds or other investment vehicles may trade or make investments in securities of affiliates of Borrower, including Sponsor, or such other Persons. The Transaction may have a direct or indirect impact on the investments, securities or instruments referred to in this **Section 10.30(c)**. Although the Lending Parties in the course of such other activities and relationships may acquire information about the Transaction or other Persons that may be the subject of the Transaction, the Lending Parties shall have no obligation to disclose such information, or the fact that the Lending Parties are in possession of such information, to Borrower, Sponsor or any of their respective affiliates or to use such information on behalf of Borrower, Sponsor or any of their respective affiliates.

(d) Borrower acknowledges and agrees that Borrower has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to this Agreement, the other Loan Documents, the Transaction and the process leading thereto.

Section 10.31 Arizona Provision. Anything to the contrary herein or elsewhere notwithstanding, in no event shall Borrower have any liability or other obligation under or with respect to the Sponsor Guaranty, the Equity Owner Guaranty or the Borrower GP Guaranty. The following Arizona provision does not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Arizona law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Arizona or any other Loan Document:

(a) **Waiver of Surety Defenses.** Each Loan Party hereby expressly waives, to the extent permitted by law, any and all defenses and discharges available to a surety, guarantor or accommodation co-obligor, including, without limitation, the benefits of Arizona Revised Statutes Sections 12-1641 through 12-1646 and Rule 17(f) of the Arizona Rules of Civil Procedure, and, to the extent permitted by law, the benefits, if any, of Arizona Revised Statutes Section 33-814, in each case as amended, and any successor statutes or rules, or any similar statute.

(b) Anything to the contrary herein or elsewhere notwithstanding, the Equity Owner Guaranty and the Sponsor Guaranty and all obligations arising under any of them are not and shall not be secured in any manner whatsoever, including by any Mortgage or by any lien encumbering any Property; **provided, however**, that any environmental indemnity provisions set forth in this Agreement or any Environmental Indemnity shall be so secured, except as to the obligations of Sponsor and the Equity Owner and subject to the rights of Lender to proceed on an unsecured basis thereunder pursuant to applicable law.

Section 10.32 California Provision. Anything to the contrary herein or elsewhere notwithstanding, in no event shall Borrower have any liability or other obligation under or with respect to the Sponsor Guaranty, the Equity Owner Guaranty or the Borrower GP Guaranty. The following California provisions do not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that,

notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, California law is held to govern this Agreement, any Mortgage Document encumbering a Property located in California or any other Loan Document:

(a) **Waiver of Offset**. Notwithstanding anything contained herein to the contrary, no portion of any of the Obligations shall be or be deemed to be offset or compensated by all or any part of any claim, cause of action, counterclaim, or cross-claim, whether liquidated or unliquidated, that Borrower may have or claim to have against any other Relevant Party. Borrower hereby waives, to the fullest extent permitted by applicable law, the benefits of California Code of Civil Procedure Section 431.70.

(b) **Insurance Notice**. Lender hereby notifies Borrower of the provisions of Section 2955.5(a) of the California Civil Code, which reads as follows:

“No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.”

This disclosure is being made by Lender to Borrower pursuant to Section 2955.5(b) of the California Civil Code. Borrower hereby acknowledges receipt of this disclosure and acknowledges that this disclosure has been made by Agent before execution of the Note.

(c) **Environmental Provisions**. The provisions contained in **Section 3.2.13** of this Agreement are intended by the parties to constitute “environmental provisions” as defined in California Code of Civil Procedure Section 736, and Lender shall have all rights and remedies provided in such section.

(d) **Access to Properties**. Lender’s rights under **Section 4.1.4** of this Agreement shall be deemed to include, without limitation, its rights under California Civil Code Section 2929.5, as such provisions may be amended from time to time.

Section 10.33 Florida Provision. The following Florida provision does not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Florida law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Florida or any other Loan Document:

(a) **Interest on Judgments**. The parties acknowledge and agree that the Default Rate provided for herein shall also be the rate of interest payable on any judgments entered in favor of Lender in connection with the loan evidenced hereby.

Section 10.34 Georgia Provision. The following Georgia provision does not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Georgia law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Georgia or any other Loan Document:

(a) **Attorney's Fees.** Notwithstanding anything contained in this Agreement or any other Loan Document, in any instance where Borrower or any other Relevant Party is required to reimburse Lender for any legal fees or expenses incurred by Lender or Servicer, (i) "reasonable attorneys' fees," "reasonable counsel's fees," "attorneys' fees" and other words of similar import, are not, and shall not be statutory attorneys' fees under O.C.G.A. § 13-1-11, (ii) if, under any circumstances a Relevant Party is required to pay any or all of Lender's or Servicer's attorneys' fees and expenses, howsoever described or referenced, such Relevant Party shall be responsible only for reasonable legal fees and out of pocket expenses actually incurred by Lender or Servicer at customary hourly rates actually charged to Lender or Servicer for the work done, and (iii) no Relevant Party shall be liable under any circumstances for additional attorneys' fees or expenses, howsoever described or referenced, under O.C.G.A. § 13-1-11.

Section 10.35 Nevada Provisions. The following Nevada provisions do not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Nevada law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Nevada or any other Loan Document:

(a) **Waiver of Offset.** Notwithstanding anything contained herein to the contrary, no portion of any of the Obligations shall be or be deemed to be offset or compensated by all or any part of any claim, cause of action, counterclaim, or cross-claim, whether liquidated or unliquidated, that Borrower may have or claim to have against any other Loan Party.

(b) **Waiver of Prepayment.** Borrower hereby expressly (i) waives, to the extent permitted by law, any right it may have to prepay any Loan in whole or in part, without penalty, upon acceleration of the Maturity Date; and (ii) agrees that if a prepayment of any or all of any Loan is made, Borrower shall be obligated to pay, concurrently therewith, any fees applicable thereto. By initialing this provision in the space provided below, the Loan Parties hereby declare that Lender's agreement to make the subject Loan at the Interest Rate and for the term set forth herein constitutes adequate consideration, given individual weight by the undersigned, for this waiver and agreement.

(c) BORROWER'S INITIALS AS TO SECTION 10.35(b): /s/ JSO

[No Further Text on This Page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives, all as of the day and year first above written.

LENDER:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,
a banking association chartered under the laws of the United
States of America

By: /s/ Chuckie Reddy

Name: Chuckie Reddy

Title: Managing Director

Signature Page to IH 2015-SFR2 Loan Agreement

LOAN AGREEMENT

Dated as of June 25, 2015

between

2015-3 IH2 BORROWER L.P. ,
as Borrower,

and

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION ,
as Lender

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- Schedule I.B. - Form of Monthly Properties Schedule
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- Schedule IV - Definition of Special Purpose Bankruptcy Remote Entity
- Schedule V - Allocated Loan Amount
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- Exhibit A - Form of Blocked Account Control Agreement
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- Exhibit H - Form of Closing Date OSN Certificate

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of June 25, 2015 (as amended, restated, replaced, supplemented or otherwise modified from time to time, this “*Agreement*”), between JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, a banking association chartered under the laws of the United States of America, having an address at 383 Madison Avenue, New York, New York 10179 (together with its successors and assigns, collectively, “*Lender*”) and 2015-3 IH2 BORROWER L.P., a Delaware limited partnership, having an address at c/o Blackstone Real Estate Advisors L.P., 345 Park Avenue, New York, New York 10154 (together with its permitted successors and assigns, collectively, “*Borrower*”).

All capitalized terms used herein shall have the respective meanings set forth in *Article 1* hereof.

WITNESSETH:

WHEREAS, Borrower desires to obtain the Loan from Lender; and

WHEREAS, Lender is willing to make the Loan to Borrower, subject to and in accordance with the terms and conditions of this Agreement and the other Loan Documents.

NOW, THEREFORE, in consideration of the covenants set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree, represent and warrant as follows:

ARTICLE 1

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1 Specific Definitions.

For all purposes of this Agreement, except as otherwise expressly provided:

“*Acknowledgment*” means the Acknowledgment, dated on or about the date hereof made by Counterparty, or as applicable, Approved Counterparty.

“*Actual Rent Collections*” means, for any period of determination, actual cash collections of Rents in respect of the Properties by Borrower (or, for the period prior to the Closing Date, by Borrower’s Affiliates that owned the Properties) to the extent such Rents relate to such period of determination, regardless of when actually collected.

“*Affiliate*” means, as to any Person, any other Person that (i) owns directly or indirectly forty-nine percent (49%) or more of all equity interests in such Person, and/or (ii) is in Control of, is Controlled by or is under common ownership or Control with such Person, and/or (iii) is a director or officer of such Person or of an Affiliate of such Person, and/or (iv) is the spouse, issue or parent of such Person or of an Affiliate of such Person.

“*Allocated Loan Amount*” means, with respect to each Property, an amount equal to the portion of the Loan made with respect to such Property, as set forth on *Schedule V* as the same may be reduced in accordance with *Section 2.4*; provided that (i) if a single Substitute Property

is substituted for an Affected Property or portfolio of Affected Properties pursuant to **Section 2.4.3(a)**, then the initial Allocated Loan Amount of such Substitute Property shall be the Allocated Loan Amount of such Affected Property (or the aggregate Allocated Loan Amounts of such Affected Properties) immediately prior to its (or their) substitution, and (ii) if two (2) or more Substitute Properties are substituted for an Affected Property or portfolio of Affected Properties pursuant to **Section 2.4.3(a)**, then the initial Allocated Loan Amount of each such Substitute Property shall be a pro rata portion of the Allocated Loan Amount of such Affected Property (or the aggregate Allocated Loan Amounts of such Affected Properties) immediately prior to its (or their) substitution, with such pro rata portion determined based on the BPO Values of the Substitute Properties. For the avoidance of doubt, in connection with calculating any prepayments contemplated by this Agreement, Lender will fix the Allocated Loan Amount for any individual Property as of the date Lender received notice of the prepayment from Borrower.

“**ALTA**” means American Land Title Association, or any successor thereto.

“**Annual Budget**” means the operating and capital budget for the Properties in the aggregate setting forth, on a month-by-month basis, in reasonable detail, each line item of Borrower’s good faith estimate of anticipated Rents and other recurring income, Operating Expenses and Capital Expenditures for the applicable Fiscal Year.

“**Applicable HOA Properties**” means with respect to any Applicable HOA State, (i) all HOA Properties located in such Applicable HOA State except for any Property (A)(1) as to which any Liens for HOA Fees are expressly subordinated to the Lien of the Mortgage encumbering such Property and (2) the applicable Title Insurance Policy insures against any loss sustained by Lender if such Liens for HOA Fees, including after-arising HOA Liens, have Priority or (B) with respect to which Borrower (x) delivered to Lender an opinion, reasonably satisfactory to Lender, from a nationally recognized law firm (or one with prominent standing in the applicable state) that affirmatively concludes that any Liens for HOA Fees (including after-arising Liens for HOA Fees) would not have Priority and (y) delivers to Lender an updated legal opinion with the same conclusion (which may be in the form of a bring-down or date-down opinion with respect to an earlier delivered opinion) within twenty (20) Business Days after the end of each calendar quarter, and (ii) all HOA Properties located in such Applicable HOA State designated as an Applicable HOA Property pursuant to **Section 4.3.12(b)**.

“**Applicable HOA State**” means (i) a state in which, pursuant to applicable Legal Requirements, (A) a Lien in favor of a homeowner’s association may be created through the non-payment of fees assessed against a residential property by such homeowner’s association and (B) any such Lien would extinguish the Lien of a mortgage upon the valid and proper foreclosure of such Lien for homeowner’s association fees or (ii) a state designated as an Applicable HOA State pursuant to **Section 4.3.12(b)**. For the avoidance of doubt, if any reported decision of a state appellate court would result in the foregoing **clauses (i)(A)** and **(i)(B)** applying in such state or if the legal opinion described in clause (B)(x) of the definition of “Applicable HOA Properties” in respect of a state, is conditioned on the presence of subordination language or the absence of provisions which would otherwise allow a Lien for homeowner’s association fees to extinguish the Lien of a mortgage upon the valid and proper foreclosure of such Lien for homeowner’s association fees, then such state shall constitute an Applicable HOA State.

“**Approved Capital Expenditures**” means Capital Expenditures incurred by Borrower and either (i) if no Trigger Period is continuing, included in the Annual Budget or, if during a Trigger Period, an Approved Annual Budget or (ii) approved by Lender, which approval shall not be unreasonably withheld, conditioned or delayed.

“**Approved Counterparty**” means a counterparty to the Interest Rate Cap Agreement (or the guarantor of such counterparty’s obligations) that (i) has and shall maintain, until the expiration of the applicable Interest Rate Cap Agreement, (A)(1) a long-term unsecured debt rating of not less than “A” by S&P and a short-term senior unsecured debt rating of at least “A-1” from S&P or (2) if no short-term debt rating exists, a long-term senior unsecured debt rating of at least “A+” from S&P, (B)(1) a long-term unsecured debt rating of not less than “A2” from Moody’s and a short-term senior unsecured debt rating of at least “P1” from Moody’s or (2) if no short-term debt rating exists, a long-term senior unsecured debt rating of at least “A1” from Moody’s, (C)(1) if any Securities or any class thereof in any Securitization are then rated by Fitch (determined as of the date of the Interest Rate Cap Agreement or any Replacement Interest Rate Cap Agreement) and (2) if the counterparty is rated by Fitch, a long-term unsecured debt rating of at least “A-” by Fitch and short-term unsecured debt rating of at least “F1” and (D) other than with respect to the Commonwealth Bank of Australia, if the counterparty is then rated by KBRA (determined as of the date of such Interest Rate Cap Agreement or any Replacement Interest Rate Cap Agreement, as applicable), (1) a long-term senior unsecured debt rating of not less than “A” from KBRA and a short-term debt/deposit rating of at least “K1” from KBRA, or (2) if no short-term debt rating exists, a long-term senior unsecured debt rating of at least “A+” from KBRA or (ii) is otherwise acceptable to the Rating Agencies, as evidenced by a Rating Agency Confirmation to the effect that such counterparty shall not cause a downgrade, withdrawal or qualification of the ratings assigned, or to be assigned, to the Securities or any class thereof in any Securitization.

“**Assignment of Leases and Rents**” means an Assignment of Leases and Rents for each Property or for multiple Properties located within the same county or parish, dated as of the Closing Date (or, in connection with a Property which is a Substitute Property, dated as of the date of the substitution), executed and delivered by Borrower, constituting an assignment of the Lease or the Leases, as applicable, and the proceeds thereof as Collateral for the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time. The Assignment of Leases and Rents may be included as part of the Mortgage for such Property or Properties.

“**Assignment of Management Agreement**” means an Assignment of Management Agreement and Subordination of Management Fees among Borrower, Manager and Lender, substantially in the form delivered on the date hereof by Borrower, Existing Manager and Lender.

“**Assumed Note Rate**” means (i) with respect to each Floating Rate Component of the Loan, an interest rate equal to the sum of one-half of one percent (0.50%), plus the applicable Floating Rate Component Spread, plus LIBOR as determined on the preceding Interest Determination Date and (ii) with respect to Component G, the Component G Interest Rate.

“**Award**” means any compensation paid by any Governmental Authority in connection with a Condemnation in respect to all or any part of a Property.

“**Bankruptcy Code**” means Title 11 of the United States Code, 11 U.S.C. Section 101 et seq., as the same may be amended from time to time, and any successor statute or statutes and all

rules and regulations from time to time promulgated thereunder, and any comparable foreign laws relating to bankruptcy, insolvency or creditors' rights or any other Federal or state bankruptcy or insolvency law.

“**Blocked Account Control Agreement**” means the Cash Management Agreement among Borrower, Collection Account Bank and Lender providing for the exclusive control of the Collection Account and all other Accounts by Lender, substantially in the form of **Exhibit A** or such other form as may be reasonably acceptable to Lender.

“**Borrower GP**” means 2015-3 IH2 Borrower G.P. LLC, a Delaware limited liability company.

“**Borrower GP Guaranty**” that certain Borrower GP Guaranty, dated as of the date hereof, executed by Borrower GP in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Borrower GP Security Agreement**” that certain Security Agreement, dated as of the date hereof, executed by Borrower GP in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Borrower Security Agreement**” that certain Security Agreement, dated as of the date hereof, executed by Borrower in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Borrower TRS**” means a wholly-owned Delaware limited liability company subsidiary of Borrower that is treated for U.S. federal income tax purposes as a “taxable REIT subsidiary”.

“**BPO Value**” means, with respect to any Property, the “as is” value for such Property set forth in a Broker Price Opinion obtained by Lender with respect to a Property.

“**BREP**” means, collectively, Blackstone Real Estate Partners VII.F L.P., Blackstone Real Estate Partners VII.TE.8 L.P., Blackstone Real Estate Partners VII.TE.7 L.P., Blackstone Real Estate Partners VII.TE.6 L.P., Blackstone Real Estate Partners VII.TE.5 L.P., Blackstone Real Estate Partners VII.TE.4 L.P., Blackstone Real Estate Partners VII.TE.3 L.P., Blackstone Real Estate Partners VII.TE.2 L.P., Blackstone Real Estate Partners VII.TE.1 L.P., Blackstone Real Estate Partners VII L.P. and any other parallel partnerships and alternative investment vehicles comprising the real estate fund commonly known as Blackstone Real Estate Partners VII L.P.

“**Broker Price Opinion**” means a broker price opinion obtained by Lender.

“**Business Day**” means any day other than a Saturday, a Sunday or a legal holiday on which national banks are not open for general business in (i) the State of New York, (ii) the state where the corporate trust office of the Trustee is located, or (iii) the state where the servicing offices of the Servicer are located.

“**Calculation Date**” means the last day of each calendar quarter during the Term.

“**Capital Expenditures**” for any period means amounts expended for replacements and alterations to a Property and required to be capitalized according to GAAP.

“ **Cap Receipts** ” means all amounts received by Borrower pursuant to an Interest Rate Cap Agreement.

“ **Casualty Threshold Amount** ” means, with respect to all Casualties arising from any single Casualty event, an amount equal to two percent (2%) of the Outstanding Principal Balance as of the date of such Casualty Event.

“ **Closing Date** ” means the date of the funding of the Loan.

“ **Closing Date Debt Yield** ” means 5.94%.

“ **Closing Date GRC Certificate** ” means a Certificate from GRC in substantially the form of **Exhibit G** without any material exceptions.

“ **Closing Date HOA Opinions** ” means the opinions of counsels to Borrower executed and delivered on or prior to the Closing Date.

“ **Closing Date OSN Certificate** ” means a Certificate from OSN National, LLC, in substantially the form of **Exhibit H** without any material exceptions.

“ **Code** ” means the Internal Revenue Code of 1986, as amended, and as it may be further amended from time to time, any successor statutes thereto, and applicable U.S. Department of Treasury regulations issued pursuant thereto in temporary or final form.

“ **Collateral** ” means, collectively, all of the real, personal and mixed property in which Liens are purported to be granted pursuant to the Collateral Documents as security for the Obligations.

“ **Collateral Assignment of Interest Rate Protection Agreement** ” means a Collateral Assignment of Interest Rate Protection Agreement between Borrower and Lender, substantially in the form delivered on the date hereof by Borrower and Lender.

“ **Collateral Documents** ” means the Borrower Security Agreement, the Borrower GP Security Agreement, the Equity Owner Security Agreement, the Blocked Account Control Agreement, each Property Account Control Agreement, the Collateral Assignment of Interest Rate Protection Agreement, the Assignment of Management Agreement, each Mortgage Document and all other instruments, documents and agreements delivered by any Loan Party pursuant to this Agreement or any of the other Loan Documents in order to grant to Lender a Lien on any real, personal or mixed property of that Loan Party as security for the Obligations, as the same may be (and each of the foregoing defined terms shall refer to such documents as they may be) amended, restated, replaced, supplemented or otherwise modified from time to time.

“ **Collection Account** ” means an Eligible Account at the Collection Account Bank.

“ **Collection Account Bank** ” means the Eligible Institution selected by Lender to maintain the Collection Account.

“ **Collections** ” means, without duplication, with respect to any Property, all Rents, Other Receipts, Insurance Proceeds (whether or not Lender elects to treat any such Insurance Proceeds

as business or rental interruption Insurance Proceeds pursuant to **Section 5.4(d)** , Condemnation Proceeds, Net Transfer Proceeds, Cap Receipts, interest on amounts on deposit in the Collection Account and the Reserve Funds, amounts paid to Borrower pursuant to the terms of the applicable Purchase Agreement, amounts drawn on security deposits that become Collections pursuant to **Section 4.1.15** , amounts paid by Borrower to the Collection Account pursuant to this Agreement and all other payments received with respect to such Property (except for security deposits) and all “proceeds” (as defined in Section 9-102 of the UCC) of such Property.

“ **Commission** ” means the Securities and Exchange Commission.

“ **Compliance Certificate** ” means the certificate in the form attached hereto as **Exhibit C** .

“ **Component** ” means individually or collectively, as the context may require, any one of Component A, Component B, Component C, Component D, Component E, Component F and Component G, each as more particularly set forth in **Section 2.1.2** .

“ **Component G Interest Rate** ” means a rate of five ten thousandths of one percent (0.0005%) per annum.

“ **Component Outstanding Principal Balance** ” means, as of any given date, with respect to each Component, the outstanding principal balance of such Component.

“ **Concessions** ” means, for any period of determination, the value of concessions (other than free Rent) provided with respect to the Properties by Borrower (or, for the period prior to the Closing Date, by Borrower’s Affiliates that owned the Properties).

“ **Condemnation** ” means a temporary or permanent taking by any Governmental Authority as the result or in lieu or in anticipation of the exercise of the right of condemnation or eminent domain, of all or any part of a Property, or any interest therein or right accruing thereto, including any right of access thereto or any change of grade affecting a Property or any part thereof.

“ **Connection Income Taxes** ” means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes or branch profits Taxes.

“ **Constituent Document** ” means, (i) with respect to any partnership (whether limited or general), (a) the certificate of partnership (or equivalent filings), (b) the partnership agreement (or equivalent organizational documents) of such partnership and (c) any document setting forth the designation, amount and/or rights, limitations and preferences of any of such partnership’s partnership interests or the holders thereof; (ii) with respect to any limited liability company, (a) the certificate of formation (or the equivalent organizational documents) of such entity, (b) the operating agreement (or the equivalent governing documents) of such entity and (c) any document setting forth the designation, amount and/or rights, limitations and preferences of any of such limited liability company’s membership interests or the holders thereof; and (iii) with respect to any other type of entity, the organizational and governing document for such entity which are equivalent to those described in **clauses (i)** and **(ii)** above, as applicable.

“ **Contest Security** ” means any security delivered to Lender by Borrower under **Section 4.1.3** or **Section 4.4.8** .

“ **Control** ” means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, by contract or otherwise, and the terms Controlled, Controlling and Common Control shall have correlative meanings.

“ **Counterparty** ” means, with respect to the Interest Rate Cap Agreement, SMBC Capital Markets, Inc., and with respect to any Replacement Interest Rate Cap Agreement, any Approved Counterparty thereunder.

“ **Cure Period** ” means, (i) with respect to the failure of any Property to qualify as an Eligible Property (other than with respect to the failure of a Property to comply with the representation in **Section 3.2.22**) if such failure is reasonably susceptible of cure, a period of thirty (30) days after the earlier of actual knowledge of such condition by a Responsible Officer of Borrower or the Manager or notice thereof by Lender to Borrower; *provided* that, if Borrower is diligently pursuing such cure during such thirty (30) day period and such failure is susceptible of cure but cannot reasonably be cured within such thirty (30) day period, then such cure period shall be extended for another ninety (90) days so long as Borrower continues to diligently pursue such cure and, *provided further* , that if the Obligations have been accelerated pursuant to **Section 8.2.1** , then the cure period hereunder shall be reduced to zero (0) days and (ii) with respect to the failure of a Property to comply with the representation in **Section 3.2.22** , zero (0) days. If any failure of any Property to qualify as an Eligible Property is not reasonably susceptible of cure, then no cure period shall be available. If any failure of any Property to qualify as an Eligible Property is due to a Voluntary Action, then no cure period shall be available.

“ **Debt** ” means the Outstanding Principal Balance together with all interest accrued and unpaid thereon and all other sums (including the Spread Maintenance Premium, if applicable) due to Lender from time to time in respect of the Loan under the Note, this Agreement, the Mortgage Documents, the Environmental Indemnity or any other Loan Document.

“ **Debt Service** ” means, with respect to any particular period of determination, the scheduled interest payments due under the Note for such period.

“ **Debt Service Coverage Ratio** ” means, as of any date of determination, a ratio in which:

(i) the numerator is the Underwritten Net Cash Flow calculated for the twelve (12) month period ending on the Stated Maturity Date, the First Extended Maturity Date or the Second Extended Maturity Date, as applicable; and

(ii) the denominator is the aggregate debt service for the twelve (12) month period following such date of determination, calculated as the sum of (A) with respect to Component A, the product of (1) the Component Outstanding Principal Balance for Component A as of such date and (2) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component A and (y) the Strike Price described in clause (ii)(B) of the definition of Strike Price, (B) with respect to Component B, the product of (1) the Component Outstanding Principal Balance for Component B as of such date and (2) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component B and (y) the Strike Price described in clause

(ii)(B) of the definition of Strike Price, (C) with respect to Component C, the product of (1) the Component Outstanding Principal Balance for Component C as of such date and (2) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component C and (y) the Strike Price described in clause (ii)(B) of the definition of Strike Price, (D) with respect to Component D, the product of (1) the Component Outstanding Principal Balance for Component D as of such date and (2) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component D and (y) the Strike Price described in clause (ii)(B) of the definition of Strike Price, (E) with respect to Component E, the product of (1) the Component Outstanding Principal Balance for Component E as of such date and (2) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component E and (y) the Strike Price described in clause (ii)(B) of the definition of Strike Price, (F) with respect to Component F, the product of (1) the Component Outstanding Principal Balance for Component F as of such date and (2) an interest rate equal to the sum of (x) the Floating Rate Component Spread for Component F and (y) the Strike Price described in clause (ii)(B) of the definition of Strike Price, (G) with respect to Component G, the product of (1) the Component Outstanding Principal Balance for Component G as of such date and (2) the Component G Interest Rate, and (H) the regular monthly fee of the certificate administrator (deemed to be \$6,283 per month) and the trustee (deemed to be \$417 per month) under the Servicing Agreement.

“ **Debt Yield** ” means, as of any date of determination, a fraction expressed as a percentage in which:

(i) the numerator is the Underwritten Net Cash Flow; and

(ii) the denominator is the aggregate Component Outstanding Principal Balances of the Floating Rate Components.

“ **Default** ” means the occurrence of any event hereunder or under any other Loan Document which, but for the giving of notice or passage of time, or both, would constitute an Event of Default.

“ **Default Rate** ” means, with respect to each Floating Rate Component and any other Obligations (other than the Class G Component), a rate per annum equal to the lesser of (i) the Maximum Legal Rate and (ii) three percent (3%) above the Interest Rate applicable to such Floating Rate Component.

“ **Deficiency** ” means, with respect to any Property File, (i) the failure of one or more Specified Documents contained therein to be fully executed or to match the information on the most recent Properties Schedule required to be delivered by **Section 4.3.6**, (ii) one or more Specified Documents contained therein are mutilated, materially damaged or torn or otherwise physically altered or unreadable or (iii) the absence from a Property File of any Specified Document required to be contained in such Property File.

“ **Designated HOA Properties** ” means, with respect to any state, HOA Properties located in such state that (i) were not Applicable HOA Properties on the Closing Date, (ii) became Applicable HOA Properties after the Closing Date and (iii) are designated by Borrower to Lender in writing as Designated HOA Properties.

“ **Disqualified Property** ” means any Property that fails to constitute an Eligible Property (after the lapse of any applicable Cure Period).

“ **Eligibility Requirements** ” means, with respect to any Person, the requirement that such Person has a net worth of not less than Three Hundred Million and No/100 Dollars (\$300,000,000.00) (exclusive of such Person’s direct or indirect interest in the Properties and Borrower).

“ **Eligible Account** ” means a separate and identifiable account from all other funds held by the holding institution that is an account or accounts (or subaccounts thereof) maintained with a federal or state-chartered depository institution or trust company which complies with the definition of Eligible Institution. An Eligible Account will not be evidenced by a certificate of deposit, passbook or other instrument.

“ **Eligible Institution** ” means:

(i) JPMorgan Chase Bank, National Association or PNC Bank, National Association so long as PNC Bank, National Association’s long term unsecured debt rating shall be at least “A2” from Moody’s and the equivalent by KBRA (if then rated by KBRA) (if the deposits are to be held in the applicable account for more than 30 days) or such institution’s short term deposit or short term unsecured debt rating shall be at least “P-1” from Moody’s and the equivalent by KBRA (if then rated by KBRA) (if the deposits are to be held in the applicable account for 30 days or less); or

(ii) a depository institution or trust company insured by the Federal Deposit Insurance Corporation the short term unsecured debt obligations or commercial paper of which are rated at least A-1 by S&P, P-1 by Moody’s, and F-1+ by Fitch in the case of accounts in which funds are held for thirty (30) days or less or, in the case of letters of credit or accounts in which funds are held for more than thirty (30) days, the long term unsecured debt obligations of which are rated at least (i) “AA” by S&P, (ii) “AA” and/or “F1+” (for securities) and/or “AAmmf” (for money market funds), by Fitch and (iii) “Aa2” by Moody’s;

provided that, Bank of America, National Association shall be an Eligible Institution with respect to Property Accounts and the Security Deposit Accounts only, so long as Bank of America, National Association’s long term unsecured debt rating shall be at least “A3” from Moody’s and the equivalent by KBRA (if then rated by KBRA).

“ **Eligible Lease** ” means, as of any date of determination, a Lease for a Property that satisfies all of the following:

(i) the Lease reflects customary market standard terms;

(ii) the Lease is entered into on an arms-length basis without payment support by Borrower or its Affiliates (provided that any incentives offered to Tenants shall not be deemed to constitute such payment support);

(iii) the Lease had, as of its commencement date, an initial lease term of at least six (6) months;

(iv) the Lease is to a bona fide third-party lessee; and

(v) the Lease is in compliance with all applicable Legal Requirements in all material respects.

“**Eligible Property**” means, as of any date of determination, a Property that is in compliance with each of the Property Representations and each of the Property Covenants.

“**Environmental Indemnity**” means that certain Environmental Indemnity Agreement dated as of the date hereof executed by Borrower in connection with the Loan for the benefit of Lender.

“**Environmental Laws**” has the meaning set forth in the Environmental Indemnity.

“**Equity Interests**” means, with respect to any Person, shares of capital stock, partnership interests, membership interests, beneficial interests or other equity ownership interests in such Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any such equity interest from such Person.

“**Equity Owner**” means 2015-3 IH2 Equity Owner L.P., a Delaware limited partnership.

“**Equity Owner GP**” means 2015-3 IH2 Equity Owner G.P. LLC, a Delaware limited liability company.

“**Equity Owner Guaranty**” means that certain Equity Owner Guaranty, dated as of the date hereof, executed by Equity Owner in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Equity Owner Security Agreement**” means that certain Equity Owner Security Agreement, dated as of the date hereof, executed by Equity Owner in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor statute.

“**ERISA Affiliate**” means any corporation or trade or business that is a member of any group of organizations (i) described in Section 414(b) or (c) of the Code of which another entity is a member or (ii) described in Section 414(m) or (o) of the Code of which another entity is a member, except that this clause (ii) shall apply solely for purposes of potential liability under Section 302(b) of ERISA and Section 412(b) of the Code and the lien created under Section 303(k) of ERISA and Section 430(k) of the Code.

“**ERISA Event**” means (i) the failure to pay a minimum required contribution or installment to a Plan on or before the due date provided under Section 430 of the Code or Section 303 of ERISA, (ii) the filing of an application with respect to a Plan for a waiver of the minimum funding standard under Section 412(c) of the Code or Section 302(c) of ERISA, (iii) the failure of a Loan Party or any of its ERISA Affiliates to pay a required contribution or installment to a Multiemployer Plan on or before the applicable due date, (iv) any officer of any Loan Party or any of its ERISA Affiliates knows or has reason to know that a Plan is in “at risk” status within the meaning of Section 430(i) of the Code or Section 303(i) of ERISA or (v) the occurrence of a Plan Termination Event.

“**Excluded Taxes**” means any of the following Taxes imposed on or with respect to a Lender or required to be withheld or deducted from a payment to a Lender, (i) Taxes imposed on or measured by net income (however denominated), franchise Taxes, and branch profits Taxes, in each case, (A) imposed as a result of such Lender being organized under the laws of, or having its principal office or its applicable lending office located in, the jurisdiction imposing such Tax (or any political subdivision thereof) or (B) that are Other Connection Taxes, (ii) U.S. federal withholding Taxes imposed on amounts payable to or for the account of such Lender with respect to an applicable interest in a Loan pursuant to a law in effect on the date on which (A) such Lender acquires such interest in the Loan or (B) such Lender changes its lending office, except in each case to the extent that, pursuant to **Section 2.10**, amounts with respect to such Taxes were payable either to such Lender’s assignor immediately before such Lender became a party hereto or to such Lender immediately before it changed its lending office, (iii) Taxes attributable to such Lender’s failure to comply with **Section 2.10.6** and (iv) any U.S. federal withholding Taxes imposed under FATCA.

“**Existing Management Agreement**” means that certain Management Agreement, dated as of the date hereof, between Borrower and Existing Manager, pursuant to which Existing Manager is to provide management and other services with respect to the Properties, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Existing Manager**” means THR Property Management L.P.

“**Extension Date**” means the Stated Maturity Date, the First Extended Maturity Date or the Second Extended Maturity Date, as applicable.

“**Extension Option**” means the First Extension Option, the Second Extension Option or the Third Extension Option, as applicable.

“**FATCA**” means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code.

“**Fiscal Year**” means each twelve (12) month period commencing on January 1 and ending on December 31 during each year of the Term.

“**Fitch**” means Fitch, Inc.

“**Fixture Filing**” means, with respect to any jurisdiction in which any Property or Properties are located in which a separate, stand alone fixture filing is required or generally recorded or filed pursuant to the local law or custom (as reasonably determined by Lender), a Uniform Commercial Code financing statement (or other form of financing statement required in the jurisdiction in which the applicable Property or Properties are located) recorded or filed in the real estate records in which the applicable Property or Properties are located.

“**Floating Rate Component Prime Rate Spread**” means, in connection with any conversion of the Floating Rate Components from a LIBOR Loan to a Prime Rate Loan, with respect to each Floating Rate Component of the Loan, the difference (expressed as the number of basis points) between (i) the sum of (A) LIBOR, determined as of the Interest Determination Date for which LIBOR was last available, plus (B) the Floating Rate Component Spread applicable to such Floating Rate Component, minus (ii) the Prime Rate as of such Interest Determination Date; *provided, however*, that if such difference is a negative number for such Floating Rate Component, then the Floating Rate Component Prime Rate Spread for such Component shall be zero.

“**Floating Rate Component Spread**” means, (i) with respect to Component A, 1.3605% *per annum*; (ii) with respect to Component B, 1.8105% *per annum*; (iii) with respect to Component C, 2.0605% *per annum*; (iv) with respect to Component D, 2.8105% *per annum*; (v) with respect to Component E, 3.8105% *per annum*; and (vi) with respect to Component F, 4.8105% *per annum*.

“**Floating Rate Components**” means Component A, Component B, Component C, Component D, Component E and Component F.

“**Foreign Lender**” means a Lender that is not a U.S. Person.

“**Foreign Plan**” means any “employee benefit plan” as defined in Section 3(3) of ERISA that (i) neither is subject to ERISA nor is a governmental plan within the meaning of Section 3(32) of ERISA and that is maintained, or contributed to, by a Loan Party or any of its ERISA Affiliates and (ii) is mandated by a government other than the United States (other than a state within the United States or an instrumentality thereof) for employees of a Loan Party or any of its ERISA Affiliates.

“**GAAP**” means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession), or in such other statements by such entity as may be in general use by significant segments of the U.S. accounting profession.

“**Government List**” means (i) the Annex to E.O. 13224, (ii) OFAC’s most current list of “Specifically Designated National and Blocked Persons” (which list may be published from time to time in various mediums including, but not limited to, the OFAC website, <http://www.treasury.gov/ofac/downloads/t11sdn.pdf> or any successor website or webpage) and (iii) any other list of terrorists, terrorist organizations or narcotics traffickers maintained by a Governmental Authority that Lender notifies Borrower in writing is now included in “**Government Lists**”.

“**Governmental Authority**” means any court, board, agency, commission, office or authority of any nature whatsoever or any governmental unit (federal, state, commonwealth, county, district, municipal, city or otherwise) whether now or hereafter in existence.

“**GPR**” means, as of any date of determination, the sum of (i) the annualized in place Rents under bona fide Eligible Leases for the Properties as of such date and (ii) the annualized

market rents for Properties that are vacant as of such date. For purposes of *clause (ii)* market rents shall be determined by Lender in its reasonable discretion; *provided* that Borrower may object to any such determination by delivering written notice to Lender within five (5) Business Days of any such determination and, in such event, the market rents so objected to shall be as determined by an independent broker opinion of market rent obtained by Lender at Borrower's sole cost and expense.

“*GRC*” means Green River Capital, LLC.

“*Guarantors*” means Equity Owner and Borrower GP.

“*Hazardous Substance*” has the meaning set forth in the Environmental Indemnity.

“*HOA*” means a homeowners or condominium association, board, corporation or similar entity with authority to create a Lien on a Property as a result of the non-payment of HOA Fees that are payable with respect to such Property.

“*HOA Fees*” means all homeowner's and condominium dues, fees, assessments and impositions, and any other charges levied or assessed or imposed against a Property, or any part thereof, by an HOA.

“*HOA Policy*” has the meaning set forth in *Section 5.2*.

“*HOA Property*” means a Property which is subject to an HOA.

“*Improvements*” means the buildings, structures, fixtures, additions, enlargements, extensions, modifications, repairs, replacements and improvements now or hereafter erected or located on a Property.

“*Indebtedness*” means, for any Person, without duplication: (i) all indebtedness of such Person for borrowed money, for amounts drawn under a letter of credit, or for the deferred purchase price of property for which such Person or its assets is liable, (ii) all unfunded amounts under a loan agreement, letter of credit, or other credit facility for which such Person would be liable if such amounts were advanced thereunder, (iii) all amounts required to be paid by such Person as a guaranteed payment to partners or a preferred or special dividend, including any mandatory redemption of shares or interests, (iv) all indebtedness guaranteed by such Person, directly or indirectly, (v) all obligations under leases that constitute capital leases for which such Person is liable, (vi) all obligations of such Person under interest rate swaps, caps, floors, collars and other interest hedge agreements, in each case for which such Person is liable or its assets are liable, whether such Person (or its assets) is liable contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss and (vii) any other contractual obligation for the payment of money which are not settled within thirty (30) days.

“*Indemnified Taxes*” means (i) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by or on account of any obligation of any Loan Party under any Loan Document and (ii) to the extent not otherwise described in *clause (i)*, Other Taxes.

“**Independent**” means, when used with respect to any Person, a Person who: (i) does not have any direct financial interest or any material indirect financial interest in Borrower or in any Affiliate of Borrower, (ii) is not connected with Borrower or any Affiliate of Borrower as an officer, employee, promoter, underwriter, trustee, partner, member, manager, creditor, director, supplier, customer or person performing similar functions and (iii) is not a member of the immediate family of a Person defined in *clause (i)* or *(ii)* above.

“**Independent Accountant**” means (i) a firm of nationally recognized, certified public accountants which is Independent and which is selected by Borrower and reasonably acceptable to Lender or (ii) such other certified public accountant(s) selected by Borrower, which is Independent and reasonably acceptable to Lender.

“**Individual Material Adverse Effect**” means, in respect of a Property, any event or condition that has a material adverse effect on the value, use, occupation, leasing or marketability of such Property or results in any material liability to, claim against or obligation of Lender or material liability or obligation on the part of any Loan Party.

“**Insolvency Opinion**” means that certain bankruptcy non-consolidation opinion letter dated the date hereof delivered by Richards, Layton & Finger, P.A. in connection with the Loan.

“**Interest Determination Date**” means, (i) with respect to the Initial Interest Period and the first Interest Period, the date that is two (2) Business Days before the Closing Date and (ii) with respect to any other Interest Period, the date which is two (2) Business Days prior to the commencement of such Interest Period. When used with respect to an Interest Determination Date, Business Day shall mean any day on which banks are open for dealing in foreign currency and exchange in London.

“**Interest Rate**” shall mean, with respect to each Interest Period, (i) with respect to each Floating Rate Component, an interest rate per annum equal to (A) for a LIBOR Loan, the sum of (1) LIBOR, determined as of the Interest Determination Date immediately preceding the commencement of such Interest Period, plus (2) the Floating Rate Component Spread applicable to such Floating Rate Component (or, when applicable pursuant to this Agreement or any other Loan Document, the Default Rate); and (B) for a Prime Rate Loan, the sum of (1) the Prime Rate, plus (2) the Floating Rate Component Prime Rate Spread applicable to such Floating Rate Component (or, when applicable pursuant to this Agreement or any other Loan Document, the applicable Default Rate) and (ii) with respect to Component G, the Component G Interest Rate.

“**Interest Rate Cap Agreement**” means the Confirmation and Agreement (together with the schedules relating thereto), dated on or about the date hereof, between the Counterparty and Borrower, obtained by Borrower and collaterally assigned to Lender pursuant to this Agreement. After delivery of a Replacement Interest Rate Cap Agreement to Lender, the term Interest Rate Cap Agreement shall be deemed to mean such Replacement Interest Rate Cap Agreement and such Replacement Interest Rate Cap Agreement shall be subject to all requirements applicable to the Interest Rate Cap Agreement. The Interest Rate Cap Agreement shall be governed by the laws of the State of New York and shall contain each of the following:

(i) the notional amount of the Interest Rate Cap Agreement shall be equal to or greater than the aggregate Component Outstanding Principal Balances of the Floating Rate Components;

(ii) the remaining term of the Interest Rate Cap Agreement shall at all times extend through the end of the Interest Period in which the Maturity Date occurs as extended from time to time pursuant to this Agreement and the other Loan Documents;

(iii) the Interest Rate Cap Agreement shall be issued by the Counterparty to Borrower and shall be pledged to Lender by Borrower in accordance with this Agreement;

(iv) the Counterparty under the Interest Rate Cap Agreement shall be obligated to make payments, directly to the Collection Account (whether or not an Event of Default has occurred) from time to time equal to the product of (A) the notional amount of such Interest Rate Cap Agreement multiplied by (B) the excess, if any, of LIBOR (including any upward rounding under the definition of LIBOR) over the Strike Price and shall provide that such payment shall be made on a monthly basis in each case not later than (after giving effect to and assuming the passage of any cure period afforded to the Counterparty under the Interest Rate Cap Agreement, which cure period shall not in any event be more than three Business Days) each Monthly Payment Date;

(v) the Counterparty under the Interest Rate Cap Agreement shall execute and deliver the Acknowledgment; and

(vi) the Interest Rate Cap Agreement shall impose no material obligation on the beneficiary thereof (after payment of the acquisition cost) and shall be in all material respects satisfactory in form and substance to Lender and shall satisfy applicable Rating Agency standards and requirements, including, without limitation, provisions satisfying Rating Agencies standards, requirements and criteria (A) that incorporate customary tax “gross up” provisions, (B) whereby the Counterparty agrees not to file or join in the filing of any petition against Borrower under the Bankruptcy Code or any other Federal or state bankruptcy or insolvency law, and (C) that incorporate, if the Interest Rate Cap Agreement contemplates collateral posting by the Counterparty, a credit support annex setting forth the mechanics for collateral to be calculated and posted that are consistent with Rating Agency standards, requirements and criteria.

“**IRS**” means the United States Internal Revenue Service.

“**KBRA**” Kroll Bond Rating Agency, Inc.

“**Lease**” means a bona fide written lease, sublease, letting, license, concession or other agreement pursuant to which any Person is granted a possessory interest in, or right to use or occupy all or any portion of any space in any Property by or on behalf of Borrower (or, with respect to any Vacant Properties on the Closing Date, prior to such Closing Date, by or on behalf of any Affiliate of Borrower), and (i) every modification, amendment or other agreement relating to such lease, sublease or other agreement entered into in connection with such lease, sublease or other agreement, and (ii) every guarantee of the performance and observance of the covenants, conditions and agreements to be performed and observed by the Tenant.

“**Legal Requirements**” means all federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting the Loan, any Secondary Market Transaction with respect to the Loan, Borrower or a Property or any part thereof or the construction, use,

alteration or operation thereof, or any part thereof, whether now or hereafter enacted and in force, including, without limitation, the Securities Act, the Exchange Act, Regulation AB, the rules and regulations promulgated pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act, zoning and land use laws, the Americans with Disabilities Act of 1990, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments, either of record or known to Borrower, at any time in force affecting a Property or any part thereof, including any which may (i) require repairs, modifications or alterations in or to a Property or any part thereof, or (ii) in any way limit the use and enjoyment thereof.

“**LIBOR**” means, with respect to each Interest Period and each Interest Determination Date, the rate per annum (rounded upwards, if necessary, to the nearest 1/1,000 of 1%) calculated by Lender as set forth below:

(i) The rate for deposits in U.S. Dollars for a one-month period that appears on Reuters Screen LIBOR01 Page (or its equivalent) as of 11:00 a.m., London time, on such Interest Determination Date.

(ii) If such rate does not appear on Reuters Screen LIBOR01 Page (or its equivalent) as of 11:00 a.m., London time, on the applicable Interest Determination Date, Lender shall request the principal London office of any four major reference banks in the London interbank market selected by Lender to provide such reference bank's offered quotation to prime banks in the London interbank market for deposits in U.S. Dollars for a one month period as of 11:00 a.m., London time, on such Interest Determination Date in a principal amount of not less than One Million and No/100 Dollars (\$1,000,000) that is representative for a single transaction in the relevant market at the relevant time. If at least two such offered quotations are so provided, LIBOR shall be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, Lender shall request any three major banks in New York City reasonably selected by Lender to provide such bank's rates for loans in U.S. Dollars to leading European banks for a one-month period as of 11:00 a.m., New York City time, on such Interest Determination Date in a principal amount not less than One Million and No/100 Dollars (\$1,000,000) that is representative for a single transaction in the relevant market at the relevant time, and if at least two such rates are so provided, LIBOR shall be the arithmetic mean of such rates.

“**LIBOR Loan**” means the Floating Rate Components of the Loan at such time as interest thereon accrues at a rate of interest based upon LIBOR.

“**Lien**” means any mortgage, deed of trust, lien (statutory or otherwise), pledge, hypothecation, easement, restrictive covenant, preference, assignment, security interest, or any other encumbrance, charge or transfer of, or any agreement to enter into or create any of the foregoing, on or affecting all or any portion of any Collateral or any interest therein, or any direct or indirect interest in Borrower or any Loan Party, including any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, the filing of any financing statement, and mechanic's, materialmen's and other similar liens and encumbrances.

“**Loan**” means the loan in the original principal amount of One Billion One Hundred Ninety-Three Million Nine Hundred Fifty Thousand and No/100 Dollars (\$1,193,950,000) made by Lender to Borrower pursuant to this Agreement.

“**Loan Documents**” means, collectively, this Agreement, the Note, the Management Agreement, the Sponsor Guaranty, the Equity Owner Guaranty, the Borrower GP Guaranty, the Environmental Indemnity, the Interest Rate Cap Agreement, each Collateral Document, and all other agreements, instruments and documents delivered pursuant thereto or in connection therewith, as the same may be (and each of the foregoing defined terms shall refer to such documents as they may be) amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Loan Party**” means Borrower, each Guarantor and each Borrower TRS (if any).

“**Low Debt Yield Period**” shall commence if, as of any Calculation Date, the Debt Yield is less than eighty-five percent (85%) of the Closing Date Debt Yield (a “**Low Debt Yield Trigger**”), and shall end (i) upon the Properties achieving a Debt Yield of at least the Low Debt Yield Trigger for two (2) consecutive Calculation Dates or (ii) immediately (without waiting for two (2) consecutive Calculation Dates) upon Borrower prepaying the principal amount of the Loan in an amount sufficient to cause the Debt Yield to be equal to or in excess of the Low Debt Yield Trigger (a “**Debt Yield Cure Prepayment**”).

“**Major Contract**” means (i) any management agreement relating to the Properties or the Loan Parties, (ii) any agreement between any Loan Party and any Affiliate of any Relevant Party and (iii) any brokerage, leasing, cleaning, maintenance, service or other contract or agreement of any kind (other than Leases) relating to the Properties, in each case involving payment or expense of more than One Million and No/100 Dollars (\$1,000,000) during any twelve (12) month period, unless cancelable on thirty (30) days or less notice without requiring payment of termination fees or payments of any kind.

“**Management Agreement**” means the Existing Management Agreement or a Replacement Management Agreement pursuant to which a Qualified Manager is managing one or more of the Properties in accordance with the terms and provisions of this Agreement, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Management Fee Cap**” means, with respect to the calendar month ending immediately prior to each Monthly Payment Date during the Term, six percent (6.0%) of gross Rents collected with respect to the Properties for such calendar month.

“**Manager**” means Existing Manager or, if the context requires, a Qualified Manager who is managing one or more of the Properties in accordance with the terms and provisions of this Agreement or pursuant to a Replacement Management Agreement.

“**Material Adverse Effect**” means a material adverse effect on (i) the property, business, operations or financial condition of any Loan Party, (ii) the use, operation or value of the Properties, taken as a whole, (iii) the ability of Borrower to repay the principal and interest of the Loan when due or to satisfy any of Borrower’s other obligations under the Loan Documents, or (iv) the enforceability or validity of any Loan Document, the perfection or priority of any Lien created under any Loan Document or the rights, interests and remedies of Lender under any Loan Document.

“ **Maturity Date** ” means the Stated Maturity Date, provided that (i) in the event of the exercise by Borrower of the First Extension Option pursuant to **Section 2.7**, the Maturity Date shall be the First Extended Maturity Date, (ii) in the event of the exercise by Borrower of the Second Extension Option pursuant to **Section 2.7**, the Maturity Date shall be the Second Extended Maturity Date, and (iii) in the event of the exercise by Borrower of the Third Extension Option pursuant to **Section 2.7**, the Maturity Date shall be the Third Extended Maturity Date, or such earlier date on which the final payment of principal of the Note becomes due and payable as herein or therein provided, whether at the Stated Maturity Date, by declaration of acceleration, or otherwise.

“ **Maximum Legal Rate** ” means the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the indebtedness evidenced by the Note and as provided for herein or the other Loan Documents, under the laws of such Governmental Authority whose laws are held by any court of competent jurisdiction to govern the interest rate provisions of the Loan.

“ **Minimum Disbursement Amount** ” means One Hundred Thousand and No/100 Dollars (\$100,000).

“ **Monthly Debt Service Payment Amount** ” means, for each Monthly Payment Date, an amount equal to the amount of interest which is then due on all the Components of the Loan in the aggregate for the Interest Period during which such Monthly Payment Date occurs.

“ **Monthly Payment Date** ” means the ninth (9th) day of every calendar month occurring during the Term. The first Monthly Payment Date shall be August 7, 2015.

“ **Moody’s** ” means Moody’s Investors Service, Inc.

“ **Mortgage** ” means a Mortgage or Deed of Trust or Deed to Secure Debt, as applicable, for each Property or for multiple Properties located within the same county or parish, dated as of the Closing Date (or, in connection with a Property which is a Substitute Property, dated as of the date of the substitution), executed and delivered by Borrower, constituting a Lien on the Improvements and the Property or Properties, as applicable, as Collateral for the Loan, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“ **Mortgage Documents** ” means the Mortgages, the Assignments of Leases and Rents and the Fixture Filings.

“ **Multiemployer Plan** ” means a plan within the meaning of Section 414(f) of the Code or Section 3(37) of ERISA to which contributions are required to be made by any Loan Party or any of its ERISA Affiliates or to which any such entity has any liability.

“ **Net Assets** ” means, with respect to any Person, the difference between (i) the fair market value of such Person’s assets and (ii) such Person’s liabilities determined in accordance with GAAP.

“ **Net Proceeds** ” means (i) the net amount of all insurance proceeds received by Lender pursuant to **Section 5.1.1 (a)(i) and (iii)** as a result of damage to or destruction of a Property,

after deduction of its reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting same (“**Insurance Proceeds**”), or (ii) the net amount of an Award, after deduction of Lender’s reasonable costs and expenses (including, but not limited to, reasonable counsel fees), if any, in collecting same (“**Condemnation Proceeds**”), whichever the case may be.

“**Net Transfer Proceeds**” means, with respect to the Transfer of any Property, the gross sales price for such Property (including any earnest money, down payment or similar deposit included in the total sales price paid by the purchaser), less Transfer Expenses.

“**Non-Property Taxes**” means all Taxes other than Property Taxes and Other Charges.

“**NRSRO**” means any credit rating agency that has elected to be treated as a nationally recognized statistical rating organization for purposes of Section 15E of the Exchange Act, without regard to whether or not such credit rating agency has been engaged by Lender or its designees in connection with, or in anticipation of, a Securitization.

“**Obligations**” means, collectively, Borrower’s obligations for the payment of the Debt and the performance by the Loan Parties of the Other Obligations.

“**OFAC**” means the Office of Foreign Assets Control of the U.S. Department of Treasury.

“**Officer’s Certificate**” means a certificate delivered to Lender by Borrower which is signed by an authorized officer of Borrower or another Loan Party.

“**Operating Expenses**” means, for any period, without duplication, all expenses actually paid or payable by Borrower (or, for the period prior to the Closing Date, by Borrower’s Affiliates that owned the Properties) during such period in connection with the administration, operation, management, maintenance, repair and use of the Properties, determined on an accrual basis, and, except to the extent otherwise provided in this definition, in accordance with GAAP. Operating Expenses specifically shall include, without duplication, (i) all operating expenses incurred in such period based on quarterly financial statements delivered to Lender in accordance with **Section 4.3.1(a)**, (ii) cost of utilities, inventories, and fixed asset supplies consumed in the operation of the Properties (iii) management fees in an amount equal to the greater of (A) actual management fees or (B) the Management Fee Cap, (iv) administrative, payroll, security and general expenses for the Properties, (v) costs and fees of Independent professionals (including, without limitation, legal, accounting, consultants and other professional expenses), technical consultants, operational experts (including quality assurance inspectors) or other third parties retained to perform services required or permitted hereunder, (vi) computer processing charges, (vii) operational equipment and other lease payments to the extent constituting operating expenses under GAAP, (viii) Property Taxes, Other Charges and HOA Fees, (ix) insurance premiums, (x) Property maintenance expenses and (xi) all reserves required by Lender hereunder (without duplication). Notwithstanding the foregoing, Operating Expenses shall not include (A) depreciation or amortization, (B) income taxes or other charges in the nature of income taxes, (C) any expenses (including legal, accounting and other professional fees, expenses and disbursements) incurred in connection with the making of the Loan or the sale, exchange, transfer, financing or refinancing of all or any portion of any Property or in connection with the recovery of Insurance Proceeds or Awards which are applied to prepay the Note, (D) Capital Expenditures, (E) Debt Service, (F) expenses incurred in connection with the acquisition, initial

renovation and initial leasing of Properties and other activities undertaken prior to such initial lease that do not constitute recurring operating expenses to be paid by Borrower, including eviction of existing tenants, incentive payments to tenants and other similar expenses, (G) any item of expense which would otherwise be considered within Operating Expenses pursuant to the provisions above but is paid directly by any Tenant under a Lease, (H) any service that is required to be provided by the Manager pursuant to the Management Agreement without compensation or reimbursement (other than the management fee set forth in the Management Agreement), (I) any expenses that relate to a Property from and after the release of such Property in accordance with **Section 2.5** hereof, (J) bad debt expense with respect to Rents, (K) the value of any free rent or other concessions provided with respect to the Properties, (L) any loss that is covered by the Policies including any portion of a loss that is subject to a deductible under the Policies or (M) corporate overhead expenses incurred by Borrower's Affiliates.

"Other Charges" means all (i) impositions other than Property Taxes, (ii) charges, liens or fees levied or assessed or imposed against a Property by a Governmental Authority in connection with code violations, and (iii) any other charges levied or assessed or imposed against a Property or any part thereof other than Property Taxes or HOA Fees.

"Other Connection Taxes" means, with respect to any Lender, Taxes imposed as a result of a present or former connection between such Lender and the jurisdiction imposing such Tax (other than connections arising from such Lender having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Obligations" means (i) the performance of all obligations of the Loan Parties contained herein; (ii) the performance of each obligation of the Relevant Parties contained in any other Loan Document; and (iii) the performance of each obligation of the Relevant Parties contained in any renewal, extension, amendment, restatement, modification, consolidation, change of, or substitution or replacement for, all or any part of this Agreement, the Note or any other Loan Document.

"Other Receipts" for any period of determination, any actual net cash flow receipts received by Borrower (or, for the period prior to the Closing Date, by Borrower's Affiliates that owned the Properties) from sources other than Rents, such as fees, payments or other compensation from any Tenant (but excluding any security deposits), with respect to the Properties to the extent they are recurring in nature and properly included as operating income for such period in accordance with GAAP.

"Other Taxes" means all present or future stamp, court or documentary, intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

"Outstanding Principal Balance" means, as of any date, the aggregate Component Outstanding Principal Balances of the Components of the Loan.

“ ***Patriot Act*** ” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT ACT) of 2001, as the same may be amended from time to time, and corresponding provisions of future laws.

“ ***PBGC*** ” means the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

“ ***Permitted Investments*** ” means:

(i) obligations of, or obligations fully guaranteed as to payment of principal and interest by, the United States or any agency or instrumentality thereof provided such obligations are backed by the full faith and credit of the United States including, without limitation, obligations of: the U.S. Treasury (all direct or fully guaranteed obligations), the Farmers Home Administration (certificates of beneficial ownership), the General Services Administration (participation certificates), the U.S. Maritime Administration (guaranteed Title XI financing), the Small Business Administration (guaranteed participation certificates and guaranteed pool certificates), the U.S. Department of Housing and Urban Development (local authority bonds) and the Washington Metropolitan Area Transit Authority (guaranteed transit bonds); *provided, however*, that the investments described in this clause must (A) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if rated by S&P, must not have an “r” highlighter affixed to their rating, (C) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (D) such investments must not be subject to liquidation prior to their maturity;

(ii) federal funds, unsecured certificates of deposit, time deposits, bankers’ acceptances and repurchase agreements with maturities of not more than 365 days of any bank, (A) in the case of such investments with maturities of 30 days or less, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated at least “A2” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s), (B) in the case of such investments with maturities of three months or less, but more than 30 days, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated at least “A1” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s), (C) in the case of such investments with maturities of six (6) months or less, but more than three months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated at least “Aa3” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s), and (D) in the case of such investments with maturities of more than six (6) months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated “Aaa” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s; *provided, however*, that the investments described in this clause must (1) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (2) if rated by S&P, must not

have an “r” highlighter affixed to their rating, (3) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (4) such investments must not be subject to liquidation prior to their maturity;

(iii) fully Federal Deposit Insurance Corporation-insured demand and time deposits in, or certificates of deposit of, or bankers’ acceptances issued by, any bank or trust company, savings and loan association or savings bank, (A) in the case of such investments with maturities of 30 days or less, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated at least “A2” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s), (B) in the case of such investments with maturities of three months or less, but more than 30 days, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated at least “A1” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s), (C) in the case of such investments with maturities of six (6) months or less, but more than three months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated at least “Aa3” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s), and (D) in the case of such investments with maturities of more than six (6) months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in the highest short term rating category) and the long term obligations of which are rated “Aaa” by Moody’s (or such lower rating for which Rating Agency Confirmation is received with respect to Moody’s); *provided, however*, that the investments described in this clause must (1) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (2) if rated by S&P, must not have an “r” highlighter affixed to their rating, (3) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (4) such investments must not be subject to liquidation prior to their maturity;

(iv) debt obligations with maturities of not more than 365 days and at all times rated by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody’s in its highest long-term unsecured rating category); *provided, however*, that the investments described in this clause must (A) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (B) if rated by S&P, must not have an “r” highlighter affixed to their rating, (C) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (D) such investments must not be subject to liquidation prior to their maturity;

(v) commercial paper (including both non-interest-bearing discount obligations and interest-bearing obligations payable on demand or on a specified date not more than one year after the date of issuance thereof) with maturities of not more than 365 days (A) in the case of such investments with maturities of 30 days or less, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating

Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated at least "A2" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), (B) in the case of such investments with maturities of three months or less, but more than 30 days, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated Moody's in the highest short term rating category) and the long term obligations of which are rated at least "A1" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), (C) in the case of such investments with maturities of six (6) months or less, but more than three months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated at least "Aa3" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's), and (D) in the case of such investments with maturities of more than six (6) months, the short term obligations of which are rated in the highest short term rating category by each Rating Agency (or, if not rated by all Rating Agencies, rated by Moody's in the highest short term rating category) and the long term obligations of which are rated "Aaa" by Moody's (or such lower rating for which Rating Agency Confirmation is received with respect to Moody's); *provided, however*, that the investments described in this clause must (1) have a predetermined fixed dollar of principal due at maturity that cannot vary or change, (2) if rated by S&P, must not have an "r" highlighter affixed to their rating, (3) if such investments have a variable rate of interest, such interest rate must be tied to a single interest rate index plus a fixed spread (if any) and must move proportionately with that index, and (4) such investments must not be subject to liquidation prior to their maturity;

(vi) units of taxable money market funds, which funds are regulated investment companies and invested solely in obligations backed by the full faith and credit of the United States, which funds have the highest rating available from each Rating Agency (or, if not rated by all Rating Agencies, rated by at least one Rating Agency and otherwise acceptable to each other Rating Agency, as confirmed in writing that such investment would not, in and of itself, result in a downgrade, qualification or withdrawal of the initial, or, if higher, then current ratings assigned to the Securities) for money market funds; and

(vii) any other security, obligation or investment which has been specifically approved as a Permitted Investment in writing (A) by Lender and (B) each Rating Agency, as confirmed by satisfaction of the Rating Agency Confirmation with respect to each Rating Agency;

provided, however, that no obligation or security shall be a Permitted Investment if (A) such obligation or security evidences a right to receive only interest payments or (B) the right to receive principal and interest payments on such obligation or security are derived from an underlying investment that provides a yield to maturity in excess of one hundred twenty percent (120%) of the yield to maturity at par of such underlying investment and *provided, further*, that each investment described hereunder must have (x) a predetermined fixed amount of principal due at maturity (that cannot vary or change) and (y) an original maturity of not more than 365 days and a remaining maturity of not more than thirty (30) days.

"**Permitted Liens**" means, collectively, (i) the Liens and security interests created by the Loan Documents, (ii) all encumbrances and other matters disclosed in the Title Insurance Policies for the Properties and, with respect to any Substitute Property, as Lender has approved

in writing in Lender's reasonable discretion, (iii) Liens, if any, for Non-Property Taxes or Property Taxes imposed by any Governmental Authority not yet due or delinquent, (iv) Liens arising after the Closing Date for Non-Property Taxes, Property Taxes, Other Charges or HOA Fees being contested in accordance with **Section 4.1.3** or **Section 4.4.8**, (v) any workers', mechanics' or other similar Liens on a Property that are bonded or discharged within sixty (60) days after Borrower first receives written notice of such Lien, (vi) all easements, rights-of-way, restrictions and other similar non-monetary encumbrances recorded against and affecting any Property and that would not reasonably be expected to and do not have an Individual Material Adverse Effect on the Property, (vii) such other title and survey exceptions as Lender has approved or may approve in writing in Lender's reasonable discretion, (viii) the Specified Liens and (ix) rights of Tenants as Tenants only under Leases permitted hereunder.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, estate, trust, unincorporated association, any other entity, any Governmental Authority and any fiduciary acting in such capacity on behalf of any of the foregoing.

"Plan" means an "employee benefit plan" as defined in Section 3(3) of ERISA that is established, maintained or contributed to by any Loan Party or any of its ERISA Affiliates (or as to which such entity has any liability) and that is covered by Title IV of ERISA, other than a Multiemployer Plan.

"Plan Termination Event" means (i) any event described in Section 4043 of ERISA with respect to any Plan; (ii) the withdrawal of any Loan Party or any of its ERISA Affiliates from a Plan during a plan year in which such Loan Party or such ERISA Affiliate was a "substantial employer" as defined in Section 4001(a)(2) of ERISA; (iii) the imposition of an obligation on any Loan Party or any of its ERISA Affiliates under Section 4041 of ERISA to provide affected parties written notice of intent to terminate a Plan in a distress termination described in Section 4041(c) of ERISA; (iv) the institution of proceedings by the PBGC to terminate a Plan or by any similar foreign governmental authority to terminate a Foreign Plan; (v) any event or condition which could reasonably constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan; (vi) the institution of proceedings by a foreign governmental authority to appoint a trustee to administer any Foreign Plan; or (vii) the partial or complete withdrawal of any Loan Party or any of its ERISA Affiliates from a Multiemployer Plan or Foreign Plan or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Prepayment Notice" means a prior written notice to Lender specifying the proposed Business Day on which a prepayment of the Debt is to be made pursuant to **Section 2.4.2**, which date shall be no earlier than ten (10) days after the date of such Prepayment Notice and no later than ninety (90) days after the date of such Prepayment Notice. A Prepayment Notice may be revoked in writing by Borrower, or may be modified in writing by Borrower to a new specified Business Day, in each case, on or prior to the proposed prepayment date set forth in such Prepayment Notice; *provided* that such new Business Day shall be no earlier than such proposed prepayment date. If revoked (as opposed to modified), any new Prepayment Notice shall comply with the timeframes set forth above. Borrower shall pay to Lender all out-of-pocket costs and expenses (if any) incurred by Lender in connection with Borrower's permitted revocation or modification of any Prepayment Notice.

“**Prime Rate**” means the rate of interest published in *The Wall Street Journal* from time to time as the “Prime Rate.” If *The Wall Street Journal* ceases to publish the “Prime Rate,” then Lender shall select an equivalent publication that publishes such “Prime Rate,” and if such “Prime Rates” are no longer generally published or are limited, regulated or administered by a governmental or quasi-governmental body, then Lender shall select a comparable interest rate index.

“**Prime Rate Loan**” means the Floating Rate Components of the Loan at such time as interest thereon accrues at a rate of interest based upon the Prime Rate.

“**Priority**” means that the valid and proper foreclosure of a Lien for HOA Fees will extinguish the Lien of the Mortgage with respect to the relevant HOA Property.

“**Properties Schedule**” means the data tape of Properties attached hereto as **Schedule I.A.** as of the Closing Date, as updated on a monthly basis in the form attached hereto as **Schedule I.B.** (and supplemented quarterly by the data included on **Schedule I.C.** and **Schedule I.D.** and, following a Sponsor Public Listing or a Sponsor Public Sale, further supplemented quarterly by the data included on **Schedule I.E.**) pursuant to **Section 4.3.6** .

“**Property**” means, individually, and “**Properties**” means, collectively, (i) the residential real properties described on the Properties Schedule as of the Closing Date and encumbered by the Mortgages and (ii) any residential real properties that are Substitute Properties; *provided* that if the Allocated Loan Amount for any Property has been reduced to zero and all interest and other Obligations related thereto that are required to be paid on or prior to the date when the Allocated Loan Amount for such Property is required to be repaid have been repaid in full, then such residential real property shall no longer be a Property hereunder. The Properties include the Improvements now or hereafter erected or installed thereon and other personal property owned by Borrower located thereon, together with all rights pertaining to such real property, Improvements and personal property.

“**Property Account Bank**” means the Eligible Institution at which a Property Account is maintained.

“**Property Account Control Agreement**” means the Deposit Account Control Agreement dated the date hereof among Borrower, Lender, Manager and a Property Account Bank, providing for springing control by Lender, substantially in the form set forth as **Exhibit B** attached hereto or such other form as may be reasonably acceptable to Lender.

“**Property Accounts**” means the Rent Deposit Accounts and Borrower’s Operating Account.

“**Property Covenants**” means those covenants set forth in **Section 4.4** and the covenants contained in **Section 2** of the Environmental Indemnity.

“**Property Cut Off Date**” means April 30, 2015.

“ **Property File** ” means with respect to each Property:

(i) The Purchase Agreement, auction receipt or other applicable purchase documentation reasonably satisfactory to Lender;

(ii) The documentation described in **Sections 3.2.3 , 3.2.4 , 3.2.5 , 4.4.3 , 4.4.4 , and 4.4.5** ;

(iii) Evidence reasonably satisfactory to Lender of the insurance policies required by **Section 5.1.1** with respect to such Property;

(iv) The executed Lease and any renewals, amendments or modification of the Lease, each of which shall be delivered to the Property File within ten (10) days after execution thereof (provided, that if such Property is a Vacant Property, such Property will be disclosed in the Property File as a Vacant Property until an Eligible Lease is executed with respect to such Property); and

(v) The Broker Price Opinion for such Property.

“ **Property Representations** ” means those representations and warranties set forth in **Section 3.2** and Section 1 of the Environmental Indemnity.

“ **Property Taxes** ” means any real estate and personal property taxes, assessments, water charges, sewer rents, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto now or hereafter levied or assessed or imposed by a Governmental Authority against any Property, any Collateral, any part of either of the foregoing or Borrower.

“ **Public Vehicle** ” means a Person whose securities are listed and traded on a national securities exchange and shall include a majority owned subsidiary of any such Person or any operating partnership through which such Person conducts all or substantially all of its business.

“ **Purchase Agreement** ” means the purchase agreement with respect to the purchase of a Property entered into by Borrower or its Affiliate and a third party seller of a Property who is not an Affiliate of any Loan Party.

“ **Qualified Manager** ” means (i) Existing Manager, (ii) any Person that is under common Control with Existing Manager or Sponsor and/or (iii) a reputable Person that has at least two (2) years’ experience in the management of at least two hundred and fifty (250) residential rental properties in each metropolitan statistical area in which the applicable Properties to be managed by such Person are located and is not the subject of a bankruptcy or similar proceeding; *provided* , that in the case of the foregoing **clause (iii)** , Borrower shall have obtained a Rating Agency Confirmation in respect of the management of the Properties by such Person; and *provided, further* , that in the case of the foregoing **clause (ii)** and **clause (iii)** , if such Person is an Affiliate of Borrower, Borrower shall have obtained an additional Insolvency Opinion if such an opinion is requested by Lender.

“ **Qualified Title Insurance Company** ” means each title insurance company listed on **Schedule VI** and any other title insurance company unless such title insurance company is disqualified by Lender in its sole discretion by notice to Borrower.

“**Qualified Transferee**” means (i) Sponsor or (ii) any Person that (A) has a net worth of not less than Three Hundred Million and No/100 Dollars (\$300,000,000) (exclusive of such Person’s direct or indirect interest in the Properties and Borrower), (B) has not been the subject of a voluntary or involuntary (to the extent the same has not been discharged) bankruptcy proceeding or any governmental or regulatory investigation which resulted in a final, nonappealable conviction for criminal activity involving moral turpitude, (C) is (or is under common Control with a Person that is) regularly engaged in the management, ownership or operation of one to four unit residential rental properties and (D) with respect to the applicable Transfer to such Person, Borrower shall have obtained a Rating Agency Confirmation.

“**Quarterly HOA Report**” has the meaning set forth in **Section 4.3.12(a)** .

“**Rating Agencies**” means the nationally-recognized statistical rating organization (e.g. S&P, Moody’s, Fitch, DBRS, Inc., Morningstar, Inc., KBRA or any successor thereto) that have been or will be engaged by Lender or its designees in connection with, or in anticipation of, a Securitization.

“**Rating Agency Confirmation**” means a written affirmation from each of the Rating Agencies that the credit rating of the Securities by such Rating Agency immediately prior to the occurrence of the event with respect to which such Rating Agency Confirmation is sought will not be qualified, downgraded or withdrawn as a result of the occurrence of such event, which affirmation may be granted or withheld in such Rating Agency’s sole and absolute discretion. In the event that, at any given time, no Securities are then outstanding, then the term Rating Agency Confirmation shall be deemed instead to require the written approval of Lender based on its reasonable, good faith determination of whether the Rating Agencies would issue a Rating Agency Confirmation if any such Securities were outstanding.

“**Records**” means all leases, agreements, instruments, documents, books, records and other information (including, without limitation, tapes, disks, punch cards and related property and rights) maintained with respect to Properties or the Loan Parties, other than the Property Files.

“**Regulation AB**” means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§229.1100-229.1125, as such may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission in the releases (Asset Backed Securities, Securities Act Release No. 33-8518, 70 Fed. Reg. 1,506-1,631 (Jan. 7, 2005) and Asset-Backed Securities, Securities Act Release No. 33-9638, 79 Fed. Reg. 57,184 (Sept. 24, 2014)) or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time. Each of the parties hereto acknowledge that the Regulation AB provisions herein shall be construed as if the Certificates were publicly registered and reporting were required at all times.

“**Related Loan**” means a loan to an Affiliate of Borrower or any Guarantor or secured by a Related Property, that is included in a Securitization with the Loan, and any other loan that is cross-collateralized with the Loan.

“**Related Property**” means a parcel of real property, together with improvements thereon and personal property related thereto, that is “related” within the meaning of the definition of Significant Obligor, to a Property.

“ **Release Amount** ” means, for a Property, the following applicable amount together with any other amounts specified in **Section 2.4.5** :

(i) in connection with the Transfer of a Property (other than a Designated HOA Property) pursuant to **Section 2.5** or any failure of a Property to qualify as an Eligible Property due to the occurrence of a Voluntary Action (such Properties, “ **Release Premium Properties** ”), (A) one hundred five percent (105%) of the Allocated Loan Amount for such Property if the sum of the initial Allocated Loan Amounts of all Release Premium Properties, including such Property, is less than \$119,395,000 , (B) one hundred ten percent (110%) of the Allocated Loan Amount for such Property if the sum of the initial Allocated Loan Amounts of all Release Premium Properties, including such Property, is equal to or greater than \$119,395,000 but less than \$179,092,500, (C) one hundred fifteen percent (115%) of the Allocated Loan Amount for such Property if the sum of the initial Allocated Loan Amounts of all Release Premium Properties, including such Property, is equal to or greater than \$179,092,500 but less than \$238,790,000, and (D) one hundred twenty percent (120%) of the Allocated Loan Amount for such Property if the sum of the initial Allocated Loan Amounts of all Release Premium Properties, including such Property, is equal to or greater than \$238,790,000;

(ii) in connection with any failure of a Property to qualify as an Eligible Property other than due to the occurrence of a Voluntary Action that is not cured within the applicable Cure Period, an amount equal to one hundred percent (100%) of the Allocated Loan Amount for such Property;

(iii) in connection with any Condemnation or Casualty of any Property for which prepayment of the Release Amount is required pursuant to **Section 5.3** or **Section 5.4** , one hundred percent (100%) of the Allocated Loan Amount for such Property; and

(iv) in connection with the release of a Designated HOA Property, a percentage of the Allocated Loan Amount for such Property that is equal to the greater of (A) one hundred percent (100%) and (B) the percentage with respect to which Borrower has obtained a Rating Agency Confirmation.

“ **Relevant Party** ” means each Loan Party, Equity Owner GP and Sponsor (and, collectively “ **Relevant Parties** ”).

“ **REMIC Trust** ” means a “real estate mortgage investment conduit” within the meaning of Section 860D of the Code.

“ **Renovation Standards** ” means the maintenance, repairs, improvements and installations that are necessary (i) for a Property to conform to applicable material Legal Requirements and not deviate materially from local rental market standards for the area in which such Property is located and (ii) for a Property to conform to Requirements for Existing Housing One to Four Family Units (4905.1) or Minimum Property Standard for One and Two Family Dwellings (200.926) as applicable, as published by the U.S. Department of Housing and Urban Development.

“ **Rents** ” means, with respect to each Property, all rents and rent equivalents.

“ **Repayment Date** ” means the date of a prepayment of the Loan pursuant to the provisions of **Section 2.4** .

“ **Replacement Interest Rate Cap Agreement** ” means an interest rate cap agreement from an Approved Counterparty with terms that are the same in all material respects as the terms of the Interest Rate Cap Agreement except that the same shall be effective as of (i) in connection with a replacement pursuant to **Section 2.6.3(c)** following a downgrade, withdrawal or qualification of the long-term unsecured debt rating of the Counterparty, the date required in **Section 2.6** or (ii) in connection with a replacement (or extension of the then-existing Interest Rate Cap Agreement) in connection with an extension of the Maturity Date pursuant to **Section 2.7** , the date required in **Section 2.7** ; *provided* that to the extent any such interest rate cap agreement does not meet the foregoing requirements, a Replacement Interest Rate Cap Agreement shall be such interest rate cap agreement approved in writing by Lender, and if the Loan or any portion thereof is included in a Securitization, each of the Rating Agencies with respect thereto.

“ **Replacement Management Agreement** ” means, collectively, (i) either (A) a management agreement with a Qualified Manager, substantially in the same form and substance as the Existing Management Agreement, (B) a management agreement with a Qualified Manager, which management agreement shall be reasonably acceptable to Lender in form and substance, *provided* , that with respect to this **clause (B)** , (x) if such management agreement provides for the payment of management fees in excess of those fees provided for under the Existing Management Agreement, then Borrower shall have obtained a Rating Agency Confirmation with respect to such increase in management fees and (y) otherwise Lender, at its option, may require that Borrower obtain a Rating Agency Confirmation with respect to such management agreement or (C) a management agreement with a Manager approved by Lender in accordance with **Section 4.1.13(b)(y)** and satisfying the conditions set forth in **clauses (x)** and **(y)** above, and (ii) an assignment of management agreement and subordination of management fees substantially in the form of the Assignment of Management Agreement dated as of the date hereof (or such other form as shall be reasonably acceptable to Lender and the Qualified Manager).

“ **Reportable Event** ” has the meaning set forth in Section 4043 of ERISA.

“ **Request for Release** ” means a request for release of a Property in connection with any Transfer of a Property, substantially in the form attached hereto as **Exhibit E** .

“ **Reserve Funds** ” means, collectively, all funds deposited by Borrower with Lender or Collection Account Bank pursuant to **Article 6** , including, but not limited to, the Capital Expenditure Funds, the Insurance Funds, the Tax Funds, the HOA Funds, the Casualty and Condemnation Funds, the Cash Collateral Funds, the Special Insurance Reserve Funds and the Eligibility Funds.

“ **Reserve Release Date** ” means any Business Day as requested by Borrower pursuant to a Reserve Release Request; *provided* that there shall be no more than one Reserve Release Date in any calendar month.

“ **Reserve Release Request** ” means any written request by Borrower for a release of Reserves Funds made in accordance with **Article 6** .

“ **Responsible Officer** ” means, as to any Person, the chief executive officer or president or, with respect to financial matters, the chief financial officer or treasurer of such Person; *provided, that* in the event any such officer is unavailable at any time he or she is required to take any action hereunder, Responsible Officer means any officer authorized to act on such officer’s behalf as demonstrated by a certified resolution.

“ **Restoration** ” means the repair and restoration of a Property after a Casualty as nearly as possible to the condition such Property was in immediately prior to such Casualty, with such material alterations as may be approved by Lender, such approval not to be unreasonably withheld, delayed or conditioned.

“ **Restricted Junior Payment** ” means, with respect to any Person, (i) any dividend or other distribution of any nature (cash, securities, assets, Indebtedness or otherwise) and any payment, by virtue of redemption, retirement or otherwise, on any class of Equity Interests or subordinate Indebtedness issued by such Person, whether such Equity Interests are now or may hereafter be authorized or outstanding and any distribution in respect of any of the foregoing, whether directly or indirectly, (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Equity Interests or subordinate Indebtedness of such Person now or hereafter outstanding, or (iii) any payment of management or similar fees by such Person (other than payment of management fees under any Management Agreement to the extent expressly permitted by this Agreement).

“ **Restricted Pledge Party** ” means, collectively, Borrower, each Borrower TRS, any Guarantor, and any other direct or indirect equity holder in Borrower, any Borrower TRS or any Guarantor up to, but not including, the first direct or indirect equity holder that has substantial assets other than the Properties and the other Collateral.

“ **S&P** ” means Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business.

“ **Significant Obligor** ” shall have the meaning set forth in Item 1101(k) of Regulation AB under the Securities Act.

“ **Solvent** ” means, with respect to any Person or any consolidated group, on any date of determination, that on such date (i) the fair saleable value of such Person’s or consolidated group’s assets exceeds its total liabilities, including, without limitation, subordinated, unliquidated, disputed and contingent liabilities, (ii) the fair saleable value of such Person’s or consolidated group’s assets exceeds its probable liabilities, as applicable, including the maximum amount of its contingent liabilities on its debts as such debts become absolute and matured, (iii) such Person’s or consolidated group’s assets do not constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted and (iv) such Person or consolidated group does not intend to, and does not believe that it will, incur debt and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such debt and liabilities as they mature (taking into account the timing and amounts of cash to be received by it and the amounts to be payable on or in respect of its obligations).

“ **Specified Documents** ” means, with respect to any Property File, each document listed in the definition of “Property File”.

“**Specified Liens**” means the Liens described on **Schedule XII** affecting one or more of the Properties as of the Closing Date, provided that all such Liens on the affected Properties are affirmatively covered by Title Insurance Policies.

“**Sponsor**” means IH2 Property Holdco L.P., a Delaware limited partnership.

“**Sponsor Financial Covenant**” means the requirement that Sponsor or any Qualified Transferee that executes and delivers a replacement guaranty pursuant to **Section 7.1(h)** maintain Net Assets of not less than One Hundred Fifty Million and No/100 Dollars (\$150,000,000) (exclusive of Sponsor’s or such Qualified Transferee’s direct or indirect interest in Borrower).

“**Sponsor Guaranty**” means that certain Sponsor Guaranty, dated as of the date hereof, executed by Sponsor in favor of Lender, as the same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

“**Sponsor Parent Entity**” means any Person that owns, directly or indirectly, one hundred percent (100%) of the legal and beneficial interests in Sponsor.

“**Sponsor Public Listing**” means the listing of the direct or indirect legal or beneficial interests of Sponsor (or any direct or indirect wholly owned subsidiary of Sponsor or any Sponsor Parent Entity) on the New York Stock Exchange or another nationally recognized securities exchange.

“**Sponsor Public Sale**” means the sale, transfer or conveyance (but not a pledge), in one or a series of transactions (i) of more than fifty percent (50%) of the direct or indirect legal or beneficial interests in Sponsor (or any direct or indirect wholly owned subsidiary of Sponsor or any Sponsor Parent Entity) to a Public Vehicle or (ii) through which Sponsor (or any direct or indirect wholly owned subsidiary of Sponsor or any Sponsor Parent Entity) becomes, or is merged with or into, a Public Vehicle.

“**Spread Maintenance Date**” means the Monthly Payment Date occurring in August 2016.

“**Spread Maintenance Premium**” means, with respect to any prepayment of principal (or acceleration of the Loan) prior to the Spread Maintenance Date (other than payments made pursuant to **Section 2.4.3(a)** (except where such prepayment arises as a result of a Voluntary Action) or **Section 2.4.3(c)**), and with respect to each Floating Rate Component, an amount equal to the product of the following: (i) the amount of such prepayment (or the amount of principal so accelerated) allocable to such Floating Rate Component, multiplied by (ii) the Floating Rate Component Spread applicable to such Floating Rate Component, multiplied by (iii) a fraction (expressed as a percentage) having a numerator equal to the number of months difference between the Spread Maintenance Date and the date such prepayment occurs (or the next succeeding Monthly Payment Date through which interest has been paid by Borrower) and a denominator equal to twelve (12). The total Spread Maintenance Premium shall be the sum of the Spread Maintenance Premium for each of the Floating Rate Components. All Spread Maintenance Premium payments hereunder shall be deemed to be earned by Lender upon the funding of the Loan.

“ **Stated Maturity Date** ” means August 9, 2017, as the same may be extended pursuant to **Section 2.7** .

“ **Strike Price** ” means (i) as to any Interest Rate Cap Agreement during the initial term of the Loan, 2.51972% per annum, and (ii) as to any Replacement Interest Rate Cap Agreement obtained in connection with the exercise of any Extension Option, a rate per annum equal to the greater of (A) 2.51972% per annum and (B) the interest rate at which the Debt Service Coverage Ratio as of the Calculation Date immediately preceding the applicable Extension Date is not less than 1.20:1.00.

“ **Taxes** ” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

“ **Tenant** ” means any Person obligated by contract or otherwise to pay monies (including a percentage of gross income, revenue or profits) under any Lease now or hereafter affecting all or any part of a Property.

“ **Term** ” means the entire term of this Agreement, which shall expire upon repayment in full of the Debt.

“ **Title Insurance Owner’s Policy** ” means, with respect to each Property, an ALTA owner title insurance policy issued by a Qualified Title Insurance Company in a form reasonably acceptable to Lender (or, if such Property is in a state which does not permit the issuance of such ALTA policy, such form as shall be permitted in such state and determined to be reasonably acceptable to Lender) issued with respect to such Property and insuring the legal title to such Property, as applicable, posted to Lender’s online data room pursuant to **Section 4.1.14** with electronic or written notification to Lender of such posting.

“ **Title Insurance Policy** ” means, with respect to each Property or multiple Properties encumbered by the same Mortgage, an ALTA mortgagee title insurance policy issued by a Qualified Title Insurance Company containing such endorsements as Lender may reasonably require (to the extent available in the state where the Property or the Properties, as applicable, are located) in a form reasonably acceptable to Lender (or, if such Property or the Properties, as applicable, are located in a state which does not permit the issuance of such ALTA policy, such form as shall be permitted in such state and determined to be reasonably acceptable to Lender) issued with respect to such Property or Properties, as applicable, and insuring the Lien of the Mortgage Documents encumbering such Property or Properties (subject to Permitted Liens), as applicable, and posted to Lender’s online data room pursuant to **Section 4.1.14** with electronic or written notification to Lender of such posting.

“ **Transfer Date** ” means the date upon which a Transfer of a Property is consummated.

“ **Transfer Expenses** ” means, with respect to the Transfer of any Property, the reasonable expenses of Borrower incurred in connection therewith not to exceed six percent (6.0%) of all gross amounts realized with respect thereto, for any of the following: (i) third party real estate commissions, (ii) the closing costs of the purchaser of such Property actually paid by Borrower and (iii) Borrower’s miscellaneous closings costs, including, but not limited to title, escrow and appraisal costs and expenses.

“ **Trigger Period** ” shall commence upon the occurrence of (i) an Event of Default or (ii) the commencement of a Low Debt Yield Period; and shall end if, (A) with respect to a Trigger Period continuing pursuant to **clause (i)** , the Event of Default commencing the Trigger Period has been cured and such cure has been accepted by Lender (and no other Event of Default is then continuing) or (B) with respect to a Trigger Period continuing due to **clause (ii)** , the Low Debt Yield Period has ended pursuant to the terms hereof.

“ **Trust Fund Expenses** ” means (i) any interest payable to the Servicer, or any special servicer, trustee, operating advisor, custodian, or certificate administrator in connection with the Loan or the Properties pursuant to the Servicing Agreement in respect of advances made by any of the foregoing; *provided* , *however* , that Borrower shall only be obligated to pay any amounts described in this **clause (i)** if and to the extent such interest exceeds the sum of the Default Rate interest and late payment charges payable pursuant to **Section 2.3.4** in respect of the event giving rise to the related advances; (ii) all special servicing fees, work-out, liquidation fees and other fees payable to any special servicer under the Servicing Agreement (A) after the Loan is transferred to the special servicer as a result of (1) the occurrence of an Event of Default or (2) an acknowledgement by Borrower in writing that the Loan is likely to go into default, or (B) in connection with any Borrower requested or consensual work-out or modification of the Loan; (iii) the regular monthly fee of the certificate administrator (capped at \$6,283 per month) and the trustee (capped at \$417 per month) under the Servicing Agreement, (iv) the fees and expenses of Midland Loan Services as Servicer as set forth in **Schedule IX** , (v) the costs and expenses of any Servicer (including costs and expenses of any third party hired by such Servicer) in connection with (A) the determination of market rents for purposes of and in accordance with clause (ii) of the definition of “GPR” and (B) the verification of information set forth in any Quarterly HOA Reports delivered pursuant to clause (h) of **Schedule X** , as well as the verification and/or preparation of any reports related to HOA compliance required to be performed by the Servicer under the Servicing Agreement and (vi) except for the regular monthly fees payable to the master servicer and any operating advisor, any other cost, fee or expense of the Servicer, the trustee, the operating advisor and any certificate administrator under the Servicing Agreement (A) after the Loan is transferred to the special servicer as a result of (1) the occurrence of an Event of Default or (2) an acknowledgement by Borrower in writing that the Loan is likely to go into default, (B) the occurrence of an Event of Default under **clauses (i)** , **(ii)** or **(iii)** of **Section 8.1** or (C) in connection with any Borrower requested or consensual work out or modification of the Loan or any other special waiver or approval requests made by Borrower or any Guarantor during the term of the Loan (in each case including, but not limited to, (1) any costs and expenses in connection with Broker Price Opinions and, where Broker Price Opinions are not sufficient in accordance customary mortgage servicing standards, appraisals of the Properties or the Equity Interests in Borrower (or any updates to Broker Price Opinions or such appraisals) conducted by or on behalf of the Servicer, (2) property inspections conducted by or on behalf of the Servicer, (3) lien searches conducted by or on behalf of the Servicer, (4) any reimbursements to the trustee, the Servicer, the operating advisor, any certificate administrator thereunder and related Persons of each of the foregoing, or the trust fund, pursuant to the Servicing Agreement, (5) any indemnification to Persons entitled thereto under the Servicing Agreement, (6) any litigation expenses arising from an Event of Default and (7) the cost of Rating Agency Confirmations and/or opinions of counsel, if any, required to be obtained pursuant to the Servicing Agreement in connection with servicing or administering the Loan or the Properties and administration of the trust fund).

“ **Trustee** ” means any trustee holding the Loan or any Component in a Securitization.

“ **U.S. Dollars** ” refers to lawful money of the United States.

“ **U.S. Person** ” means any Person that is a “United States person” as defined in Section 7701(a)(30) of the Code.

“ **UCC** ” or “ **Uniform Commercial Code** ” means the Uniform Commercial Code as in effect in the State (with respect to fixtures), the State of New York or the state in which any of the Cash Management Accounts are located, as the case may be.

“ **Underwritten Capital Expenditures** ” means, as of any date of determination, for the twelve (12) month period ending on such date, the product of (i) the number of Properties multiplied by (ii) \$750.

“ **Underwritten Net Cash Flow** ” means, as of any date of determination, the excess of: (i) for the twelve (12) month period ending on such date, the sum of (A) the lesser of (1) GPR *multiplied by* 94.0%, and (2) Actual Rent Collections, and (B) Other Receipts; *over* (ii) for the twelve (12) month period ending on such date, the sum of (A) Operating Expenses, adjusted to reflect exclusion of amounts representing non-recurring expenses, (B) Underwritten Capital Expenditures and (C) Concessions.

Notwithstanding the foregoing, Underwritten Net Cash Flow shall not include (a) any Insurance Proceeds (other than business interruption and/or rental loss insurance proceeds and only to the extent allocable to the applicable reporting period), (b) any proceeds resulting from the Transfer of all or any portion of any Property, (c) any item of income otherwise included in Underwritten Net Cash Flow but paid directly by any Tenant to a Person other than Borrower as an offset or deduction against Rent payable by such Tenant, provided such item of income is for payment of an item of expense (such as payments for utilities paid directly to a utility company) and such expense is otherwise excluded from the definition of Operating Expenses pursuant to clause “(G)” of the definition thereof, (d) security deposits received from Tenants until forfeited or applied and (e) any lease buy-out or surrender payment from any Tenant (including any payment relating to unamortized tenant improvements and/or leasing commissions).

Notwithstanding anything herein to the contrary, the Underwritten Net Cash Flow of any Property that is a Disqualified Property shall be zero for all purposes of this Agreement.

“ **United States** ” means the United States of America.

“ **Unrestricted Cash** ” means any cash or Permitted Investments not held (or required to be held) in any Collection Account, Account, Rent Deposit Account or Security Deposit Account, to the extent the cash value thereof could be distributed as a Restricted Junior Payment by a Loan Party pursuant to **Section 4.2.12** on such date.

“ **Vacant Property** ” means, individually, and “ **Vacant Properties** ” means, collectively, the Properties listed on **Schedule XI** attached hereto which are not leased to or occupied by any Tenant as of the Property Cut Off Date.

“ **Voluntary Action** ” means, in respect of any Property, a voluntary action or omission by any Loan Party or an action or omission by any third party authorized by a Loan Party that, in each case, such Loan Party intends to result in (i) an imposition of a Lien (other than a Permitted Lien) on such Property or (ii) a Transfer of such Property.

Section 1.2 Index of Other Definitions. The following terms are defined in the Sections, Schedules or Loan Documents as indicated below:

“ **Acceptable Blanket Policy** ” – 5.1.1(c)
“ **Acceptable LLC** ” – Schedule IV
“ **Account Collateral** ” – 6.9
“ **Accounts** ” – 6.1.1
“ **Act** ” – Schedule IV
“ **Affected Property** ” and “ **Affected Properties** ” – 2.4.3(a)
“ **Agreement** ” – Introductory Paragraph
“ **Anti-Money Laundering Laws** ” – 3.1.27
“ **Approved Annual Budget** ” – 6.8.3
“ **Approved Extraordinary Operating Expense** ” – 6.8.4
“ **Approved Initial Budget** ” – 6.8.3
“ **Available Cash** ” – 6.8.1(i)
“ **Borrower** ” – Introductory Paragraph
“ **Borrower’s Operating Account** ” – 6.1.3
“ **Breakage Costs** ” – 2.2.5
“ **Capital Expenditure Account** ” – 6.4.1
“ **Capital Expenditure Funds** ” – 6.4.1
“ **Cash Collateral Account** ” – 6.7.1
“ **Cash Collateral Floor** ” – 6.7.2
“ **Cash Collateral Funds** ” – 6.7.1
“ **Cash Management Accounts** ” – 6.9
“ **Casualty** ” – 5.2
“ **Casualty and Condemnation Account** ” – 6.6
“ **Casualty and Condemnation Funds** ” – 6.6
“ **Casualty Consultant** ” – 5.4(d)(iii)
“ **Casualty Retainage** ” – 5.4(d)(iv)
“ **Cause** ” – Schedule IV
“ **Committee** ” – Schedule IV
“ **Condemnation Proceeds** ” – Net Proceeds Definition
“ **Counterparty Opinion** ” – 2.6.3(g)
“ **Covered Disclosure Information** ” – 9.2(b)
“ **Debt Yield Cure Prepayment** ” – Low Debt Yield Period Definition
“ **Designated Renovation Property** ” – Sponsor Guaranty
“ **Disclosure Document** ” – 9.2(a)
“ **Eligibility Funds** ” – 6.10(a)
“ **Eligibility Reserve Account** ” – 6.10(a)
“ **Embargoed Person** ” – 4.2.16
“ **Equity Certificate** ” – 10.28(a)
“ **ERISA Plan** ” – 3.1.8(a)
“ **Event of Default** ” – 8.1

“ **Excess Deductible** ”- 5.1.3
“ **Exchange Act** ” – 9.2(a)
“ **Exchange Act Filing** ” – 9.1(d)
“ **Extraordinary Operating Expense** ” – 6.8.4
“ **First Extended Maturity Date** ” – 2.7.1
“ **First Extension Notice** ” – 2.7.1
“ **First Extension Option** ” – 2.7.1
“ **Fully Condemned Property** ” – 5.3(b)
“ **Fully Condemned Property Prepayment Amount** ” – 5.3(b)
“ **Guarantor’s Permitted Indebtedness** ” – 4.2.8
“ **HOA Funds** ” – 6.2.3
“ **HOA Subaccount** ” – 6.2.3
“ **Indemnified Liabilities** ” – 4.1.21
“ **Independent Director** ” – Schedule IV
“ **Independent Manager** ” – Schedule IV
“ **Initial Interest Period** ” – 2.3.1
“ **Insurance Account** ” – 6.3.1
“ **Insurance Funds** ” – 6.3.1
“ **Insurance Premiums** ” – 5.1.1(b)
“ **Insurance Proceeds** ” – Net Proceeds Definition
“ **Interest Period** ” – 2.3.2
“ **Interest Shortfall** ” – 2.4.5(a)(ii)
“ **Issuer** ” – 9.2(b)
“ **Lender** ” – Introductory Paragraph
“ **Lender Group** ” – 9.2(b)
“ **Liabilities** ” – 9.2(b)
“ **Low Debt Yield Trigger** ” – Low Debt Yield Period Definition
“ **Margin Stock** ” – 3.1.16
“ **Material Action** ” – Schedule IV
“ **Monthly Budgeted Amount** ” – 6.8.3
“ **Nationally Recognized Service Company** ” – Schedule IV
“ **Net Proceeds Deficiency** ” – 5.4(d)(vi)
“ **Note** ” – 2.1.4
“ **Notice** ” – 10.5
“ **Participant Register** ” – 10.24
“ **Patriot Act Offense** ” – 3.1.26
“ **Periodic Rating Agency Information** ” – 4.3.10
“ **Permitted Indebtedness** ” – 4.2.8
“ **Permitted Transfers** ” – 7.1
“ **Policy** ” and “ **Policies** ” – 5.1.1(b)
“ **Qualified Release Property Default** ” – 2.5(b)
“ **Quarterly HOA Report** ” – 4.3.12(a)
“ **Rate Cap Collateral** ” – 2.6.2
“ **Register** ” – 10.24
“ **Registrar** ” – 10.24
“ **Release Conditions** ” – 2.5
“ **Release Premium Properties** ” – Release Amount Definition
“ **Release Property** ” – 2.5

“ *Rent Deposit Account* ” – 6.1.1
“ *Rent Deposit Account Retained Amount* ” – 6.1.1
“ *Rent Deposit Bank* ” – 6.1.1
“ *Review Waiver* ” – 10.2(b)
“ *Second Extended Maturity Date* ” – 2.7.1
“ *Second Extension Notice* ” – 2.7.1
“ *Second Extension Option* ” – 2.7.1
“ *Secondary Market Transaction* ” – 9.1(a)
“ *Securities* ” – 9.1(a)
“ *Securitization* ” – 9.1(a)
“ *Securities Act* ” – 9.2(a)
“ *Security Deposit Account* ” – 4.1.15(a)
“ *Servicer* ” – 10.20
“ *Servicing Agreement* ” – 10.20
“ *Sole Member* ” – Schedule IV
“ *SPC Party* ” – Schedule IV
“ *Special Insurance Reserve Account* ” – 6.5(a)
“ *Special Insurance Reserve Funds* ” – 6.5(a)
“ *Special Member* ” – Schedule IV
“ *Special Purpose Bankruptcy Remote Entity* ” – Schedule IV
“ *Substitute Mortgage Documents* ” – 2.4.3(a)(x)
“ *Substitute Property* ” and “ *Substitute Properties* ” – 2.4.3(a)
“ *Succeeding Interest Period* ” – 2.4.5(a)(ii)
“ *Tax Account* ” – 6.2.1
“ *Tax Funds* ” – 6.2.1
“ *Tenant Direction Letter* ” – 6.1.1
“ *Third Extended Maturity Date* ” – 2.7.1
“ *Third Extension Notice* ” – 2.7.1
“ *Third Extension Option* ” – 2.7.1
“ *Transfer* ” – 4.2.3
“ *Underwriter Group* ” – 9.2(b)
“ *Updated Information* ” – 9.1(b)(i)
“ *U.S. Tax Compliance Certificate* ” – 2.10.6(b)(ii)(C)

Section 1.3 Principles of Construction. All references to sections and schedules are to sections and schedules in or to this Agreement unless otherwise specified. Unless otherwise specified, the words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement or any other Loan Document shall refer to this Agreement or such other Loan Document as a whole and not to any particular provision hereof or thereof. When used in this Agreement or any other Loan Document, the word “including” shall mean “including but not limited to”. Unless otherwise specified, all meanings attributed to defined terms herein shall be equally applicable to both the singular and plural forms of the terms so defined.

ARTICLE 2

THE LOAN

Section 2.1 The Loan.

2.1.1 Agreement to Lend and Borrow. Subject to and upon the terms and conditions set forth herein, Lender shall make the Loan to Borrower and Borrower shall accept the Loan from Lender on the Closing Date.

2.1.2 Components of the Loan. For purposes of the computation of the interest accrued on the Loan from time to time and certain other computations set forth herein, the Loan shall be divided into multiple components designated as “Component A”, “Component B”, “Component C”, “Component D”, “Component E”, “Component F” and “Component G”. The following table sets forth the initial Component Outstanding Principal Balance of each such Component.

<u>Component</u>	<u>Initial Principal Amount</u>
Component A	\$ 536,880,000
Component B	\$ 120,987,000
Component C	\$ 98,302,000
Component D	\$ 90,740,000
Component E	\$ 135,354,000
Component F	\$ 151,989,000
Component G	\$ 59,698,000

2.1.3 Single Disbursement to Borrower. Borrower shall receive only one borrowing hereunder in respect of the Loan and any amount borrowed and repaid hereunder in respect of the Loan may not be reborrowed.

2.1.4 The Note. The Loan and all of the Components thereof shall be evidenced by that certain Promissory Note of even date herewith, in the stated principal amount of One Billion One Hundred Ninety-Three Million Nine Hundred Fifty Thousand and No/100 Dollars (\$1,193,950,000) executed by Borrower and payable to the order of Lender in evidence of each of the Components of the Loan (as the same may hereafter be amended, supplemented, restated, increased, extended or consolidated from time to time, the “*Note*”) and shall be repaid in accordance with the terms of this Agreement, the Note and the other Loan Documents. If the Note is mutilated or defaced and is surrendered to the Borrower, or if there shall be delivered to the Borrower evidence to its reasonable satisfaction of the destruction, loss or theft of the Note, then the Borrower shall execute and deliver, in lieu of the mutilated, defaced, destroyed lost or stolen Note, a new Note, of like tenor (including the same date of issuance) and equal principal or face amount and bearing interest from the date to which interest has been paid on the mutilated, defaced, destroyed, lost or stolen Note, provided that the applicant for a replacement Note shall indemnify Borrower for any liability, obligation, loss or damages the Borrower may incur in connection with any enforcement, collection or attempted enforcement or collection of the destroyed, lost or stolen Note. In the event that, as of the date a replacement Note is requested, the principal amount of any such mutilated, defaced, destroyed, stolen or lost Note shall have become, or will within the next succeeding fifteen (15) days become, due and payable in accordance with its terms, the Borrower may, at its discretion, not authenticate and deliver such a replacement Note. Borrower shall not be required to incur any material cost or expense in procuring any such indemnity or with the preparation, execution, authentication and delivery of any such replacement Note.

2.1.5 Use of Proceeds. Borrower shall use proceeds of the Loan to (a) make initial deposits of the Reserve Funds, (b) make distributions to Equity Owner and Borrower GP, (c) pay costs and expenses incurred in connection with the closing of the Loan and the related Securitization, and (d) to the extent any proceeds remain after satisfying *clauses (a) through (c)* above, for such lawful purpose as Borrower shall designate.

Section 2.2 Interest Rate.

2.2.1 Interest Rate.

(a) Each Component of the Loan shall accrue interest throughout the Term at the Interest Rate applicable to such Component during each Interest Period. The total interest accrued under the Loan shall be the sum of the interest accrued on the Component Outstanding Principal Balance of each of the Components. Borrower shall pay to Lender on each Monthly Payment Date the interest accrued or to be accrued on the Loan for the related Interest Period.

(b) Component G shall accrue interest at the Component G Interest Rate. Subject to the terms and conditions hereof, the Floating Rate Components of the Loan shall be a LIBOR Loan. In the event that Lender shall have determined (which determination shall be conclusive and binding upon Borrower absent manifest error) that by reason of circumstances affecting the interbank Eurodollar market, adequate and reasonable means do not exist for ascertaining LIBOR, then Lender shall forthwith give notice by telephone of such determination, confirmed in writing, to Borrower at least one (1) day prior to the next succeeding Interest Determination Date. If such notice is given, the Floating Rate Components of the Loan shall be converted, as of the first day of the next succeeding Interest Period, to a Prime Rate Loan. Notwithstanding any provision of this Agreement to the contrary, in no event shall Borrower have the right to convert a LIBOR Loan to a Prime Rate Loan.

(c) If, pursuant to the terms hereof, the Floating Rate Components of the Loan have been converted to a Prime Rate Loan and Lender shall determine (which determination shall be conclusive and binding upon Borrower absent manifest error) that the event(s) or circumstance(s) which resulted in such conversion shall no longer be applicable, Lender shall give notice by telephone of such determination, confirmed in writing, to Borrower at least one (1) day prior to the next succeeding Interest Determination Date. If such notice is given, the Floating Rate Components of the Loan shall be converted, as of the first day of the next succeeding Interest Period, to a LIBOR Loan. Notwithstanding any provision of this Agreement to the contrary, in no event shall Borrower have the right to convert a Prime Rate Loan to a LIBOR Loan.

(d) If the adoption of any requirement of law or any change therein or in the interpretation or application thereof, shall hereafter make it unlawful for Lender to maintain a LIBOR Loan as contemplated hereunder, (i) the obligation of Lender hereunder to make or maintain a LIBOR Loan or to convert a Prime Rate Loan to a LIBOR Loan shall be canceled forthwith and (ii) any outstanding LIBOR Loan shall be converted automatically to a Prime Rate Loan on the first day of the next succeeding Interest Period, or upon such earlier date as may be required by law. Borrower hereby agrees to promptly pay to Lender, upon demand, any

additional amounts necessary to compensate Lender for any costs incurred by Lender in making any conversion in accordance with this Agreement, including without limitation, any interest or fees payable by Lender to lenders of funds obtained by it in order to make or maintain the LIBOR Loan hereunder. Lender's notice of such costs, as certified to Borrower, shall be conclusive absent manifest error.

2.2.2 Default Rate. In the event that, and for so long as, any Event of Default shall have occurred and be continuing, the Component Outstanding Principal Balance of each of the Floating Rate Components and, to the extent not prohibited by applicable law, all other portions of the Debt (other than the Component Outstanding Principal Balance of the Component G), shall accrue interest at the Default Rate, calculated from the date such payment was due or, if later, such Default shall have occurred, without regard to any grace or cure periods contained herein. Interest at the Default Rate shall be paid immediately upon demand, which demand may be made as frequently as Lender shall elect, to the extent not prohibited by applicable law.

2.2.3 Interest Calculation. Interest on the Loan and other Obligations shall be calculated by multiplying (A) the actual number of days elapsed in the period for which the calculation is being made by (B) a daily rate based on a three hundred sixty (360) day year (that is, the Interest Rate expressed as an annual rate divided by 360) by (C) the Outstanding Principal Balance or the amount of such other Obligations, as applicable. The accrual period for calculating interest due on each Monthly Payment Date shall be the Interest Period in which such Monthly Payment Date occurs.

2.2.4 Usury Savings. This Agreement and the other Loan Documents are subject to the express condition that at no time shall Borrower be required to pay interest on the Outstanding Principal Balance at a rate which could subject Lender to either civil or criminal liability as a result of being in excess of the Maximum Legal Rate. If by the terms of this Agreement or the other Loan Documents, Borrower is at any time required or obligated to pay interest on the Outstanding Principal Balance at a rate in excess of the Maximum Legal Rate, the Interest Rate shall be deemed to be immediately reduced to the Maximum Legal Rate and all previous payments in excess of the Maximum Legal Rate shall be deemed to have been payments in reduction of principal and not on account of the interest due hereunder. All sums paid or agreed to be paid to Lender for the use, forbearance, or detention of the sums due under the Loan, shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full stated term of the Loan until payment in full so that the rate or amount of interest on account of the Loan does not exceed the Maximum Legal Rate from time to time in effect and applicable to the Loan for so long as the Loan is outstanding.

2.2.5 Breakage Indemnity. Borrower shall indemnify Lender against any loss or expense which Lender may actually sustain or incur in liquidating or redeploying deposits from third parties acquired to effect or maintain the Loan or any part thereof as a consequence of (i) any payment or prepayment of the Loan or any portion thereof made on a date other than a Monthly Payment Date (unless interest is paid by Borrower on such payment through the end of the applicable Interest Period) and (ii) any default in payment or prepayment of the Principal or any part thereof or interest accrued thereon, as and when due and payable (at the date thereof or otherwise, and whether by acceleration or otherwise) (collectively, "**Breakage Costs**"), provided, Borrower shall not indemnify Lender from any loss or expense arising from Lender's willful misconduct or gross negligence. Lender shall deliver to Borrower a statement for any such sums which it is entitled to receive pursuant to this Section 2.2.5, which statement shall be binding and

conclusive absent manifest error. Borrower's obligations under this Section 2.2.5 are in addition to Borrower's obligations to pay any Spread Maintenance Premium applicable to a payment or prepayment of the Loan.

Section 2.3 Loan Payments

2.3.1 Payments. On the Closing Date, Borrower shall pay interest on the Outstanding Principal Balance from the date hereof through and including July 14, 2015 (the "**Initial Interest Period**"). On August 7, 2015, and each Monthly Payment Date thereafter during the Term, Borrower shall make a payment of principal and interest equal to the Monthly Debt Service Payment Amount, which payment shall be applied in accordance with **Article 6**. Borrower shall also pay to Lender all amounts required in respect of Reserve Funds as set forth in **Article 6**.

2.3.2 Payments Generally. After the Initial Interest Period, each interest accrual period thereafter (each, an "**Interest Period**") shall commence on the fifteenth (15th) calendar day of a calendar month and ending on (and including) the fourteenth (14th) calendar day of the following calendar month. For purposes of making payments hereunder, but not for purposes of calculating Interest Periods, if the Monthly Payment Date or a Maturity Date (including the Stated Maturity Date, the First Extended Maturity Date, the Second Extended Maturity Date and the Third Extended Maturity Date) is not a Business Day, then amounts due on such date shall be due on the immediately preceding Business Day. Lender shall have the right from time to time, in its sole discretion, upon not less than ten (10) days prior written notice to Borrower, to change the Monthly Payment Date to a different calendar day and, if requested by Lender, Borrower shall promptly execute an amendment to this Agreement to evidence such change; *provided, however*, that if Lender shall have elected to change the Monthly Payment Date as aforesaid, Lender shall adjust the Interest Period and, with respect to the Floating Rate Components, the Interest Determination Date accordingly, so that (a) after giving effect to any such change or adjustment, the period of time between the Monthly Payment Date and the end of the Interest Period shall not be greater than five (5) days and (b) the date of each Maturity Date (including the Stated Maturity Date, the First Extended Maturity Date, the Second Extended Maturity Date and the Third Extended Maturity Date) and any other date in the Loan Documents which corresponds with a Monthly Payment Date shall be automatically amended to reflect the Monthly Payment Date as so adjusted. With respect to payments of principal due on any Component on the Maturity Date, interest shall be payable at the Interest Rate, through and including the day immediately preceding the Maturity Date.

2.3.3 Payment on Maturity Date. Borrower shall pay to Lender on the Maturity Date the Outstanding Principal Balance, all accrued and unpaid interest and all other amounts due hereunder and under the Note, the Mortgage Documents and the other Loan Documents.

2.3.4 Late Payment Charge. If any principal, interest or any other sum due under the Loan Documents (other than the Outstanding Principal Balance due and payable on the Maturity Date) is not paid by Borrower on the date on which it is due, Borrower shall pay to Lender upon demand an amount equal to the lesser of four percent (4%) of such unpaid sum or the maximum amount permitted by applicable law in order to defray the expense incurred by Lender in handling and processing such delinquent payment and to compensate Lender for the loss of the use of such delinquent payment. Any such amount shall be secured by the Borrower Security Agreement, the Mortgage Documents and the other Loan Documents to the extent permitted by law.

2.3.5 Method and Place of Payment.

(a) Except as otherwise specifically provided herein, all payments and prepayments under this Agreement and the Note shall be made to Lender not later than 2:00 p.m., New York City time, on the date when due and shall be made in lawful money of the United States of America in immediately available funds at Lender's office or at such other place as Lender shall from time to time designate, and any funds received by Lender after such time shall, for all purposes hereof, be deemed to have been paid on the next succeeding Business Day.

(b) Whenever any payment to be made hereunder or under any other Loan Document shall be stated to be due on a day which is not a Business Day, the due date thereof shall be the immediately preceding Business Day.

(c) All payments required to be made by Borrower hereunder or under the Note or the other Loan Documents shall be made irrespective of, and without deduction for, any setoff, claim or counterclaim and shall be made irrespective of any defense thereto.

Section 2.4 Prepayments.

2.4.1 Prepayments. Except as otherwise provided herein, Borrower shall not have the right to prepay the Loan in whole or in part prior to the Stated Maturity Date.

2.4.2 Voluntary Prepayments. Provided that Borrower shall timely deliver to Lender a Prepayment Notice, Borrower may prepay all or any portion of the Outstanding Principal Balance and any other amounts outstanding under the Note, this Agreement, the Mortgage Documents and any of the other Loan Documents, on any Business Day, provided that Borrower shall comply with the provisions of and pay to Lender the amounts set forth in **Section 2.4.5**. Each such prepayment shall be in a minimum principal amount equal to One Million and No/100 Dollars (\$1,000,000) and in integral multiples of One Hundred Thousand and No/100 Dollars (\$100,000) in excess thereof and shall be made and applied in the manner set forth in **Section 2.4.5**.

2.4.3 Mandatory Prepayments.

(a) **Disqualified Properties.** If at any time any Property shall become a Disqualified Property, Borrower shall, no later than the close of business on the fifth (5th) Business Day following the last day of the applicable Cure Period, if any, give notice thereof to Lender and prepay the Debt in the applicable Release Amount with respect to such Property. No Spread Maintenance Premium shall be owing on any such prepayment unless such Property became a Disqualified Property as a result of a Voluntary Action. After the prepayment of the Debt by the Release Amount with respect to a Disqualified Property as provided above, Lender shall release the Disqualified Property from the applicable Mortgage Documents and related Lien, provided, that (x) Borrower has delivered to Lender a draft release (and, in the event the Mortgage and the Assignment of Leases and Rents applicable to the Disqualified Property encumbers other Property(ies) in addition to the Disqualified Property, such release shall be a partial release that relates only to the Disqualified Property and does not affect the Liens and

security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such Disqualified Property is located and shall contain standard provisions protecting the rights of Lender, (y) Borrower shall pay all costs, taxes and expenses associated with such release (including, without limitation, cost to file and record the release and Lender's reasonable attorneys' fees) and (z) such Disqualified Property is a separate legal parcel from the property remaining encumbered by Mortgages. Notwithstanding the foregoing, in lieu of such prepayment, Borrower may either (1) deposit an amount equal to one hundred percent (100%) of the Allocated Loan Amount for such Disqualified Property in the Eligibility Reserve Account in accordance with and subject to **Section 6.10** or (2) substitute a Disqualified Property or a portfolio of Disqualified Properties (each, an "**Affected Property**" and collectively, the "**Affected Properties**") with a substitute Eligible Property or a portfolio of Eligible Properties (each, a "**Substitute Property**" and collectively, the "**Substitute Properties**") provided that, in the case of a proposed substitution, the following conditions are satisfied:

(i) each substitute Eligible Property is either a detached single-family residential real property or a condominium or townhome (so long as condominium units and townhomes constitute no more than two percent (2%) of the Properties by BPO Value and provided no condominium that is a Substitute Property shall consist of more than one single-family unit), but excluding housing cooperatives and manufactured housing;

(ii) no Event of Default shall have occurred and be continuing except as related to, and cured by the removal of, the Affected Property or Affected Properties being substituted;

(iii) Lender shall have obtained, at Borrower's sole cost and expense, a Broker Price Opinion for the Substitute Property (or Broker Price Opinions for a portfolio of Substitute Properties) being substituted and based on such Broker Price Opinion(s), the Substitute Property (or portfolio of Substitute Properties) being substituted shall have the same or greater BPO Value as the greater of (x) the BPO Value of the Affected Property (or portfolio of Affected Properties) being substituted as of the Closing Date and (y) the BPO Value of the Affected Property (or portfolio of Affected Properties) being substituted at the time of substitution;

(iv) Borrower shall deliver to Lender an Officer's Certificate stating that each Substitute Property satisfies each of the Property Representations and is in compliance with each of the Property Covenants on the date of the substitution after giving effect to the substitution;

(v) the Eligible Lease for each Substitute Property shall have a remaining contractual term of at least six (6) months (without giving effect to any extension option in such lease);

(vi) the in place Rents under the Lease(s) for the Substitute Property (or Substitute Properties, if a portfolio of Affected Properties are being substituted) shall be equal to or greater than the greater of (A) the in place Rents under the Lease(s) for the Affected Property (or portfolio of Affected Properties) being substituted measured as of the time of substitution and (B) the in place Rents under the Lease(s) for the Affected Property (or portfolio of Affected Properties) being substituted measured as of the Closing Date;

(vii) simultaneously with the substitution, Borrower shall convey all of Borrower's right, title and interest in, to and under the Affected Property (or portfolio of Affected Properties) being substituted to a Person other than Borrower or a Loan Party or any Person owned directly or indirectly to Borrower or a Loan Party and Borrower shall deliver to Lender a copy of the deed conveying all of Borrower's right, title and interest in such Affected Property (or portfolio of Affected Properties) being substituted;

(viii) Borrower shall deliver on or prior to the date of substitution evidence satisfactory to Lender that each Substitute Property is insured pursuant to Policies meeting the requirements of *Article 5* ;

(ix) Borrower shall deliver to Lender the Property File with respect to each Substitute Property;

(x) Borrower shall have executed and delivered to Lender, the Mortgage Documents with respect to each Substitute Property, which shall be in substantially the same form as the Mortgage, Assignment of Leases and Rents and Fixture Filing, if applicable, executed and/or delivered on the Closing Date (or with respect to any such Affected Property which was previously a Substitute Property, the date such Affected Property became collateral for the Loan) with such changes as may be necessitated or appropriate (as reasonably determined by Lender) for the jurisdiction in which the Substitute Property is located, and which may, in Lender's reasonable discretion, be Mortgage Documents with respect to only such Substitute Property (and in the event the Substitute Property is located in the same county or parish in which one or more other Properties (other than the Affected Property or Affected Properties being substituted) is located, such Mortgage and Assignment of Leases and Rents may be in the form of an amendment and spreader agreement to the existing Mortgage and Assignment of Leases and Rents covering such Property or Properties located in the same county or parish as the Substitute Property, in each case, in form and substance reasonably acceptable to Lender) (the "*Substitute Mortgage Documents* ");

(xi) Borrower shall deliver to Lender the following opinions of counsel: (A) an opinion of counsel admitted to practice under the laws of the state in which the Substitute Property (or portfolio of Substitute Properties) being substituted is located in form and substance reasonably satisfactory to Lender opining as to the enforceability of the Substitute Mortgage Documents with respect to the Substitute Property (or portfolio of Substitute Properties) and (B) an opinion stating that the Substitute Mortgage Documents were duly authorized, executed and delivered by Borrower and otherwise in form and substance reasonably satisfactory to Lender;

(xii) Lender shall have received a Title Insurance Policy for each Substitute Property (or, in the event a Substitute Property is located in the same county or parish in which one or more other Properties (other than an Affected Property being substituted) is located, an endorsement to the existing Title Insurance Policy with respect to such Property or Properties located in the same county or parish as such Substitute Property in form and substance reasonably satisfactory to Lender) insuring the Lien of the Mortgage encumbering such Substitute Property as a valid first lien on such Substitute Property, free and clear of all exceptions other than the Permitted Liens;

(xiii) each Substitute Property shall be located in a metropolitan statistical area that contains at least one property described on the Properties Schedule as of the Closing Date,

(xiv) no acquisition of a Substitute Property will result in Borrower or any Loan Party incurring any indebtedness (except as permitted by this Agreement);

(xv) the BPO Value of the Affected Properties, together with the BPO Value of all other Affected Properties since the date hereof, shall be no more than ten percent (10%) of the aggregate BPO Values of all Properties as of the Closing Date;

(xvi) if any Lien, litigation or governmental proceeding is existing or pending or, to the actual knowledge of a Responsible Officer of Manager or a Loan Party, threatened against any Affected Property being substituted with a Substitute Property or against such Substitute Property which may result in liability for Borrower, Borrower shall have deposited with Lender reserves reasonably satisfactory to Lender as security for the satisfaction of such liability;

(xvii) simultaneously with the substitution of an Affected Property or Affected Properties, Lender shall release the Affected Property or Affected Properties from the applicable Mortgage Documents and related Lien, provided, that Borrower has delivered to Lender a draft release (and, in the event the Mortgage and the Assignment of Leases and Rents applicable to the Affected Property or Affected Properties encumbers other Property(ies) in addition to the Affected Property or Affected Properties, such release shall be a partial release that relates only to the Affected Property or Affected Properties being substituted and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such Affected Property or Affected Properties are located which contains standard provisions protecting the rights of Lender;

(xviii) Borrower shall pay to Lender all reasonable out-of-pocket costs and expenses incurred by Lender in connection with the substitution (including, without limitation, costs and expenses incurred by Lender in connection with the release of the Affected Property (or portfolio of Affected Properties) being substituted from applicable Mortgage Documents) and, in addition, the current reasonable and customary fee being assessed by Lender and/or its Servicer to effect releases or assignments; and

(xix) the Affected Property or Affected Properties shall constitute separate legal parcels from the property remaining encumbered by Mortgages, and each Substitute Property shall be comprised of one or more separate legal parcels on a stand-alone basis.

Any such deposit in the Eligibility Reserve Account or any such substitution shall be completed no later than the due date for the prepayment required under this **Section 2.4.3(a)**. Notwithstanding anything to the contrary contained herein or in any other Loan Document, if the Loan is included in a REMIC Trust, no substitution under this Agreement will be permitted

unless (1) either (aa) immediately after such substitution the ratio of the unpaid principal balance of the Loan to the value of the remaining Properties (as determined by Lender in its sole discretion using any commercially reasonable method permitted to a REMIC Trust; and which shall exclude the value of personal property (other than fixtures) or going concern value, if any) is equal to or less than one hundred twenty-five percent (125%) or (bb) the ratio of the unpaid principal balance of the Loan to the value of the Properties (including the Substitute Property or Substitute Properties) will not increase as a result of the substitution of the Substitute Property or Substitute Properties for the Affected Property or Affected Properties, or (2) Lender receives an opinion of counsel that the Securitization will not fail to maintain its status as a REMIC Trust as a result of the substitution of the Substitute Property or Substitute Properties for the Affected Property or Affected Properties.

(b) Transfer. If at any time any Property is Transferred to a third party (other than for the avoidance of doubt, a Borrower TRS), then Borrower shall, no later than the close of business on the day on which such Transfer occurs, give notice thereof to Lender and prepay the Debt in the applicable Release Amount with respect to such Property in accordance with **Section 2.5**.

(c) Condemnation or Casualty. If Borrower is required to make any prepayment under **Section 5.3** or **Section 5.4** as a result of a Condemnation or Casualty, on the next occurring Monthly Payment Date following the date on which Lender actually receives the applicable Net Proceeds, one hundred percent (100%) of such Net Proceeds and all other amounts required to be prepaid pursuant to **Section 5.3** or **Section 5.4**, as applicable, shall be applied to the prepayment of the Debt in accordance with **Section 2.4.5(d)**. Notwithstanding anything herein to the contrary, no Spread Maintenance Premium shall be due in connection with any prepayment made pursuant to this **Section 2.4.3(c)**.

(d) Application of Mandatory Prepayments. Each such prepayment shall be made and applied in the manner set forth in **Section 2.4.5**.

(e) Payment from Collection Account. Lender may collect any prepayment required under this **Section 2.4.3** from the Collection Account on the date such prepayment is payable hereunder.

2.4.4 Prepayments After Default

(a) If, during the continuance of an Event of Default, payment of all or any part of the Debt is tendered by Borrower and accepted by Lender or is otherwise recovered by Lender (including through application of any Reserve Funds), such tender or recovery shall be deemed to be a voluntary prepayment by Borrower in violation of the prohibition against prepayment set forth in **Section 2.4.1**, and Borrower shall pay, as part of the Debt, all of: (i) all accrued interest calculated at the Interest Rate on the amount of principal being prepaid through and including the date of such prepayment together with an amount equal to the interest that would have accrued at the Interest Rate on the amount of principal being prepaid through the end of the Interest Period in which such prepayment occurs, notwithstanding that such Interest Period extends beyond the date of prepayment, (ii) the Interest Shortfall, if applicable, with respect to the amount prepaid, (iii) Breakage Costs, if any, without duplication of any sums paid pursuant to the preceding clauses (i) and (ii), and (iv) an amount equal to the applicable Spread Maintenance Premium (if made before the Spread Maintenance Date).

(b) Notwithstanding anything contained herein to the contrary, upon the occurrence and during the continuance of any Event of Default, any payment of principal, interest and other amounts payable under the Loan Documents from whatever source may be applied by Lender among the Components and other Obligations as Lender shall determine in its sole and absolute discretion.

2.4.5 Prepayment/Repayment Conditions .

(a) On the date on which a prepayment, voluntary or mandatory, is made under the Note or as required under this Agreement, which date must be a Business Day, Borrower shall pay to Lender:

(i) all accrued and unpaid interest calculated at the Interest Rate on the amount of principal being prepaid on the applicable Component or Components through and including the Repayment Date together with an amount equal to the interest that would have accrued at the Interest Rate on the amount of principal being prepaid through the end of the Interest Period in which such prepayment occurs, notwithstanding that such Interest Period extends beyond the date of prepayment;

(ii) if such prepayment is made during the period from and including the first day after a Monthly Payment Date through and including the last day of the Interest Period in which such prepayment occurs, all interest on the principal amount being prepaid on the applicable Component or Components which would have accrued from the first day of the Interest Period immediately following the Interest Period in which the prepayment occurs (the “**Succeeding Interest Period**”) through and including the end of the Succeeding Interest Period, calculated at (A) the Interest Rate if such prepayment occurs on or after the Interest Determination Date for the Succeeding Interest Period or (B) the Assumed Note Rate if such prepayment occurs before the Interest Determination Date for the Succeeding Interest Period (the “**Interest Shortfall**”);

(iii) Breakage Costs, if any, without duplication of any sums paid pursuant to the preceding *clauses (i) and (ii)* ;

(iv) the Spread Maintenance Premium applicable thereto (if such prepayment occurs prior to the Spread Maintenance Date); provided that no Spread Maintenance Premium shall be due in connection with a prepayment under **Section 2.4.3(a)** (except where such prepayment arises as a result of a Voluntary Action) or **Section 2.4.3(c)** ; and

(v) all other sums, then due under the Note, this Agreement and the other Loan Documents.

(b) If the Interest Shortfall for any Floating Rate Component was calculated based upon the Assumed Note Rate, upon determination of LIBOR on the Interest Determination Date for the Succeeding Interest Period then (i) if the Interest Rate applicable to such Floating Rate Component for such Succeeding Interest Period is less than the Assumed Note Rate applicable to such Floating Rate Component, Lender shall promptly refund to Borrower the amount of the Interest Shortfall paid with respect to such Floating Rate Component, calculated at a rate equal to the difference between the Assumed Note Rate applicable to such Floating Rate

Component and the Interest Rate applicable to such Floating Rate Component for such Interest Period, or (ii) if the Interest Rate applicable to such Floating Rate Component is greater than the Assumed Note Rate applicable to such Floating Rate Component, Borrower shall promptly (and in no event later than the ninth (9th) day of the following month) pay Lender the amount of such additional Interest Shortfall applicable to such Floating Rate Component calculated at a rate equal to the amount by which the Interest Rate applicable to such Floating Rate Component exceeds the Assumed Note Rate applicable to such Floating Rate Component.

(c) Borrower shall pay all reasonable costs and expenses of Lender incurred in connection with the repayment or prepayment (including without limitation reasonable attorneys' fees and expenses and costs and expenses related to the Transfer or substitution of any Property); provided, for the avoidance of doubt, this provision shall not apply with respect to Taxes.

(d) Except during an Event of Default, prepayments shall be applied by Lender in the following order of priority: (i) *first*, to any amounts (other than principal, interest, Interest Shortfall, Breakage Costs and Spread Maintenance Premium) then due and payable under the Loan Documents, including any costs and expenses of Lender in connection with such prepayment; (ii) *second*, interest payable pursuant to **Section 2.4.5(a)(i)** on the applicable Component or Components being prepaid pursuant to this **clause (d)** at the Interest Rate; (iii) *third*, Interest Shortfall on the applicable Component or Components being prepaid pursuant to this **clause (d)**; (iv) *fourth*, Breakage Costs on the applicable Component or Components being prepaid pursuant to this **clause (d)**; (v) *fifth*, Spread Maintenance Premium, to the extent applicable, on the applicable Floating Rate Component or Floating Rate Components being prepaid pursuant to this **clause (d)** and (vi) *sixth*, to principal, applied as set forth in **clause (e)** below.

(e) Except during an Event of Default, prepayments of principal of the Loan made pursuant to this **Section 2.4.5** shall be applied to the Loan (i) *first*, to Component A until the Component Outstanding Principal Balance of Component A is reduced to zero, (ii) *second*, to Component B until the Component Outstanding Principal Balance of Component B is reduced to zero, (iii) *third*, to Component C until the Component Outstanding Principal Balance of Component C is reduced to zero, (iv) *fourth*, to Component D until the Component Outstanding Principal Balance of Component D is reduced to zero, (v) *fifth*, to Component E until the Component Outstanding Principal Balance of Component E is reduced to zero, (vi) *sixth*, to Component F until the Component Outstanding Principal Balance of Component F is reduced to zero and (vii) *seventh*, to Component G until the Component Outstanding Principal Balance of Component G is reduced to zero; *provided*, that so long as no Default or Event of Default shall then exist or would result therefrom, any voluntary prepayments of principal on the Loan made from Unrestricted Cash pursuant to **Section 2.4.2**, other than Debt Yield Cure Prepayments, shall be applied to the Components of the Loan on a pro rata basis based on the Component Outstanding Principal Balance of each such Component relative to the aggregate Component Outstanding Principal Balances for all of the Components until the Component Outstanding Principal Balance for each Component has been reduced to zero.

(f) Prepayments under **Section 2.4.2** shall reduce the Allocated Loan Amounts for each Property on a pro rata basis. Prepayments under **Section 2.4.3** shall reduce the Allocated Loan Amount with respect to the applicable Property, until the Allocated Loan Amount and any interest, fees or other Obligations related thereto is zero and any excess of such prepayment shall be applied to reduce the Allocated Loan Amounts for the remaining Properties on a pro rata basis.

(g) Lender shall, upon the written request and at the expense of Borrower, upon payment in full of the Debt in accordance with the terms and provisions of the Loan Documents, release the Liens of the Mortgage Documents and cause the trustees under any of the Mortgages to reconvey the applicable Properties to Borrower. In connection with the releases of the Liens, Borrower shall submit to Lender, forms of releases of Liens (and related Loan Documents) for execution by Lender. Such releases shall be the forms appropriate in the jurisdictions in which the Properties are located and contain standard provisions protecting the rights of Lender. In addition, Borrower shall provide all other documentation Lender reasonably requires to be delivered by Borrower in connection with such releases, together with an Officer's Certificate certifying that such documentation (i) is in compliance with all Legal Requirements, and (ii) will effect such release in accordance with the terms of this Agreement. Borrower shall pay all out-of-pocket costs, taxes and expenses associated with the release of the Liens of the Mortgage Documents, including Lender's reasonable attorneys' fees.

Section 2.5 Transfers of Properties. Borrower may Transfer any Property (each, a "**Release Property**") and Lender shall release the Release Property from the applicable Mortgage Documents and release the security interest and Lien on any Collateral located at such Property, provided that the following conditions precedent to such Transfer are satisfied (the "**Release Conditions**"); provided, that, for the avoidance of doubt, the Release Conditions do not need to be satisfied in order for Lender to release its security interest and Lien on any Disqualified Property in connection with any prepayment or substitution in accordance with **Section 2.4.3(a)** :

(a) Borrower shall submit to Lender, not less than ten (10) Business Days' prior to the Transfer Date, a Request for Release, together with all attachments thereto and evidence reasonably satisfactory to Lender that the conditions precedent set forth in this **Section 2.5** will be satisfied upon the consummation of such Transfer (for the avoidance of doubt, no Request for Release need be provided in connection with a contribution of a Release Property to a Borrower TRS);

(b) No Event of Default has occurred and is continuing (other than a non-monetary Event of Default that is specific to such Release Property to which **Section 2.4.3(a)** is applicable and would be cured as a result of the release of the Release Property, so long as a mandatory prepayment is made with respect thereto in accordance with **Section 2.4.3(a)** (a "**Qualified Release Property Default**"));

(c) The Debt Yield as of the most recent Calculation Date, after giving pro forma effect to the elimination of the Underwritten Net Cash Flow for the Release Property and the repayment of the Loan in the applicable Release Amount, is at least the greater of (x) the Closing Date Debt Yield and (y) the actual Debt Yield as of such date; provided that the condition in this **clause (c)** shall not be applicable to a Transfer of a Property if the Loan is prepaid in the amount that is the greater of the applicable Release Amount and one hundred percent (100%) of the Net Transfer Proceeds for the Transferred Property;

(d) The Release Property shall be Transferred to a Person other than Borrower, any other Loan Party or, unless the release of the Release Property is effected in order to cure a Qualified Release Property Default or is a release of a Designated HOA Property, any Affiliate of Borrower or any other Loan Party; *provided* that Borrower may contribute the Release Property to a Borrower TRS;

(e) Except for (i) the release of the Release Property that is effected in order to cure a Qualified Release Property Default, (ii) any contribution to a Borrower TRS described in the *proviso* of the foregoing **clause (d)** or (iii) a release of a Designated HOA Property, the Release Property shall be Transferred pursuant to a bona fide all-cash sale of the Release Property on arms-length terms and conditions;

(f) Except for any contribution to a Borrower TRS described in the *proviso* of the foregoing **clause (d)**, on or prior to the Transfer Date, Borrower shall prepay the Outstanding Principal Balance by an amount equal to the applicable Release Amount for the Release Property, and Borrower shall comply with the provisions and pay to Lender the amounts set forth in **Section 2.4.5**;

(g) Except for any contribution to a Borrower TRS described in the *proviso* of the foregoing **clause (d)**, if a Trigger Period is continuing on the Transfer Date, the excess, if any, of (i) the Net Transfer Proceeds for the Release Property over (ii) the applicable Release Amount for the Release Property and any other amounts payable to Lender in connection with such release, shall be deposited into the Cash Collateral Account;

(h) Borrower shall submit to Lender, not less than five (5) Business Days prior to the Transfer Date, a draft release for the applicable Mortgage Documents (and, in the event the Mortgage and the Assignment of Leases and Rents applicable to the Release Property encumber other Property(ies) in addition to the Release Property, such release shall be a partial release that relates only to the Release Property and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which the Release Property is located and shall contain standard provisions protecting the rights of Lender. In addition, Borrower shall provide all other documentation of a ministerial or administrative nature that Lender reasonably requires to be delivered by Borrower in connection with such release or assignment;

(i) Borrower shall have paid all taxes and all reasonable out-of-pocket costs and expenses incurred by Lender and/or its Servicer in connection with any such release and, in addition, the current reasonable and customary fee being assessed by Lender and/or its Servicer to effect such release or assignment;

(j) Notwithstanding anything to the contrary contained herein or in any other Loan Document, if the Loan is included in a REMIC Trust and the ratio of the unpaid principal balance of the Loan to the value of the remaining Properties (as determined by Lender in its sole discretion using any commercially reasonable method permitted to a REMIC Trust; and which shall exclude the value of any personal property (other than fixtures) or going concern value, if any) exceeds or would exceed one hundred twenty-five percent (125%) immediately after giving effect to the release of the Release Property, no release will be permitted unless the principal balance of the Loan is prepaid by an amount not less than the greater of (i) the Release Amount or (ii) the least amount that is a "qualified amount" as that term is defined in IRS Revenue Procedure 2010-30, as the same may be amended, replaced, supplemented or modified from time to time, unless Lender receives an opinion of counsel that, if this **Section 2.5(i)** is applicable but not followed or is no longer applicable at the time of such release, the Securitization will not fail to maintain its status as a REMIC Trust as a result of the release of the Release Property; and

(k) The Release Property is a separate legal parcel from the property remaining encumbered by Mortgages.

Section 2.6 Interest Rate Cap Agreement.

2.6.1 Interest Rate Cap Agreement. Prior to or contemporaneously with the Closing Date, Borrower shall have obtained, and thereafter maintain in effect, the Interest Rate Cap Agreement, which shall have a term expiring no earlier than the last day of the Interest Period in which the Stated Maturity Date occurs and have a notional amount which shall not at any time be less than the aggregate Component Outstanding Principal Balances of the Floating Rate Components. The Interest Rate Cap Agreement shall have a strike rate equal to the Strike Price.

2.6.2 Pledge and Collateral Assignment. As security for the full and punctual payment and performance of the Obligations when due (whether upon stated maturity, by acceleration, early termination or otherwise), Borrower, as pledgor, hereby pledges, assigns, hypothecates, transfers and delivers to Lender as collateral and hereby grants to Lender a continuing first priority lien on and security interest in, to and under all of the following whether now owned or hereafter acquired and whether now existing or hereafter arising (the “**Rate Cap Collateral**”): all of the right, title and interest of Borrower in and to (a) the Interest Rate Cap Agreement; (b) all payments, distributions, disbursements or proceeds due, owing, payable or required to be delivered to Borrower in respect of the Interest Rate Cap Agreement or arising out of the Interest Rate Cap Agreement, whether as contractual obligations, damages or otherwise; and (c) all of Borrower’s claims, rights, powers, privileges, authority, options, security interests, liens and remedies, if any, under or arising out of the Interest Rate Cap Agreement, in each case including all accessions and additions to, substitutions for and replacements, products and proceeds of any or all of the foregoing.

2.6.3 Covenants.

(a) Borrower shall comply with all of its obligations under the terms and provisions of the Interest Rate Cap Agreement. All amounts paid by the Counterparty under the Interest Rate Cap Agreement to Borrower or Lender shall be deposited immediately into the Collection Account pursuant to **Section 6.1.1**. Subject to the terms hereof, provided no Event of Default has occurred and is continuing, Borrower shall be entitled to exercise all rights, powers and privileges of Borrower under, and to control the prosecution of all claims with respect to, the Interest Rate Cap Agreement and the other Rate Cap Collateral. Borrower shall take all actions reasonably requested by Lender to enforce Borrower’s rights under the Interest Rate Cap Agreement in the event of a default by the Counterparty thereunder and shall not waive, amend or otherwise modify any of its rights thereunder.

(b) Borrower shall defend Lender’s right, title and interest in and to the Rate Cap Collateral pledged by Borrower pursuant hereto or in which it has granted a security interest pursuant hereto against the claims and demands of all other Persons.

(c) In the event of any downgrade, withdrawal or qualification of the rating of the Counterparty such that it ceases to qualify as an “Approved Counterparty”, unless the Counterparty shall have posted collateral on terms acceptable to each Rating Agency, Borrower shall replace the Interest Rate Cap Agreement with a Replacement Interest Rate Cap Agreement not later than ten (10) Business Days following receipt of notice from Lender, Servicer or any other Person of such downgrade, withdrawal or qualification. In the event that the Counterparty is downgraded (i) below BBB+ by S&P or Fitch (or, if such counterparty was an approved counterparty based on its short-term rating by S&P or Fitch, below “A-2” by S&P or “F-2” by Fitch) or (ii) below “Baa1” by Moody’s, a Replacement Interest Rate Cap Agreement shall be required regardless of the posting of collateral.

(d) In the event that Borrower fails to purchase and deliver to Lender a Replacement Interest Rate Cap Agreement as and when required hereunder, Lender may purchase a Replacement Interest Rate Cap Agreement and the cost incurred by Lender in purchasing such Replacement Interest Rate Cap Agreement shall be paid by Borrower to Lender with interest thereon at the Default Rate from the date such cost was incurred by Lender until such cost is paid by Borrower to Lender.

(e) Borrower shall not sell, assign, or otherwise dispose of, or mortgage, pledge or grant a security interest in, any of the Rate Cap Collateral or any interest therein, and any sale, assignment, mortgage, pledge or security interest whatsoever made in violation of this covenant shall be a nullity and of no force and effect, and upon demand of Lender, shall forthwith be cancelled or satisfied by an appropriate instrument in writing.

(f) Borrower shall not (i) without the prior written consent of Lender, modify, amend or supplement the terms of the Interest Rate Cap Agreement, (ii) without the prior written consent of Lender, except in accordance with the terms of the Interest Rate Cap Agreement, cause the termination of the Interest Rate Cap Agreement prior to its stated maturity date, (iii) without the prior written consent of Lender, except as aforesaid, waive or release any obligation of the Counterparty (or any successor or substitute party to the Interest Rate Cap Agreement) under the Interest Rate Cap Agreement, (iv) without the prior written consent of Lender, consent or agree to any act or omission to act on the part of the Counterparty (or any successor or substitute party to the Interest Rate Cap Agreement) which, without such consent or agreement, would constitute a default under the Interest Rate Cap Agreement, (v) fail to exercise promptly and diligently each and every material right which it may have under the Interest Rate Cap Agreement, (vi) take or intentionally omit to take any action or intentionally suffer or permit any action to be omitted or taken, the taking or omission of which would result in any right of offset against sums payable under the Interest Rate Cap Agreement or any defense by the Counterparty (or any successor or substitute party to the Interest Rate Cap Agreement) to payment or (vii) fail to give prompt notice to Lender of any notice of default given by or to Borrower under or with respect to the Interest Rate Cap Agreement, together with a complete copy of such notice. If Borrower shall have received written notice that the Securitization shall have occurred, no consent by Lender provided for in this **Section 2.6.3 (f)** shall be given by Lender unless Lender shall have received a Rating Agency Confirmation.

(g) In connection with an Interest Rate Cap Agreement, Borrower shall obtain and deliver to Lender an opinion of counsel from counsel (which counsel may be in-house counsel for the Counterparty) for the Counterparty upon which Lender and its successors and assigns may rely (the “**Counterparty Opinion**”), under New York law and, if the Counterparty is

a non-U.S. entity, the applicable foreign law, which shall provide in relevant part, that: (i) the issuer is duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation and has the organizational power and authority to execute and deliver, and to perform its obligations under, the Interest Rate Cap Agreement; (ii) the execution and delivery of the Interest Rate Cap Agreement by the issuer, and any other agreement which the issuer has executed and delivered pursuant thereto, and the performance of its obligations thereunder have been and remain duly authorized by all necessary action and do not contravene any provision of its certificate of incorporation or by-laws (or equivalent organizational documents) or any law, regulation or contractual restriction binding on or affecting it or its property; (iii) all consents, authorizations and approvals required for the execution and delivery by the issuer of the Interest Rate Cap Agreement, and any other agreement which the issuer has executed and delivered pursuant thereto, and the performance of its obligations thereunder have been obtained and remain in full force and effect, all conditions thereof have been duly complied with, and no other action by, and no notice to or filing with any governmental authority or regulatory body is required for such execution, delivery or performance; and (iv) the Interest Rate Cap Agreement, and any other agreement which the issuer has executed and delivered pursuant thereto, has been duly executed and delivered by the issuer and constitutes the legal, valid and binding obligation of the issuer, enforceable against the issuer in accordance with its terms, subject to applicable bankruptcy, insolvency and similar laws affecting creditors' rights generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

2.6.4 [Reserved].

2.6.5 Representations and Warranties. Borrower hereby covenants with, and represents and warrants to Lender as of the Closing Date as follows:

(a) The Interest Rate Cap Agreement constitutes the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, subject only to applicable bankruptcy, insolvency and similar laws affecting rights of creditors generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

(b) The Rate Cap Collateral is free and clear of all claims or security interests of every nature whatsoever, except such as are created pursuant to this Agreement and the other Loan Documents, and Borrower has the right to pledge and grant a security interest in the same as herein provided without the consent of any other Person other than any such consent that has been obtained and is in full force and effect.

(c) The Rate Cap Collateral has been duly and validly pledged hereunder. All consents and approvals required to be obtained by Borrower for the consummation of the transactions contemplated by this Agreement have been obtained.

(d) Giving effect to the aforesaid grant and assignment to Lender, Lender has, as of the date of this Agreement, and as to Rate Cap Collateral acquired from time to time after such date, shall have, a valid, and upon proper filing, perfected and continuing first priority lien upon and security interest in the Rate Cap Collateral; provided that no representation or warranty is made with respect to the perfected status of the security interest of Lender in the proceeds of Rate Cap Collateral consisting of "cash proceeds" or "non-cash proceeds" as defined in the UCC except if, and to the extent, the provisions of Section 9-306 of the UCC shall be complied with.

(e) Except for financing statements filed or to be filed in favor of Lender as secured party, there are no financing statements under the UCC covering any or all of the Rate Cap Collateral and Borrower shall not, without the prior written consent of Lender, until payment in full of all of the Obligations, execute and file in any public office, any enforceable financing statement or statements covering any or all of the Rate Cap Collateral, except financing statements filed or to be filed in favor of Lender as secured party.

2.6.6 Payments. If Borrower at any time shall be entitled to receive any payments with respect to the Interest Rate Cap Agreement, Borrower shall direct Counterparty to deposit such amounts immediately upon becoming payable to Borrower into the Collection Account; *provided* that if, notwithstanding such direction, Borrower receives any payments with respect to the Interest Rate Cap Agreement, Borrower shall immediately deposit such amounts into the Collection Account.

2.6.7 Remedies. Subject to the provisions of the Interest Rate Cap Agreement, if an Event of Default shall occur and then be continuing:

(a) Lender, without obligation to resort to any other security, right or remedy granted under any other agreement or instrument, shall have the right to, in addition to all rights, powers and remedies of a secured party pursuant to the UCC, at any time and from time to time, sell, resell, assign and deliver, in its sole discretion, any or all of the Rate Cap Collateral (in one or more parcels and at the same or different times) and all right, title and interest, claim and demand therein and right of redemption thereof, at public or private sale, for cash, upon credit or for future delivery, and in connection therewith Lender may grant options and may impose reasonable conditions such as requiring any purchaser to represent that any "securities" constituting any part of the Rate Cap Collateral are being purchased for investment only, Borrower hereby waiving and releasing any and all equity or right of redemption to the fullest extent permitted by the UCC or applicable law. If all or any of the Rate Cap Collateral is sold by Lender upon credit or for future delivery, Lender shall not be liable for the failure of the purchaser to purchase or pay for the same and, in the event of any such failure, Lender may resell such Rate Cap Collateral. It is expressly agreed that Lender may exercise its rights with respect to less than all of the Rate Cap Collateral, leaving unexercised its rights with respect to the remainder of the Rate Cap Collateral, *provided*, *however*, that such partial exercise shall in no way restrict or jeopardize Lender's right to exercise its rights with respect to all or any other portion of the Rate Cap Collateral at a later time or times.

(b) Lender may exercise, either by itself or by its nominee or designee, in the name of Borrower, all of Lender's rights, powers and remedies in respect of the Rate Cap Collateral, hereunder and under law.

(c) Borrower hereby irrevocably, in the name of Borrower or otherwise, authorizes and empowers Lender and assigns and transfers unto Lender, and constitutes and appoints Lender its true and lawful attorney-in-fact, and as its agent, irrevocably, with full power of substitution for Borrower and in the name of Borrower, (i) to exercise and enforce every right, power, remedy, authority, option and privilege of Borrower under the Interest Rate Cap Agreement, including any power to subordinate or modify the Interest Rate Cap Agreement (but

not, unless an Event of Default exists and is continuing, the right to terminate or cancel the Interest Rate Cap Agreement), or to give any notices, or to take any action resulting in such subordination, termination, cancellation or modification and (ii) in order to more fully vest in Lender the rights and remedies provided for herein, to exercise all of the rights, remedies and powers granted to Lender in this Agreement, and Borrower further authorizes and empowers Lender, as Borrower's attorney-in-fact, and as its agent, irrevocably, with full power of substitution for Borrower and in the name of Borrower, to give any authorization, to furnish any information, to make any demands, to execute any instruments and to take any and all other action on behalf of and in the name of Borrower which in the opinion of Lender may be necessary or appropriate to be given, furnished, made, exercised or taken under the Interest Rate Cap Agreement, in order to comply therewith, to perform the conditions thereof or to prevent or remedy any default by Borrower thereunder or to enforce any of the rights of Borrower thereunder. These powers-of-attorney are irrevocable and coupled with an interest, and any similar or dissimilar powers heretofore given by Borrower in respect of the Rate Cap Collateral to any other Person are hereby revoked.

(d) Lender may, without notice to, or assent by, Borrower or any other Person (to the extent permitted by law), but without affecting any of the Obligations, in the name of Borrower or in the name of Lender, notify the Counterparty, or if applicable, any other counterparty to the Interest Rate Cap Agreement, to make payment and performance directly to Lender; extend the time of payment and performance of, compromise or settle for cash, credit or otherwise, and upon any terms and conditions, any obligations owing to Borrower, or claims of Borrower, under the Interest Rate Cap Agreement; file any claims, commence, maintain or discontinue any actions, suits or other proceedings deemed by Lender necessary or advisable for the purpose of collecting upon or enforcing the Interest Rate Cap Agreement; and execute any instrument and do all other things deemed necessary and proper by Lender to protect and preserve and realize upon the Rate Cap Collateral and the other rights contemplated hereby.

(e) Pursuant to the powers-of-attorney provided for above, Lender may take any action and exercise and execute any instrument which it may deem necessary or advisable to accomplish the purposes hereof; *provided, however*, that Lender shall not be permitted to take any action pursuant to said power-of-attorney that would conflict with any limitation on Lender's rights with respect to the Rate Cap Collateral. Without limiting the generality of the foregoing, Lender, after the occurrence of an Event of Default, shall have the right and power to receive, endorse and collect all checks and other orders for the payment of money made payable to Borrower representing: (i) any payment of obligations owed pursuant to the Interest Rate Cap Agreement, (ii) interest accruing on any of the Rate Cap Collateral or (iii) any other payment or distribution payable in respect of the Rate Cap Collateral or any part thereof, and for and in the name, place and stead of Borrower, to execute endorsements, assignments or other instruments of conveyance or transfer in respect of any property which is or may become a part of the Rate Cap Collateral hereunder.

(f) Lender may exercise all of the rights and remedies of a secured party under the UCC.

(g) Without limiting any other provision of this Agreement or any of Borrower's rights hereunder, and without waiving or releasing Borrower from any obligation or default hereunder, Lender shall have the right, but not the obligation, to perform any act or take any appropriate action, as it, in its reasonable judgment, may deem necessary to protect the

security of this Agreement, to cure such Event of Default or to cause any term, covenant, condition or obligation required under this Agreement or the Interest Rate Cap Agreement to be performed or observed by Borrower to be promptly performed or observed on behalf of Borrower. All amounts advanced by, or on behalf of, Lender in exercising its rights under this **Section 2.6.7(g)** (including, but not limited to, reasonable legal expenses and disbursements incurred in connection therewith), together with interest thereon at the Default Rate from the date of each such advance, shall be payable by Borrower to Lender upon demand and shall be secured by this Agreement.

2.6.8 Sales of Rate Cap Collateral. No demand, advertisement or notice, all of which are, to the fullest extent permitted by law, hereby expressly waived by Borrower, shall be required in connection with any sale or other disposition of all or any part of the Rate Cap Collateral, except that Lender shall give Borrower at least thirty (30) Business Days' prior written notice of the time and place of any public sale or of the time when and the place where any private sale or other disposition is to be made, which notice Borrower hereby agrees is reasonable, all other demands, advertisements and notices being hereby waived. To the extent permitted by law, Lender shall not be obligated to make any sale of the Rate Cap Collateral if it shall determine not to do so, regardless of the fact that notice of sale may have been given, and Lender may without notice or publication adjourn any public or private sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. Upon each private sale of the Rate Cap Collateral of a type customarily sold in a recognized market and upon each public sale, unless prohibited by any applicable statute which cannot be waived, Lender (or its nominee or designee) may purchase any or all of the Rate Cap Collateral being sold, free and discharged from any trusts, claims, equity or right of redemption of Borrower, all of which are hereby waived and released to the extent permitted by law, and may make payment therefor by credit against any of the Obligations in lieu of cash or any other obligations. In the case of all sales of the Rate Cap Collateral, public or private, Borrower shall pay all reasonable costs and expenses of every kind for sale or delivery, including brokers' and attorneys' fees and disbursements and any tax imposed thereon. However, the proceeds of sale of Rate Cap Collateral shall be available to cover such costs and expenses, and, after deducting such costs and expenses from the proceeds of sale, Lender shall apply any residue to the payment of the Obligations in the order of priority as set forth in this Agreement.

2.6.9 Public Sales Not Possible. Borrower acknowledges that the terms of the Interest Rate Cap Agreement may prohibit public sales, that the Rate Cap Collateral may not be of the type appropriately sold at public sales, and that such sales may be prohibited by law. In light of these considerations, Borrower agrees that private sales of the Rate Cap Collateral shall not be deemed to have been made in a commercially unreasonable manner by mere virtue of having been made privately.

2.6.10 Receipt of Sale Proceeds. Upon any sale of the Rate Cap Collateral by Lender hereunder (whether by virtue of the power of sale herein granted, pursuant to judicial process or otherwise), the receipt by Lender or the officer making the sale or the proceeds of such sale shall be a sufficient discharge to the purchaser or purchasers of the Rate Cap Collateral so sold, and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to Lender or such officer or be answerable in any way for the misapplication or non-application thereof.

2.6.11 Replacement Interest Rate Cap Agreement. If, in connection with Borrower's exercise of any Extension Option pursuant to **Section 2.7**, Borrower delivers a Replacement Interest Rate Cap Agreement, all the provisions of this **Section 2.6** applicable to the Interest Rate Cap Agreement delivered on the Closing Date shall be applicable to the Replacement Interest Rate Cap Agreement.

Section 2.7 Extension Options.

2.7.1 Extension Options. Borrower shall have the option (the "**First Extension Option**"), by written notice (the "**First Extension Notice**") delivered to Lender (which notice may be revoked) no later than thirty (30) days prior to the Stated Maturity Date, to extend the Maturity Date to August 9, 2018 (the "**First Extended Maturity Date**"). In the event Borrower shall have exercised the First Extension Option, Borrower shall have the option (the "**Second Extension Option**"), by written notice (the "**Second Extension Notice**") delivered to Lender (which notice may be revoked) no later than thirty (30) days prior to the First Extended Maturity Date, to extend the First Extended Maturity Date to August 9, 2019 (the "**Second Extended Maturity Date**"). In the event Borrower shall have exercised the Second Extension Option, Borrower shall have the option (the "**Third Extension Option**"), by written notice (the "**Third Extension Notice**") delivered to Lender (which notice may be revoked) no later than thirty (30) days prior to the Second Extended Maturity Date, to extend the Second Extended Maturity Date to August 7, 2020 (the "**Third Extended Maturity Date**"). Borrower's right to so extend the applicable Maturity Date shall be subject to the satisfaction of the following conditions precedent prior to each extension hereunder:

(a) (i) no Event of Default shall have occurred and be continuing on the applicable Extension Date;

(b) Borrower shall (i) obtain and deliver to Lender not later than the first day of the term of the Loan as extended, one or more Replacement Interest Rate Cap Agreements from an Approved Counterparty, in a notional amount equal to the aggregate Component Outstanding Principal Balances of the Floating Rate Components, which Replacement Interest Rate Cap Agreement(s) shall be (A) effective for the period commencing on the Business Day immediately following the then applicable Maturity Date (prior to giving effect to the applicable Extension Option) and ending on the last day of the Interest Period in which the applicable extended Maturity Date occurs and (B) otherwise on same terms set forth in **Section 2.6** and at the applicable Strike Price and (ii) execute and deliver an Acknowledgment with respect to each such Replacement Interest Rate Cap Agreement;

(c) Borrower shall deliver a Counterparty Opinion with respect to the Replacement Interest Rate Cap Agreement and the related Acknowledgment and shall deliver to Lender an executed Collateral Assignment of Interest Rate Protection Agreement;

(d) All amounts due and payable by Borrower and any other Person pursuant to this Agreement or the other Loan Documents as of the Stated Maturity Date, the First Extended Maturity Date, and the Second Extended Maturity Date, as applicable, and all reasonable, out-of-pocket costs and expenses of Lender, including fees and expenses of Lender's counsel, in connection with the Loan and/or the applicable extension of the Term shall have been paid in full.

(e) If Borrower is unable to satisfy all of the foregoing conditions within the applicable time frames for each, Lender shall have no obligation to extend the Maturity Date hereunder.

2.7.2 Extension Documentation. As soon as practicable following an extension of the Maturity Date pursuant to this **Section 2.7**, Borrower shall, if requested by Lender, execute and deliver an amendment of and/or restatement of the Note and shall, if requested by Lender, enter into such amendments to the related Loan Documents as may be necessary or appropriate to evidence the extension of the Maturity Date as provided in this **Section 2.7**; *provided, however*, that no failure by Borrower to enter into any such amendments and/or restatements shall affect the rights or obligations of Borrower or Lender with respect to the extension of the Maturity Date.

Section 2.8 Spread Maintenance Premium. Upon any repayment or prepayment of the Loan (including in connection with an acceleration of the Loan but excluding in connection with any mandatory prepayment pursuant to **Section 2.4.3(a)** (except where such prepayment arises as a result of a Voluntary Action) or **Section 2.4.3(c)**) made prior to the Spread Maintenance Date, Borrower shall pay to Lender on the date of such repayment or prepayment (or acceleration of the Loan) the Spread Maintenance Premium applicable thereto. All Spread Maintenance Premium payments hereunder shall be deemed to be earned by Lender upon the funding of the Loan.

Section 2.9 Increased Costs. In the event that any change in any requirement of law or in the interpretation or application thereof, or compliance by Lender with any request or directive (whether or not having the force of law) hereafter issued from any central bank or other Governmental Authority:

(a) shall hereafter impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, or deposits or other liabilities in or for the account of, advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of Lender which is not otherwise included in the determination of LIBOR hereunder;

(b) shall hereafter have the effect of reducing the rate of return on Lender's capital as a consequence of its obligations hereunder to a level below that which Lender could have achieved but for such adoption, change or compliance (taking into consideration Lender's policies with respect to capital adequacy) by any amount deemed by Lender to be material;

(c) shall hereafter subject Lender to any Taxes (other than (A) Indemnified Taxes, (B) Taxes described in clauses (ii) through (iv) of the definition of Excluded Taxes and (C) Connection Income Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(d) shall hereafter impose on Lender any other condition and the result of any of the foregoing is to increase the cost to Lender of making, renewing or maintaining loans or extensions of credit or to reduce any amount receivable hereunder in each case by an amount deemed by Lender in good faith to be material;

then, in any such case, Borrower shall promptly pay Lender, upon demand, additional amounts necessary to compensate Lender for such additional cost or reduced amount receivable which Lender deems to be material as determined by Lender in good faith that Lender deems allocable to the Loan. If Lender becomes entitled to claim any additional amounts pursuant to this **Section 2.9**, Lender shall provide Borrower with not less than thirty (30) days written notice specifying in reasonable detail the event by reason of which it has become so entitled and the additional amount required to compensate Lender in accordance herewith. A certificate as to any additional costs or amounts payable pursuant to the foregoing sentence submitted by Lender to Borrower shall be conclusive in the absence of manifest error. Subject to **Section 2.10**, this **Section 2.9** shall survive payment of the Debt and the satisfaction of all other Obligations.

Section 2.10 Taxes.

2.10.1 Defined Terms. For purposes of this **Section 2.10**, the term “applicable law” includes FATCA.

2.10.2 Payments Free of Taxes. Any and all payments by or on account of any obligation of Borrower under any Loan Document shall be made without deduction or withholding for any Taxes, except as required by applicable law. If any applicable law (as determined in the good faith discretion of Borrower) requires the deduction or withholding of any Tax from any such payment by Borrower, then Borrower shall be entitled to make such deduction or withholding and shall timely pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law and, if such Tax is an Indemnified Tax, then the sum payable by Borrower shall be increased as necessary so that after such deduction or withholding has been made (including such deductions and withholdings applicable to additional sums payable under this **Section 2.10**) Lender receives an amount equal to the sum it would have received had no such deduction or withholding been made.

2.10.3 Payment of Other Taxes by Borrower. Borrower shall timely pay to the relevant Governmental Authority in accordance with applicable law any Other Taxes.

2.10.4 Indemnification by the Loan Parties. Borrower shall indemnify Lender, within 10 days after demand therefor, for the full amount of any Indemnified Taxes (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this **Section 2.10**) payable or paid by Lender or required to be withheld or deducted from a payment to Lender and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to Borrower by Lender shall be conclusive absent manifest error.

2.10.5 Evidence of Payments. As soon as practicable after any payment of Taxes by Borrower to a Governmental Authority pursuant to this **Section 2.10**, Borrower shall deliver to Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to Lender.

2.10.6 Status of Lender.

(a) If Lender is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document then Lender shall deliver to Borrower, at the time or times reasonably requested by Borrower, such properly completed and executed documentation reasonably requested by Borrower as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, Lender, if reasonably requested by Borrower, shall deliver such other documentation prescribed by applicable law or reasonably requested by Borrower as will enable Borrower to determine whether or not Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in **Section 2.10.6(b)(i), (b)(ii) and (b)(iv)** below) shall not be required if in Lender's reasonable judgment such completion, execution or submission would subject Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of Lender.

(b) Without limiting the generality of the foregoing,

(i) If Lender is a U.S. Person it shall deliver to Borrower (in such number of copies as shall be reasonably requested by Borrower) on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), executed originals of IRS Form W-9 certifying that Lender is exempt from U.S. federal backup withholding tax;

(ii) If Lender is a Foreign Lender it shall, to the extent it is legally entitled to do so, deliver to Borrower (in such number of copies as shall be reasonably requested by Borrower) on or prior to the date on which it becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), whichever of the following is applicable:

(A) in the case of a Foreign Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed originals of IRS Form W-8BEN (in the case of an individual) or W-8BEN-E (in the case of an entity) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN (in the case of an individual) or W-8BEN-E (in the case of an entity) establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(B) executed originals of IRS Form W-8ECI;

(C) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) or 871(h) of the Code, (x) a certificate substantially in the form of Exhibit F-1 to the effect that such Foreign Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a "**U.S. Tax Compliance Certificate**") and (y) executed originals of IRS Form W-8BEN (in the case of an individual) or W-8BEN-E (in the case of an entity); or

(D) to the extent a Foreign Lender is not the beneficial owner, executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN (in the case of an individual) or W-8BEN-E (in the case of an entity), a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-2 or Exhibit F-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-4 on behalf of each such direct and indirect partner;

(iii) any Foreign Lender shall, to the extent it is legally entitled to do so, deliver to Borrower (in such number of copies as shall be reasonably requested by Borrower) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of Borrower), executed originals of any other form prescribed by applicable law as a basis for claiming exemption from or a reduction in U.S. federal withholding Tax, duly completed, together with such supplementary documentation as may be prescribed by applicable law to permit Borrower to determine the withholding or deduction required to be made; and

(iv) if a payment made to Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), Lender shall deliver to Borrower at the time or times prescribed by law and at such time or times reasonably requested by Borrower such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by Borrower as may be necessary for Borrower to comply with its obligations under FATCA and to determine that Lender has complied with Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (iv), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify Borrower in writing of its legal inability to do so.

2.10.7 Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this **Section 2.10** (including by the payment of additional amounts pursuant to this **Section 2.10**), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such

indemnified party, shall repay to such indemnified party the amount paid over pursuant to this **Section 2.10.7** (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event that such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this **Section 2.10.7**, in no event will the indemnified party be required to pay any amount to an indemnifying party pursuant to this **Section 2.10.7** the payment of which would place the indemnified party in a less favorable net after-Tax position than the indemnified party would have been in if the Tax subject to indemnification and giving rise to such refund had not been deducted, withheld or otherwise imposed and the indemnification payments or additional amounts with respect to such Tax had never been paid. This **Section 2.10.7** shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to the indemnifying party or any other Person.

2.10.8 Survival. Each party's obligations under this **Section 2.10** shall survive any assignment of rights by, or the replacement of, Lender and the repayment, satisfaction or discharge of all obligations under any Loan Document.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES

Section 3.1 General Representations. Borrower represents and warrants to Lender as of the Closing Date that, except to the extent (if any) disclosed on **Schedule III** with reference to a specific subsection of this **Section 3.1** :

3.1.1 Organization; Special Purpose. Each Loan Party and each SPC Party has been duly organized and is validly existing with requisite power and authority to own its properties and to transact the businesses in which it is now engaged. Each Loan Party and each SPC Party is duly qualified to do business and in good standing in each jurisdiction where it is required to be so qualified in connection with its properties, businesses and operations, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect. Each Loan Party and each SPC Party possesses all rights, licenses, permits and authorizations, governmental or otherwise, necessary to entitle it to own its properties and to transact the businesses in which it is now engaged, except to the extent that failure to do so could not in the aggregate reasonably be expected to have a Material Adverse Effect. The sole business of Borrower is the acquisition, ownership, maintenance, sale, transfer, refinancing, management, leasing and operation of the Properties; the sole business of Borrower GP is acting as the sole general partner of Borrower, including, providing the Borrower GP Guaranty and the Borrower GP Security Agreement; and the sole business of Equity Owner is acting as the sole limited partner of Borrower and the sole member of Borrower GP, including, providing the Equity Owner Guaranty and the Equity Owner Security Agreement. Each Loan Party and each SPC Party is a Special Purpose Bankruptcy Remote Entity.

3.1.2 Proceedings; Enforceability. Each Loan Party has taken all necessary action to authorize the execution, delivery and performance of this Agreement and each of the other Loan Documents to which it is a party. This Agreement and the other Loan Documents have been duly authorized, executed and delivered by or on behalf of each Loan Party party thereto and constitute legal, valid and binding obligations of each Loan Party party thereto, enforceable

against each such Loan Party party thereto in accordance with their respective terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law). The Loan Documents are not subject to any right of rescission, set-off, counterclaim or defense by any Loan Party including the defense of usury, nor would the operation of any of the terms of the Loan Documents, or the exercise of any right thereunder, render the Loan Documents unenforceable, and no Loan Party has asserted any right of rescission, set-off, counterclaim or defense with respect thereto.

3.1.3 No Conflicts. The execution, delivery and performance of this Agreement and the other Loan Documents by each Loan Party party thereto (i) will not contravene such Loan Party's Constituent Documents, (ii) will not result in any violation of the provisions of any Legal Requirement of any Governmental Authority having jurisdiction over any Loan Party or any of each Loan Party's properties or assets, (iii) with respect to each Loan Party, will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under the terms of any indenture, mortgage, deed of trust, deed to secure debt, loan agreement, management agreement or other agreement or instrument to which any Loan Party is a party or to, which any of each Loan Party's property or assets is subject, that would be reasonably expected to have a Material Adverse Effect and (iv) with respect to each Loan Party, except for Liens created under the Loan Documents, result in or require the creation or imposition of any Lien upon or with respect to any of the assets of any Loan Party. Any consent, approval, authorization, order, registration or qualification of or with any such Governmental Authority required for the execution, delivery and performance by each Loan Party of this Agreement or any other Loan Documents to which it is a party has been obtained and is in full force and effect.

3.1.4 Litigation. There are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other entity now pending or, to the actual knowledge of a Responsible Officer of Manager or any Loan Party, threatened, against or affecting any Loan Party or any SPC Party or Manager, as applicable, which actions, suits or proceedings (i) involve this Agreement, the Mortgage Documents, the Loan Documents or the transactions contemplated thereby or (ii) if adversely determined, would reasonably be expected to have a Material Adverse Effect. There are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other entity that resulted in a judgment against any Loan Party or any SPC Party that has not been paid in full that would otherwise constitute an Event of Default under **Section 8.1**.

3.1.5 Agreements. No Loan Party is a party to any agreement or instrument or subject to any restriction which would reasonably be expected to have a Material Adverse Effect. No Loan Party is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party which default would be expected to have a Material Adverse Effect. Other than the Loan Documents, no Loan Party has a material financial obligation under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which any Loan Party is a party other than, with respect to Borrower, the Management Agreement.

3.1.6 Consents. No consent, approval, authorization or order of any court or Governmental Authority is required for the execution, delivery and performance by any Loan Party of, or compliance by any Loan Party with, this Agreement or the other Loan Documents or the consummation of the transactions contemplated hereby and thereby, other than those which have been obtained by the applicable Loan Party.

3.1.7 Solvency. Each Loan Party and each SPC Party has (a) not entered into the transaction contemplated by this Agreement nor executed any Loan Document with the actual intent to hinder, delay or defraud any creditor and (b) received reasonably equivalent value in exchange for its obligations under the Loan Documents. After giving effect to the Loans, each Loan Party and each SPC Party is Solvent. No petition in bankruptcy has been filed against any Loan Party or any SPC Party in the last seven (7) years, and no Loan Party in the last seven (7) years has made an assignment for the benefit of creditors or taken advantage of any insolvency act for the benefit of debtors. No Loan Party or SPC Party is contemplating either the filing of a petition by it under any state or federal bankruptcy or insolvency laws or the liquidation of all or a major portion of such Person's assets or property, and to the actual knowledge of any Loan Party, no Person is contemplating the filing of any such petition against any Loan Party or SPC Party.

3.1.8 Employee Benefit Matters.

(a) Assuming no portion of the assets used by Lender to fund the Loan constitutes the assets of an ERISA Plan, the assets of each Loan Party do not constitute "plan assets" of (a) any "employee benefit plan" (as defined in Section 3(3) of ERISA) that is subject to Title I of ERISA, (b) any "plan" (as defined in Section 4975 of the Code) that is subject to Section 4975 of the Code or (c) any employee benefit plan or plan that is not subject to Title I of ERISA or Section 4975 of the Code but is subject to any law, rule or regulation applicable to such Loan Party which is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code (each of (a), (b) and (c), an "**ERISA Plan** ") with the result that the transactions contemplated by this Agreement, including, but not limited to, the exercise by Lender of any rights under the Loan Documents will constitute a non-exempt prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code. No Loan Party or any of its ERISA Affiliates sponsors, maintains or contributes to any Plans or Foreign Plans. None of Equity Owner GP, any Loan Party or any of their respective Subsidiaries has any employees.

(b) Each Plan (and each related trust, insurance contract or fund) is in compliance in all materials respects with its terms and will all applicable laws, including without limitation ERISA and the Code. Each Plan that is intended to be qualified under Section 401(a) of the Code as currently in effect has been determined by the IRS to be so qualified, and each trust related to any such Plan has been determined to be exempt from federal income tax under Section 501(a) of the Code as currently in effect, and no event has taken place which could reasonably be expected to cause the loss of such qualified status and exempt status. With respect to each Plan of a Loan Party, each Loan Party and all of its ERISA Affiliates have satisfied the minimum funding standard under Section 412(a) of the Code and Section 302(a) of ERISA and paid all required minimum contributions and all required installments on or before the due dates under Section 430(j) of the Code and Section 303(j) of ERISA. Neither any Loan Party nor any of its ERISA Affiliates has filed, pursuant to Section 412(c) of the Code or Section 302(c) of ERISA, an application for a waiver of the minimum funding standard. Neither any Loan Party nor any of its ERISA Affiliates has incurred any liability to the PBGC which remains outstanding other than the payment of premiums, and there are no premium payments which have become due which are unpaid. No Plan is in "at risk" status within the meaning of Section 430(i)

of the Code or Section 303(j) of ERISA. There are no existing, pending or threatened claims (other than routine claims for benefits in the normal course), sanctions, actions, lawsuits or other proceedings or investigation involving any Plan to which any Loan Party or any of its ERISA Affiliates has incurred or otherwise has or could have an obligation or any liability. With respect to each Multiemployer Plan to which any Loan Party or any of its ERISA Affiliates is required to make a contribution, each Loan Party and all of its ERISA Affiliates have satisfied all required contributions and installments on or before the applicable due dates and have not incurred a complete or partial withdrawal under Section 4203 or 4205 of ERISA. No Plan Termination Event has or is reasonably expected to occur.

(c) Each Foreign Plan is in compliance in all material respects with all laws, regulations and rules applicable thereto and the respective requirements of the governing documents for such plan. The aggregate of the liabilities to provide all of the accrued benefits under each Foreign Plan does not exceed the current fair market value of the assets held in the trust or other funding vehicle for such plan. There are no actions, suits or claims (other than routine claims for benefits) pending or threatened against any Loan Party or any of its ERISA Affiliates with respect to any Foreign Plan.

3.1.9 Compliance with Legal Requirements. Each Loan Party is in compliance with all applicable Legal Requirements, except to the extent that any noncompliance would not reasonably be expected to have a Material Adverse Effect. No Loan Party is in default or violation of any order, writ, injunction, decree or demand of any Governmental Authority, except for any default or violation that would not reasonably be expected to have a Material Adverse Effect.

3.1.10 Perfection Representations.

(a) The Borrower Security Agreement, the Equity Owner Security Agreement and the Borrower GP Security Agreement create valid and continuing security interests (as defined in the applicable UCC) in the personal property Collateral in favor of Lender, which security interests are prior to all other Liens arising under the UCC, subject to Permitted Liens, and are enforceable as such against creditors of each Loan Party, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity);

(b) All appropriate financing statements have been filed in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest granted to Lender hereunder in the Collateral that may be perfected by filing a financing statement;

(c) Other than the security interest granted to Lender pursuant to Borrower Security Agreement, the Equity Owner Security Agreement and the Borrower GP Security Agreement, no Loan Party has pledged, assigned, collaterally assigned, sold, granted a security interest in, or otherwise conveyed any of the Collateral except to the extent expressly permitted by the terms hereof. No Loan Party has authorized the filing of and is not aware of any financing statements against any Loan Party that include a description of the Collateral other than any financing statement relating to the security interest granted to Lender hereunder or that has been terminated.

(d) No instrument or document that constitutes or evidences any Collateral has any marks or notations indicating that they have been pledged, assigned or otherwise conveyed to any Person other than Lender.

(e) The grant of the security interest in the Collateral by each Loan Party to Lender, pursuant to Borrower Security Agreement, the Equity Owner Security Agreement and the Borrower GP Security Agreement is in the ordinary course of business for each Loan Party and is not subject to the bulk transfer or any similar statutory provisions in effect in any applicable jurisdiction.

(f) The chief executive office and the location of each Loan Party's records regarding the Collateral are listed on **Schedule VII**. Except as otherwise disclosed to Lender in writing, each Loan Party's legal name is as set forth in this Agreement, each Loan Party has not changed its name since its formation. Except as otherwise listed on **Schedule VII**, each Loan Party does not have trade names, fictitious names, assumed names or "doing business as" names and each Loan Party's federal employer identification number and organizational identification number is set forth on **Schedule VII**.

(g) Borrower is a limited partnership, and the jurisdiction in which Borrower is organized is Delaware. Borrower's Tax I.D. number is 47-3722675 and Borrower's Delaware Organizational I.D. number is 5726330.

3.1.11 Business. Since its formation, no Loan Party has conducted any business other than entering into and performing its obligations under the Loan Documents to which it is a party and as described on **Schedule IV**. Since the date of formation of each Loan Party, no event has occurred which would reasonably be expected to have a Material Adverse Effect. As of the date hereof, no Loan Party owns or holds, directly or indirectly (a) any capital stock or equity security of, or any equity interest in, any Person other than a Loan Party, except as set forth on **Schedule VIII** or (b) any debt security or other evidence of indebtedness of any Person, except for Permitted Investments and as otherwise contemplated by the Loan Documents. Borrower does not have any subsidiaries.

3.1.12 Management. The ownership, leasing, management and collection practices used by each Loan Party and Manager with respect to the Properties have been, to the actual knowledge of the Responsible Officers of the Manager and each Loan Party, in compliance with all applicable Legal Requirements, and all necessary licenses, permits and regulatory requirements pertaining thereto have been obtained and remain in full force and effect, except to the extent that failure to obtain would not reasonably be expected to have a Material Adverse Effect.

3.1.13 Financial Information. All financial data that have been delivered to Lender in connection with the Loan (a) are true, complete and correct in all material respects (or, to the extent that any such financial data was incorrect in any material respect when delivered, the same has been corrected by financial data subsequently delivered to Lender prior to the date hereof), (b) accurately represent the financial condition of the Properties as of the date of such reports, and (c) have been prepared in accordance with GAAP throughout the periods covered, except as disclosed therein. The foregoing representation shall not apply to any such financial data that constitutes projections, *provided* that Borrower represents and warrants that such projections were made in good faith and that Borrower has no reason to believe that such projections were

materially inaccurate. Borrower does not have any contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments that are known to Borrower and reasonably likely to have a materially adverse effect on the Properties or the operation thereof, except as referred to or reflected in said financial statements. Borrower has no liabilities or other obligations that arose or accrued prior to the date hereof that would reasonably be expected to have a Material Adverse Effect. Borrower has no known contingent liabilities.

3.1.14 Insurance. Borrower has obtained and delivered to Lender certificates evidencing the Policies required to be maintained under **Section 5.1.1**. All such Policies are in full force and effect, with all premiums prepaid thereunder. No claims have been made that are currently pending, outstanding or otherwise remain unsatisfied under any such Policies that would reasonably be expected to have a Material Adverse Effect. With respect to any insurance policy, neither Borrower nor, to Borrower's or Manager's knowledge, any other Person, has done, by act or omission, anything which would impair the coverage of any of the Policies in any material respect.

3.1.15 Tax Filings. Each Loan Party has filed, or caused to be filed, on a timely basis all Tax returns (including, without limitation, all foreign, federal, state, local and other Tax returns) required to be filed by it, is not liable for Non-Property Taxes payable by any other Person and has paid or made adequate provisions for the payment of all Non-Property Taxes (to the extent such Taxes, assessment and other governmental charges exceed One Hundred Thousand and No/100 Dollars (\$100,000) in the aggregate) payable by such Loan Party except as permitted by **Section 4.1.3** or **4.4.7**. All material recording or other similar taxes required to be paid by any Loan Party under applicable Legal Requirements currently in effect in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Loan Documents have been paid.

3.1.16 Federal Reserve Regulations. No part of the proceeds of the Loan will be used for the purpose of purchasing or acquiring any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System ("**Margin Stock**") or for any other purpose which would be inconsistent with such Regulation U or any other Regulations of such Board of Governors, or for any purposes prohibited by Legal Requirements in any material respects or by the terms and conditions of this Agreement or the other Loan Documents. None of the Collateral is comprised of Margin Stock and less than twenty-five percent (25%) of the assets of each Loan Party are comprised of Margin Stock.

3.1.17 Organizational Chart. The organizational chart attached as **Schedule II**, relating to the Loan Parties and certain Affiliates and other parties, is true, complete and correct on and as of the date hereof. No Person other than those Persons shown on **Schedule II** has any ownership interest in, or right of control, directly or indirectly, in Borrower or any other Loan Party.

3.1.18 Bank Holding Company. Borrower is not a "bank holding company" or a direct or indirect subsidiary of a "bank holding company" as defined in the Bank Holding Company Act of 1956, as amended, and Regulation Y thereunder of the Board of Governors of the Federal Reserve System.

3.1.19 FIRPTA. No Loan Party is a “foreign person” within the meaning of Section 1445(f)(3) of the Code.

3.1.20 Investment Company Act. No Loan Party or any Person controlling such Loan Party, including Sponsor, is required to register as an “investment company” under the Investment Company Act of 1940, as amended.

3.1.21 Fiscal Year. Each fiscal year of Borrower commences on January 1.

3.1.22 Other Debt; Liens. No Loan Party has any Indebtedness other than, with respect to Borrower, Permitted Indebtedness, and with respect to each Guarantor, Guarantor Permitted Indebtedness.

3.1.23 Contracts.

(a) Borrower has not entered into, and is not bound by, any Major Contract which continues in existence, except those previously disclosed in writing to Lender.

(b) Each of the Major Contracts is in full force and effect, there are no material defaults by Borrower thereunder and, to the knowledge of Borrower and Manager, there are no monetary or other material defaults thereunder by any other party thereto. None of Borrower, Manager, any Affiliate of Borrower or any other Person acting on Borrower’s behalf has given or received any notice of default under any of the Major Contracts that remains uncured or in dispute.

(c) Borrower has delivered copies of the Major Contracts (including all amendments and supplements thereto) to Lender that are true, correct and complete in all material respects.

(d) Except for the Manager under the Management Agreement, no Major Contract has as a party an Affiliate of Borrower. All fees and other compensation for services previously performed under the Management Agreement have been paid in full.

3.1.24 Full and Accurate Disclosure. All information, reports, financial statements, exhibits and schedules furnished in writing by or on behalf of each Loan Party to Lender in connection with the negotiation, preparation or delivery of this Agreement and the other Loan Documents or included herein or therein or delivered pursuant hereto or thereto (but excluding any projections, forward looking statements, budgets, estimates and general market data as to which each Loan Party only represents and warrants that such information was prepared in good faith based upon assumptions believed by it to be reasonable at the time), when taken as a whole, as of the date furnished, do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not materially misleading.

3.1.25 Illegal Activity. None of the Properties has been or will be purchased with proceeds of any illegal activity.

3.1.26 Embargoed Person.

(a) No Loan Party nor any of its respective officers, directors or members is a Person (or to Borrower's knowledge, owned or controlled by a Person): (i) that is listed on a Government List, (ii) is otherwise subject to the provisions of Executive Order 13224 issued on September 24, 2001, (iii) has been previously indicted for or convicted of any felony involving a crime of moral turpitude or any Patriot Act Offense, or (iv) is currently under investigation by any Governmental Authority for alleged felony involving a crime of moral turpitude. For purposes hereof, the term "**Patriot Act Offense**" means any violation of the criminal laws of the United States of America or of any of the several states, or that would be a criminal violation if committed within the jurisdiction of the United States of America or any of the several states, relating to terrorism or the laundering of monetary instruments, including any offense under (A) the criminal laws against terrorism; (B) the criminal laws against money laundering, (C) the Bank Secrecy Act, as amended, (D) the Money Laundering Control Act of 1986, as amended, or (E) the Patriot Act. "**Patriot Act Offense**" also includes the crimes of conspiracy to commit, or aiding and abetting another to commit, a Patriot Act Offense.

(b) At the time Borrower first entered into a Lease with each Tenant (excluding any Tenant who occupied a Property pursuant to an in-place Lease when such Property was acquired by Borrower's Affiliate), no such Tenant was listed on either of the Government Lists described in **Section 4.1.17**.

3.1.27 Anti-Money Laundering. Borrower and each other Loan Party is in compliance in all material respects with all applicable anti-money laundering laws and regulations, including without limitation the USA Patriot Act of 2001 (collectively, the "**Anti-Money Laundering Laws**"). Without limiting the generality of the foregoing, to the extent required by the Anti-Money Laundering Laws, Borrower has (a) established an anti-money laundering compliance program that is in compliance, in all material respects, with the Anti-Money Laundering Laws, (b) conducted, in all material respects, the due diligence required under the Anti-Money Laundering Laws in connection with the Leases and Tenants, including with respect to the legitimacy of the applicable Tenant and the origin of the assets used by said Tenant to lease the applicable Property and (c) maintains sufficient information to identify the applicable Tenant for purposes of compliance, in all material respects, with the Anti-Money Laundering Laws.

Section 3.2 Property Representations. Borrower represents and warrants to Lender with respect to each Property as follows:

3.2.1 Property/Title.

(a) Borrower has good and marketable fee simple legal and equitable title to the real property comprising the Property, subject to Permitted Liens. The Mortgage Documents, when properly recorded and/or filed in the appropriate records, will create (i) a valid, first priority, perfected Lien on Borrower's interest in the Property, subject only to the Permitted Liens, and (ii) perfected security interests in and to, and perfected collateral assignments of, all personalty (including the Leases), all in accordance with the terms thereof, in each case subject only to the Permitted Liens.

(b) All transfer taxes, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid under applicable Legal Requirements in connection with the transfer of the Property to Borrower have been paid or are being paid simultaneously herewith. All mortgage, mortgage recording, stamp, intangible or other similar tax required to be

paid under applicable Legal Requirements in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Mortgage Documents with respect to such Property, including the Mortgages, have been paid or are being paid simultaneously herewith. All taxes and governmental assessments due and owing in respect of the Property have been paid, or an escrow of funds in an amount sufficient to cover such payments has been established hereunder or are insured against by the Title Insurance Policy and the Title Insurance Owner's Policy for such Property.

(c) The Property is comprised of one (1) or more parcels which constitute separate tax lots and do not constitute a portion of any other tax lot not a part of such Property. The Property is comprised of one (1) or more separate legal parcels and no portion of any Property constitutes a portion of any legal parcel not a part of such Property.

3.2.2 Adverse Claims. Borrower's ownership of the Property is free and clear of any Liens other than Permitted Liens.

3.2.3 Title Insurance Owner's Policy. The Property File for the Property includes either (a) a Title Insurance Owner's Policy insuring fee simple ownership of such Property by Borrower in an amount equal to or greater than the initial Allocated Loan Amount of the Property, issued by a Qualified Title Insurance Company with no title exceptions other than Permitted Liens or (b) a marked or initialed binding commitment that is effective as a Title Insurance Owner's Policy in respect of such Property in an amount equal to or greater than the initial Allocated Loan Amount of the Property, issued by a Qualified Title Insurance Company with no title exceptions other than Permitted Liens, which commitment shall be accompanied by such other affidavits, transfer declarations and other documents as are necessary for the recordation of the deed for such Property and issuance of such Title Insurance Owner's Policy.

3.2.4 Deed. The Property File for such Property includes a deed for such Property conveying the Property to Borrower, with vesting in the actual name of Borrower with a certification from Borrower that such Property's deed has been recorded or presented to and accepted for recording by the applicable Qualified Title Insurance Company issuing the related Title Insurance Owner's Policy or binding commitment referred to in **Section 3.2.3**, with all fees, premiums and deed stamps and other transfer taxes paid.

3.2.5 Mortgage File Required Documents. The Property File for the Property includes (a) either (i) certified or file stamped (in each case by the applicable land registry) original executed Mortgage Documents or (ii) a copy of the Mortgage Documents in recordable form that have been submitted by the title insurance company for recording in the jurisdiction in which such Property is located (with Lender and Borrower acknowledging that the Mortgage Documents delivered on the Closing Date consist solely of Mortgages (which include Assignments of Leases and Rents and Fixture Filings as a part thereof), and that no separate Assignments of Leases and Rents or Fixture Filings are included as part of the Mortgage Documents delivered at the Closing Date), (b) an opinion of counsel admitted to practice in the state in which such Property is located in form and substance reasonably satisfactory to Lender in respect of the enforceability of such Mortgage Documents and an opinion of counsel in form and substance reasonably satisfactory to Lender stating that the Mortgage Documents were duly authorized, executed and delivered by Borrower and that the execution and delivery of such Mortgage Loan Documents and the performance by Borrower of its obligations thereunder will not cause a breach of, or a default under, any agreement, document or instrument to which

Borrower is a party or to which it or such Property is bound, (c) either (x) a Title Insurance Policy insuring the Lien of the Mortgage encumbering such Property, or (y) a marked or initialed binding commitment that is effective as a Title Insurance Policy in respect of such Property, in each case, issued by a Qualified Title Insurance Company with no title exceptions other than Permitted Liens, which commitment shall be accompanied by such other affidavits, transfer declarations and other documents specified in such commitment as necessary for the issuance of such Title Insurance Policy, and (d) evidence that all taxes, fees and other charges payable in connection therewith have been paid in full.

3.2.6 Property File. The Property File for such Property has been delivered to Lender and there is no Deficiency with respect to such Property File, and the Property File has been reviewed by GRC and GRC shall have delivered to Lender the Closing Date GRC Certificate.

3.2.7 Property Taxes, Other Charges and HOA Fees. There are no delinquent Property Taxes, Other Charges or HOA Fees outstanding with respect to the Property, other than Property Taxes, Other Charges or HOA Fees that may exist in accordance with **Section 4.4.8**. As of the Closing Date, there are no pending or, to Borrower's or Manager's knowledge, proposed, special or other assessments for HOA improvements affecting the Property that would reasonably be expected to have an Individual Material Adverse Effect with respect to the Property.

3.2.8 Compliance with Renovation Standards. If the Property is a Vacant Property, it was previously subject to an Eligible Lease. Except for the Designated Renovation Properties, if the Property is then subject to an Eligible Lease, or if the Property is a Vacant Property previously subject to an Eligible Lease, at the commencement of such Eligible Lease, such Property satisfied the Renovation Standards and all renovations thereto were conducted in accordance with applicable Legal Requirements, in all material respects.

3.2.9 Physical Condition. The Property is subject to an Eligible Lease or is a Vacant Property previously subject to an Eligible Lease, and at the commencement of such Eligible Lease, such Property was (and to Borrower's knowledge continues to be) in a good, safe and habitable condition and repair, and free of and clear of any damage or waste that has an Individual Material Adverse Effect on the Property.

3.2.10 Brokers. There is no commission or other compensation payable to any broker or finder in connection with the purchase of the Property by Borrower or its Affiliate that has not been paid or is being contested in good faith by Borrower.

3.2.11 Leasing. As of the Property Cut Off Date, unless such Property is a Vacant Property, or, in case of any Substitute Property, as of the date such Property becomes a Substitute Property, the Property was leased by Borrower pursuant to an Eligible Lease and each such lease was in full force and effect and was not in default in any material respect. No Person (other than the Borrower) has any possessory interest in the Property or right to occupy the same except any Tenant under and pursuant to the provisions of the applicable Lease and any Person claiming rights through any such Tenant. The copy of such Eligible Lease in the Property File is true and complete in all material respects and there are no material oral agreements with respect thereto. No Rent (or security deposits) has been paid more than one (1) month in advance of its due date. As of the date hereof, any payments, free rent, partial rent, rebate of rent or other

payments, credits, allowances or abatements required to be given by Borrower to the relevant Tenant has already been provided to such Tenant. The leasing of the Property has complied in all material respects with Borrower's internal leasing guidelines.

3.2.12 Insurance. The Property is covered by property, casualty, liability, business interruption, windstorm, flood, earthquake and other applicable insurance policies as and to the extent, and in compliance with the applicable requirements of **Section 5.1.1** and Neither Borrower or Manager has taken (or omitted to take) any action that would impair or invalidate the coverage provided by any such policies. As of the date hereof, no claims have been made that are currently pending, outstanding or otherwise remain unsatisfied under any such policies and would reasonably be expected to have an Individual Material Adverse Effect with respect to the Property.

3.2.13 Lawsuits, Etc. As of the date hereof, there are no actions, suits or proceedings at law or in equity by or before any Governmental Authority or other entity pending or to the actual knowledge of Borrower or Manager, threatened against or affecting the Property, which actions, suits or proceedings would reasonably be expected to have an Individual Material Adverse Effect on such Property.

3.2.14 Orders, Injunctions, Etc. There are no orders, injunctions, decrees or judgments outstanding with respect to the Property that would reasonably be expected to have an Individual Material Adverse Effect on such Property.

3.2.15 Agreements Relating to the Property. Borrower is not a party to any agreement or instrument or subject to any restriction of record which would reasonably be expected to have an Individual Material Adverse Effect on such Property. Borrower has not received notice of a default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which the Property is bound. Borrower does not have a material financial obligation under any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument by which the Property is bound, other than obligations under the Loan Documents. Borrower is not in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Permitted Lien with respect to the Property. Neither the Property nor any part thereof are subject to any purchase options, rights of first refusal, rights of first offer or other similar rights in favor of any Tenant or other third parties.

3.2.16 Accuracy of Information Regarding Property. The Property is not a housing cooperative or manufactured housing. All material information with respect to the Property included in the Property File and the Properties Schedule is true, complete and accurate in all material respects. If the Property is located in Nevada, (a) the HOA (if any) affecting such Property is accurately identified on **Schedule XIV** and (b) the notice address of each such HOA (if any) included in **Schedule XIV** hereof (as may be updated by Borrower from time to time by written notice to Lender) is true, complete, and accurate in all respects.

3.2.17 Compliance with Legal Requirements. The Property (including the leasing and intended use thereof) complies with all applicable Legal Requirements, including, without limitation, building and zoning ordinances and codes and all certifications, permits, licenses and approvals, including without limitation, certificates of completion and occupancy

permits, required for the legal leasing, use, occupancy, habitability and operation of such Property, except as would not reasonably be expected to have an Individual Material Adverse Effect with respect to the Property. There is no consent, approval, permit, license, order or authorization of, and no filing with or notice to, any court or Governmental Authority related to the operation, use or leasing of the Property that has not been obtained, except as would not reasonably be expected to have an Individual Material Adverse Effect with respect to the Property. There has not been committed by Borrower or by any other Person in occupancy of or involved with the operation, use or leasing of the Property any act or omission affording any Governmental Authority the right of forfeiture as against the Property or any part thereof.

3.2.18 Environmental Laws. The Property is in material compliance with all Environmental Laws. No Loan Party nor any Affiliate of any Loan Party has caused or has knowledge of any discharge, spill, uncontrolled loss or seepage of any Hazardous Substance onto any property comprising or adjoining any location of the Property, and no Loan Party nor any Affiliate of any Loan Party nor, to the actual knowledge of Borrower or Manager, any tenant or occupant of all or part of the Property, is now or has been involved in operations at any Property which would reasonably be expected to lead to environmental liability for any Loan Party or any Affiliate of a Loan Party or the imposition of a Lien (other than a Permitted Lien) on the Property under any Environmental Law. There is no condition presently existing and no event has occurred or failed to occur prior to the date hereof, concerning the Property relating to any Hazardous Substance or other hazardous or toxic materials or condition, asbestos, mold or other environmental or similar matters which would reasonably be expected to have an Individual Material Adverse Effect on the Property.

3.2.19 Utilities and Public Access. The Property has rights of access to public ways and is served by water, sewer or septic system, and storm drain facilities adequate to service the Property for its intended uses and all public utilities necessary or convenient to the full use and enjoyment of the Property are located either in the public right-of-way abutting the Property (which are connected so as to serve the Property without passing over other property) or in recorded easements serving the Property and such easements are set forth in and insured by the applicable Title Insurance Owner's Policy and Title Insurance Policy and all roads necessary for the use of the Property for its intended purposes have been completed, except as would not reasonably be expected to have an Individual Material Adverse Effect with respect to the Property.

3.2.20 Eminent Domain. As of the date hereof, there is no proceeding pending or, to Borrower's or Manager's knowledge, threatened, for the total or partial condemnation or taking of the Property by eminent domain or for the relocation of roadways resulting in a failure of access to the Property on public roads.

3.2.21 Flood Zone. The Property is not located in an area identified by the Federal Emergency Management Agency as a special flood hazard area, or, if so located the flood insurance required pursuant to **Section 5.1.1(a)** is in full force and effect with respect to the Property.

3.2.22 Specified Liens. The Property will not be subject to any Specified Lien at any time on or after the first anniversary of the Closing Date.

Section 3.3 Survival of Representations. The representations and warranties set forth in this *Article III* and elsewhere in this Agreement and the other Loan Documents shall (a) survive until the Debt has been paid in full and (b) be deemed to have been relied upon by Lender notwithstanding any investigation heretofore or hereafter made by Lender or on its behalf.

ARTICLE 4

COVENANTS

Section 4.1 Affirmative Covenants. Borrower shall comply with the following covenants:

4.1.1 Compliance with Laws, Etc. Borrower shall and shall cause each other Loan Party to do or cause to be done all things necessary to preserve, renew and keep in full force and effect its rights, licenses and permits and to comply with all Legal Requirements applicable to it and the Properties (and the use thereof), including, without limitation, building and zoning ordinances and codes and certificates of occupancy, except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect. Any Loan Party, at such Loan Party's expense, may contest by appropriate legal proceeding promptly initiated and conducted in good faith and with due diligence, the validity of any Legal Requirement, the applicability of any Legal Requirement to a Loan Party or any Property or any alleged violation of any Legal Requirement; *provided* that (a) such proceeding shall be permitted under and be conducted in accordance with the provisions of any instrument to which a Loan Party is subject and shall not constitute a default thereunder and such proceeding shall be conducted in accordance with all applicable Legal Requirements; (b) no Property nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost; and (c) the Loan Party shall promptly upon final determination thereof comply with any such Legal Requirement determined to be valid or applicable or cure any violation of any Legal Requirement, except to the extent that the failure to do so would not reasonably be expected to have a Material Adverse Effect.

4.1.2 Preservation of Existence. Borrower shall and shall cause each other Loan Party and each SPC Party to (a) observe all procedures required by its Constituent Documents and preserve and maintain its corporate existence, rights, franchises and privileges in the jurisdiction of its organization, and (b) qualify and remain qualified in good standing (where relevant) as a foreign limited liability company or limited partnership, as applicable, in each other jurisdiction where the nature of its business requires such qualification and to the extent such concept exists in such jurisdiction and where, in the case of *clause (b)*, except where the failure to be so qualified would not reasonably be expected to have a Material Adverse Effect.

4.1.3 Non-Property Taxes. Borrower shall and shall cause each other Loan Party and each SPC Party to file, cause to be filed or obtain an extension of the time to file, all Tax returns for Non-Property Taxes and reports required by law to be filed by it and to promptly pay or cause to be paid all Non-Property Taxes now or hereafter levied, assessed or imposed on it as the same become due and payable; provided that, after prior notice to Lender, such Loan Party or such SPC Party may contest by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity of any such Non-Property Taxes and, in such event, may permit the Non-Property Taxes so contested to remain unpaid during any period, including

appeals, when a Loan Party or SPC Party is in good faith contesting the same so long as (a) no Event of Default has occurred and remains uncured, (b) such proceeding shall be permitted under and be conducted in accordance with all applicable Legal Requirements, (c) no Property or other Collateral nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, canceled or lost, (d) the applicable Loan Party or SPC Party has set aside on its books adequate reserves in accordance with GAAP, and the non-payment or non-discharge of such Non-Property Taxes would not reasonably be expected to have a Material Adverse Effect, (e) enforcement of the contested Non-Property Taxes is effectively stayed for the entire duration of such contest and no Lien is imposed on any Property or other Collateral, (f) any Non-Property Taxes determined to be due, together with any interest or penalties thereon, is promptly paid as required after final resolution of such contest, (g) to the extent such Non-Property Taxes (when aggregated with all other Taxes that any Loan Party or SPC Party is then contesting under this **Section 4.1.3** or **Section 4.4.8** and for which Borrower has not delivered to Lender any Contest Security) exceed One Million and No/100 Dollars (\$1,000,000), Borrower shall deliver to Lender either (i) cash, or other security as may be approved by Lender, in an amount sufficient to insure the payment of any such Non-Property Taxes, together with all interest and penalties thereon or (ii) a payment and performance bond in an amount equal to one hundred percent (100%) of the contested amount from a surety acceptable to Lender in its reasonable discretion, (h) failure to pay such Non-Property Taxes will not subject Lender to any civil or criminal liability, (i) such contest shall not affect the ownership, use or occupancy of any Property or other Collateral, and (j) Borrower shall, upon request by Lender, give Lender prompt notice of the status of such proceedings and/or confirmation of the continuing satisfaction of the conditions set forth in clauses (a) through (i) of this **Section 4.1.3**. Notwithstanding the foregoing, Borrower shall and shall cause each other Loan Party and each SPC Party to pay any contested Non-Property Taxes (or, if cash or other security has been provided, Lender may pay over any such cash or other security held by Lender to the claimant entitled thereto) if, in Lender's reasonable judgment, any Property or other Collateral (or any part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, cancelled or lost or there shall be any danger of the Lien of any Collateral Document being primed by any related Lien.

4.1.4 Access to Properties. Subject to the rights of Tenants, Borrower shall permit agents, representatives and employees of Lender to inspect the Properties or any part thereof at reasonable hours upon reasonable advance notice.

4.1.5 Perform Loan Documents. Borrower shall and shall cause each other Loan Party to, in a timely manner, observe, perform and satisfy all the terms, provisions, covenants and conditions of the Loan Documents executed and delivered by, or applicable to, the Loan Party, and shall pay when due all costs, fees and expenses of Lender, to the extent required under the Loan Documents executed and delivered by, or applicable to, the Loan Party.

4.1.6 Awards and Insurance Benefits. Borrower shall cooperate with Lender, in accordance with the relevant provisions of this Agreement, to enable Lender to receive the benefits of any Awards or Insurance Proceeds lawfully or equitably payable in connection with any Property, and Lender shall be reimbursed for any expenses incurred in connection therewith (including reasonable attorneys' fees and disbursements, and the payment by the Loan Parties of the reasonable expense of an appraisal on behalf of Lender in case of Casualty or Condemnation affecting any Property or any part thereof) out of such Insurance Proceeds.

4.1.7 Security Interest; Further Assurances. Borrower shall and shall cause each other Loan Party to take all necessary action to establish and maintain, in favor of Lender a valid and perfected first priority security interest in all Collateral to the full extent contemplated herein, free and clear of any Liens (including the filing of all financing statements or other similar instruments or documents necessary under the UCC (or any comparable law) of all appropriate jurisdictions to perfect Lender's security interest in the Collateral). Borrower shall and shall cause each other Loan Party to, at the Loan Party's sole cost and expense execute any and all further documents, financing statements, agreements, affirmations, waivers and instruments, and take all such further actions (including the filing and recording of financing statements) that may be required under any applicable Legal Requirement, or that Lender deems necessary or advisable, in order to grant, preserve, protect and perfect the validity and priority of the security interests created or intended to be created hereby or by the Collateral Documents or the enforceability of any guaranty or other Loan Document. Such financing statements may describe as the collateral covered thereby "all assets of the debtor, whether now owned or hereafter acquired" or words to that effect.

4.1.8 Keeping of Records and Books of Account. Borrower shall and shall cause each other Loan Party to maintain and implement administrative and operating procedures (including an ability to recreate records regarding the Properties in the event of the destruction of the originals thereof) and keep and maintain on a calendar year basis, in accordance with the requirements for a Special Purpose Bankruptcy Remote Entity set forth herein, as applicable, GAAP, and, to the extent required under **Section 9.1**, the requirements of Regulation AB, proper and accurate documents, books, records and other information reasonably necessary for the collection of all Rents and other Collections and payments of its obligations. Such books and records shall include, without limitation, records adequate to permit the identification of each Property and all items of income and expense in connection with the operation of each Property. Lender shall have the right from time to time (but, in any event, not more than twice in any calendar year (unless an Event of Default shall have occurred and be continuing, in which case no such restriction shall apply)) during normal business hours upon reasonable notice (which may be given verbally) to Borrower to examine such books, records, accounts, agreements, leases, instruments and other documents and the collection systems of the Loan Parties and Manager at the offices of the Loan Parties or any other Person maintaining such books, records and accounts and to make such copies or extracts thereof as Lender shall desire. Borrower shall pay any reasonable out-of-pocket costs and expenses incurred by Lender in any such examination.

4.1.9 Special Purpose Bankruptcy Remote Entity/Separateness.

(a) Borrower shall and shall cause each other Loan Party and each SPC Party to be and continue to be a Special Purpose Bankruptcy Remote Entity.

(b) Borrower shall and shall cause each other Loan Party to comply in all material respects with all of the stated facts and assumptions made with respect to the Loan Parties in each Insolvency Opinion. Each entity other than a Loan Party with respect to which an assumption is made or a fact stated in an Insolvency Opinion will comply in all material respects with all of the assumptions made and facts stated with respect to it in such Insolvency Opinion.

4.1.10 Location of Records. Borrower shall and shall cause each other Loan Party to keep its chief place of business and chief executive office and the offices where it keeps the

Records at the address(es) referred to on *Schedule VII* or upon thirty (30) days' prior written notice to Lender, at any other location in the United States where all actions reasonably requested by Lender to protect and perfect the interests of Lender in the Collateral have been taken and completed.

4.1.11 Business and Operations. Borrower shall and shall cause each other Loan Party to, directly or through the Manager or subcontractors of the Manager (subject to *Section 4.2.1*), continue to engage in the businesses presently conducted by it as and to the extent the same are necessary for the ownership, maintenance, sale, management, leasing and operation of the Properties. Borrower shall and shall cause each other Loan Party to qualify to do business and will remain in good standing under the laws of each jurisdiction as and to the extent the same are required for the ownership, maintenance, management and operation of the Properties, except to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect. Borrower or a Borrower TRS, as applicable, shall, at all times during the term of the Loan, continue to own or lease all equipment, fixtures and personal property which are necessary to operate the Properties.

4.1.12 Leasing Matters. Borrower shall (i) observe and perform the obligations imposed upon the lessor under the Leases for its Properties in a commercially reasonable manner; and (ii) enforce the terms, covenants and conditions contained in such Leases upon the part of the Tenant thereunder to be observed or performed in a commercially reasonable manner except in each case to the extent that the failure to do so would not reasonably be expected to have an Individual Material Adverse Effect with respect to a Property. No Rent may be collected under any Lease for the Properties more than one (1) month in advance of its due date.

4.1.13 Property Management.

(a) Borrower shall (i) cause Manager to manage the Properties in accordance with the Management Agreement, (ii) diligently perform and observe all of the terms, covenants and conditions of the Management Agreement on the part of Borrower to be performed and observed, (iii) promptly notify Lender of any default under the Management Agreement of which it is aware, (iv) promptly deliver to Lender a copy of each financial statement, business plan, capital expenditures plan, report and estimate received by it under the Management Agreement, and (v) promptly enforce the performance and observance of all of the covenants required to be performed and observed by Manager under the Management Agreement in a commercially reasonable manner. If Borrower shall default in the performance or observance of any material term, covenant or condition of the Management Agreement on the part of Borrower to be performed or observed, then, without limiting Lender's other rights or remedies under this Agreement or the other Loan Documents, and without waiving or releasing Borrower from any of its Obligations hereunder or under the Management Agreement, Lender shall have the right, but shall be under no obligation, to pay any sums and to perform any act as may be appropriate to cause all the material terms, covenants and conditions of the Management Agreement on the part of Borrower to be performed or observed. In no event shall the fee payable to Manager for any Interest Period exceed the Management Fee Cap for such Interest Period and in no event shall Borrower pay or become obligated to pay to Manager, any transition or termination costs or expenses, termination fees, or their equivalent in connection with the Transfer of a Property or the termination of the Management Agreement.

(b) If any one or more of the following events occurs: (i) the occurrence of an Event of Default, (ii) Manager shall be in material default under the Management Agreement beyond any applicable notice and cure period (including as a result of any gross negligence, fraud, willful misconduct or misappropriation of funds), or (iii) Manager shall become insolvent or a debtor in any bankruptcy or insolvency proceeding, then Lender shall have the right to require Borrower to replace the Manager and enter into a Replacement Management Agreement with (x) a Qualified Manager selected by Borrower that is not an Affiliate of Borrower or (y) another property manager chosen by Borrower and approved by Lender; *provided*, that such approval shall be conditioned upon Borrower delivering a Rating Agency Confirmation as to such property manager. If Borrower fails to select a new Qualified Manager or a replacement Manager that satisfies the conditions described in the foregoing *clause (y)* and enter into a Replacement Management Agreement with such Person within sixty (60) days of Lender's demand to replace the Manager, then Lender may choose the replacement property manager provided that such replacement property manager is a Qualified Manager or satisfies the conditions set forth in the foregoing *clause (y)*.

4.1.14 Property Files. Borrower will deliver to Lender all Property Files in an electronic format reasonably agreed by Lender and Borrower.

4.1.15 Security Deposits.

(a) All security deposits of Tenants, whether held in cash or any other form, shall be deposited into one or more Eligible Accounts (each, a "**Security Deposit Account**") established and maintained by Borrower at a local bank which shall be an Eligible Institution, held in compliance with all Legal Requirements, and identified on **Schedule XIII**, as such schedule may be updated from time to time by delivery of written notice by the Borrower to Lender, and shall not be commingled with any other funds of Borrower. On or before the Closing Date, Borrower shall cause all security deposits of Tenants received by Borrower or Manager on or before the Closing Date to be deposited into a Security Deposit Account. Borrower shall cause all security deposits of Tenants received by Borrower or Manager after the Closing Date to be deposited into a Security Deposit Account, the Collection Account or a Rent Deposit Account within three (3) Business Days of receipt; *provided* that if Borrower receives a check or other payment that combines a security deposit of a Tenant together with Rent or other amounts owing by a Tenant, then Borrower shall deposit the combined payment into the Rent Deposit Account or Cash Management Account. Borrower shall maintain complete and accurate records of all transactions pertaining to security deposits of Tenants and the Security Deposit Accounts, with sufficient detail to identify all security deposits of Tenants separate and apart from other payments received from or by Tenants. Borrower shall, no less frequently than once each month, transfer into a Security Deposit Account any security deposits of Tenants previously received and deposited into the Collection Account or a Rent Deposit Account. The security deposits of Tenants shall be disbursed by Borrower in accordance with the terms of the applicable Leases and all Legal Requirements. In the event the Tenant under any Lease defaults such that the applicable security deposit may be drawn upon on account of such default, the proceeds of such draw shall constitute Collections and Borrower shall immediately deposit the proceeds thereof into a Rent Deposit Account or the Collection Account. Borrower shall pay for all expenses of opening and maintaining the Security Deposit Accounts. So long as the Debt is outstanding, except as otherwise provided in this **Section 4.1.15(a)**, Borrower shall not (and shall not permit Manager or any other Person to) open any other accounts for the deposit of security deposits of Tenants other than the Security Deposit Accounts.

(b) Any bond or other instrument which Borrower is permitted to hold in lieu of cash security deposits under any applicable Legal Requirements (i) shall be maintained in full force and effect in the full amount of such deposits unless replaced by cash deposits as herein above described, (ii) shall be issued by an institution reasonably satisfactory to Lender, (iii) shall, if permitted pursuant to any Legal Requirements, name Lender as payee or mortgagee thereunder (or at Lender's option, be fully assignable to Lender), and (iv) shall in all respects comply with any applicable Legal Requirements and otherwise be satisfactory to Lender. Borrower shall, upon request, provide Lender with evidence reasonably satisfactory to Lender of Borrower's compliance with the foregoing.

(c) (i) Upon Lender's written request following the occurrence and during the continuance of an Event of Default, Borrower shall deliver (or cause to be delivered) to Lender (or Servicer) or to one or more accounts designated by Lender (or Servicer) the security deposits of Tenants, and (ii) upon a foreclosure of any Property or action in lieu thereof, Borrower shall deliver to Lender (or Servicer) or to an account designated by Lender (or Servicer) the security deposit applicable to the Lease with respect to such Property, except, in each case, to the extent any such security deposits were previously deposited into a Rent Deposit Account or the Collection Account in accordance with **Section 4.1.15(a)** following a default by the Tenant under the applicable Lease. Any security deposits delivered to Lender (or Servicer) pursuant to this **Section 4.1.15(c)** will be held by Lender (or Servicer) for the benefit of the applicable Tenants in accordance with the terms of the Leases and applicable law.

4.1.16 Anti-Money Laundering. Borrower shall comply and shall cause each other Loan Party to comply in all material respects with all applicable Anti-Money Laundering Laws. Without limiting the generality of the foregoing, to the extent required by the Anti-Money Laundering Laws, Borrower shall (a) maintain an anti-money laundering compliance program that is in compliance, in all material respects, with the Anti-Money Laundering Laws, (b) conduct, in all material respects, the due diligence required under the Anti-Money Laundering Laws in connection with the Leases and Tenants, including with respect to the legitimacy of the applicable Tenant and the origin of the assets used by said Tenant to lease the applicable Property and (c) maintain sufficient information to identify the applicable Tenant for purposes of compliance, in all material respects, with the Anti-Money Laundering Laws. Borrower shall provide notice to Lender, within five (5) Business Days of receipt, of any written notice of any Anti-Money Laundering Law violation or action involving a Loan Party.

4.1.17 Embargoed Persons. Prior to entering into a Lease with a prospective Tenant (excluding any existing Tenant of a Property that was previously screened in accordance with this **Section 4.1.17**), Borrower shall confirm that such prospective Tenant is not a Person whose name appears on a Government List. Borrower shall not knowingly enter into a Lease with a Person whose name appears on a Government List unless Borrower determines that such Person is not the terrorist, narcotics trafficker or other Person who is identified on such Government List but merely has the same name as such Person. If notwithstanding such confirmation, a Responsible Officer of a Loan Party or Manager obtains knowledge that a Tenant is a Person whose name appears on a Government List, it shall promptly provide notice of such fact to Lender within five (5) Business Days of acquiring knowledge thereof.

4.1.18 Cooperate in Legal Proceedings. Borrower shall cooperate fully with Lender with respect to any proceedings before any court, board or other Governmental Authority which may in any way affect the rights of Lender hereunder or any rights obtained by Lender under any of the other Loan Documents and, in connection therewith, permit Lender, at its election, to participate in any such proceedings.

4.1.19 Further Assurances. Borrower shall and shall cause each other Loan Party to, at Borrower's sole cost and expense:

(a) furnish to Lender all instruments, documents, certificates, title and other insurance reports and agreements, and each and every other document, certificate, agreement and instrument required to be furnished by Borrower pursuant to the terms of the Loan Documents or which are reasonably requested by Lender in connection therewith.

(b) cure any defects in the execution and delivery of the Loan Documents and execute and deliver, or cause to be executed and delivered, to Lender such documents, instruments, certificates, assignments and other writings, and do such other acts necessary or desirable, to correct any omissions in the Loan Documents, to evidence, preserve and/or protect the Collateral at any time securing or intended to secure the Obligations, as Lender may reasonably require; and

(c) do and execute all and such further lawful and reasonable acts, conveyances and assurances for the better and more effective carrying out of the intents and purposes of this Agreement and the other Loan Documents, as Lender may reasonably require from time to time.

4.1.20 Costs and Expenses.

(a) Except as otherwise expressly set forth herein or in any of the other Loan Documents, Borrower shall pay or, if Borrower fails to pay, reimburse Lender upon receipt of notice from Lender, for all costs and expenses (including reasonable attorneys' fees and disbursements) incurred by Lender in connection with (i) the Relevant Parties' ongoing performance of and compliance with Borrower's agreements and covenants contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date, including confirming compliance with environmental and insurance requirements (except to the extent expressly set forth in **Section 10.20**); (ii) Lender's ongoing performance of and compliance with all agreements and covenants contained in this Agreement and the other Loan Documents on its part to be performed or complied with after the Closing Date (except to

the extent expressly set forth in **Section 10.20**); (iii) the negotiation, preparation, execution and delivery of any consents, amendments, waivers or other modifications to this Agreement and the other Loan Documents and any other documents or matters requested by any Relevant Party; (iv) filing and recording of any Loan Documents; (v) title insurance, surveys, inspections, Broker Price Opinions and broker opinions of market rent; (vi) the creation, perfection or protection of Lender's Liens in the Collateral (including fees and expenses for title and lien searches, intangibles taxes, personal property taxes, mortgage recording taxes, due diligence expenses, travel expenses, accounting firm fees, environmental reports and Lender's diligence consultant); (vii) enforcing or preserving any rights in response to third party claims or the prosecuting or defending of any action or proceeding or other litigation, in each case against, under or affecting any Relevant Party, the Loan Documents, any Property, or any other security given for the Loan; (viii) fees charged by Servicer (except to the extent expressly set forth in **Section 10.20**) and, if a Securitization has occurred, the Rating Agencies in connection with the Loan or any modification thereof; and (ix) enforcing any Obligations of or collecting any payments due from any Relevant Party under this Agreement, the other Loan Documents or with respect to any Property or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "work-out" or of any insolvency or bankruptcy proceedings; *provided, however*, that Borrower shall not be liable for the payment of any such costs and expenses to the extent the same arise by reason of the active gross negligence, illegal acts, fraud or willful misconduct of Lender; provided, further, that this **Section 4.1.20** shall not apply with respect to Taxes other than any Taxes that represent losses or damages arising from any non-Tax claim.

(b) In addition, in connection with any Rating Agency Confirmation, Review Waiver or other Rating Agency consent, approval or review requested or required hereunder (other than the initial review of the Loan by the Rating Agencies in connection with a Securitization), Borrower shall pay all of the costs and expenses of Lender, Servicer and each Rating Agency in connection therewith, and, if applicable, shall pay any fees imposed by any Rating Agency in connection therewith.

(c) Any costs and expenses due and payable by Borrower hereunder which are not paid by Borrower within ten (10) days after demand may be paid from any amounts in the Collection Account, with notice thereof to Borrower. The obligations and liabilities of Borrower under this **Section 4.1.20** shall (i) become part of the Obligations, (ii) be secured by the Loan Documents and (iii) survive the Term and the exercise by Lender of any of its rights or remedies under the Loan Documents.

4.1.21 Indemnity. Borrower shall indemnify, defend and hold harmless Lender from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, costs, expenses and disbursements of any kind or nature whatsoever (including the reasonable fees and disbursements of counsel for Lender in connection with any investigative, administrative or judicial proceeding commenced or threatened, whether or not Lender shall be designated a party thereto), that may be imposed on, incurred by, or asserted against Lender in any manner relating to or arising out of (a) any breach by any Relevant Party of its Obligations under, or any material misrepresentation by Borrower contained in, this Agreement or the other Loan Documents; and (b) the use or intended use of the proceeds of the Loan (collectively, the "**Indemnified Liabilities**"); *provided, however*, that Borrower shall not have any obligation to Lender hereunder to the extent that such Indemnified Liabilities arise from the gross negligence,

illegal acts, fraud or willful misconduct of Lender. To the extent that the undertaking to indemnify, defend and hold harmless set forth in the preceding sentence may be unenforceable because it violates any law or public policy, Borrower shall pay the maximum portion that it is permitted to pay and satisfy under applicable law to the payment and satisfaction of all Indemnified Liabilities incurred by Lender.

4.1.22 ERISA Matters. Each Loan Party shall and shall cause each of its ERISA Affiliates to establish, maintain and operate all Plans to comply in all material respects with the provisions of ERISA, the Code and all applicable laws, the regulations and interpretation thereunder and the respective requirements of the governing documents for such Plans. Each Loan Party shall and shall cause each of its ERISA Affiliates to establish, maintain and operate all Foreign Plans to comply in all material respects with all laws, regulations and rules applicable thereto and the respective requirements of the governing documents for such plans.

4.1.23 Formation of a Borrower TRS. If Borrower organizes a Borrower TRS then the following covenants shall be applicable:

(a) Borrower shall cause such Borrower TRS to execute and deliver to Lender promptly after the formation of such Borrower TRS and, in any event, prior to contributing any Properties or other Collateral to such Borrower TRS: (i) a guaranty substantially in the form of the Equity Owner Guaranty, guaranteeing the Obligations; (ii) a security agreement, substantially in the form of the Borrower Security Agreement, pursuant to which all personal property assets of such Borrower TRS are pledged by such Borrower TRS as security for the Obligations and (iii) such other agreements, instruments, approvals, legal opinions or other documents as are reasonably requested by Lender in order to create, perfect or establish the first priority (subject to Permitted Liens) of any Lien purported to be covered by any such Collateral Documents or otherwise to effect the intent that all property and assets of such Borrower TRS shall become Collateral for the Obligations; *provided*, that for the avoidance of doubt, the Lien of the Mortgage encumbering any Property contributed to the Borrower TRS shall not be released at such time and no new Mortgage shall be executed with respect to or recorded against any Property contributed to such Borrower TRS by Borrower;

(b) Borrower shall deliver promptly after the formation of such Borrower TRS and, in any event, prior to contributing any Properties or other Collateral to such Borrower TRS: (i) an updated Exhibit D to the Borrower Security Agreement reflecting the pledge of Borrower's capital stock in such Borrower TRS as Collateral for the Obligations, (ii) a certificate evidencing all of the capital stock of such Borrower TRS; (iii) undated stock powers or other appropriate instruments of assignment executed in blank with signature guaranteed and (iv) such other agreements, instruments, approvals, legal opinions or other documents as are reasonably requested by Lender in order to create, perfect or establish the first priority of (subject to Permitted Liens) Lender's Lien in such capital stock or otherwise to effect the intent that such capital stock shall become Collateral for the Obligations; and

(c) Prior to contributing a Property to such Borrower TRS, Borrower shall cause such Borrower TRS to execute and deliver to Lender an assumption of the Mortgage related to such Property, in form and substance reasonably acceptable to Lender and Borrower.

4.1.24 Loan Proceeds. Borrower shall use the proceeds of the Loan received by it on the Closing Date only for the purposes set forth in **Section 2.1.5**.

Section 4.2 Negative Covenants. Borrower shall comply with the following covenants:

4.2.1 Prohibition Against Termination or Modification. Borrower shall not (a) surrender, terminate, cancel, modify, renew or extend the Management Agreement, *provided*, that Borrower may, without Lender's consent, replace Manager so long as the replacement manager is a Qualified Manager pursuant to a Replacement Management Agreement, (b) enter into any other agreement relating to the management or operation of a Property with Manager or any other Person, *provided*, that Borrower may permit Manager to enter into sub-management agreements with third-party service providers to perform all or any portion of the services by Manager so long as (x) the fees and charges payable under any such sub-management agreements shall be the sole responsibility of Manager, (y) Borrower shall have no liabilities or obligations under any such sub-management agreements, and (z) any such sub-management agreements will be terminable without penalty upon the termination of the Management Agreement, (c) consent to the assignment by the Manager of its interest under the Management Agreement, or (d) waive or release any of its rights and remedies under the Management Agreement, in each case without the express consent of Lender, which consent shall not be unreasonably withheld. If at any time Lender consents to the appointment of a new property manager or a Qualified Manager is appointed, such new property manager (including a Qualified Manager) shall execute a Replacement Management Agreement.

4.2.2 Liens Against Collateral. Borrower shall not and shall cause each other Loan Party not to create or suffer to exist any Liens upon or with respect to, any Collateral except for Liens permitted under the Loan Documents (including, without limitation, Permitted Liens).

4.2.3 Transfers. Borrower acknowledges that Lender has examined and relied on the experience of Borrower and its Affiliates, and their principals in owning and operating properties such as the Properties in agreeing to make the Loan, and will continue to rely on Borrower's ownership of the Properties as a means of maintaining the value of the Properties in connection with the repayment of the Debt and the performance of the Other Obligations. Borrower acknowledges that Lender has a valid interest in maintaining the value of the Properties so as to ensure that, should Borrower default in the repayment of the Debt or the performance of the Other Obligations, Lender can recover the Debt by a sale of the Properties or Borrower's Equity Interests. Therefore, without the prior written consent of Lender, but, in each instance, subject to the provisions of *Article 7*, neither Borrower nor any Loan Party nor any other Person having a direct or indirect ownership or beneficial interest in Borrower or any Loan Party shall sell, convey, mortgage, grant, bargain, encumber, pledge, assign or transfer the Properties or Collateral or any part thereof, or any interest, direct or indirect, in Borrower or any Loan Party, whether voluntarily or involuntarily and whether directly or indirectly, by operation of law or otherwise (a "*Transfer*"). A Transfer within the meaning of this *Section 4.2.3* shall be deemed to include (a) an installment sales agreement wherein Borrower agrees to sell a Property or any part thereof for a price to be paid in installments; (b) an agreement by Borrower for the leasing of all or a substantial part of the Property for any purpose other than the actual occupancy by a space Tenant thereunder or a sale, assignment or other transfer of, or the grant of a security interest in, Borrower's right, title and interest in and to any Leases or any Rents; (c) if Borrower, any Guarantor or any general partner, managing member or controlling shareholder of Borrower or any Guarantor is a corporation, the voluntary or involuntary sale, conveyance or transfer of such corporation's stock (or the stock of any corporation directly or indirectly controlling such

corporation by operation of law or otherwise) or the creation or issuance of new stock; (d) if Borrower, any Loan Party, any Guarantor or any general partner, managing member or controlling shareholder of Borrower, any Loan Party, or any Guarantor is a limited or general partnership, joint venture or limited liability company, the change, removal, resignation or addition of a general partner, managing partner, limited partner, joint venturer or member or the transfer of the partnership interest of any general partner, managing partner or limited partner or the transfer of the interest of any joint venturer or member; and (e) any pledge, hypothecation, assignment, transfer or other encumbrance of any direct or indirect ownership interest in Borrower or any Loan Party.

4.2.4 Change in Business. Borrower shall, and shall cause each Borrower TRS to, not enter into any line of business other than the acquisition, renovation, rehabilitation, ownership, management and operation of the Properties (and any businesses ancillary or related thereto, including the ownership of a Borrower TRS), or make any material change in the scope or nature of its business objectives, purposes or operations, or undertake or participate in activities other than the continuance of its present business. Except as provided in the Loan Documents, Borrower shall cause (a) Equity Owner to not engage in any activity other than acting as the limited partner of Borrower and the sole member of Borrower GP, (b) Borrower GP to not engage in any activity other than acting as the sole general partner of Borrower, (c) Equity Owner GP to not engage in any activity other than acting as the sole general partner of Equity Owner and (d) any Borrower TRS not to engage in any activity other than marketing and sale of Properties.

4.2.5 Changes to Accounts. Borrower shall not and shall cause each other Loan Party not to (a) open or permit to remain open any cash, securities or other account with any bank, custodian or institution other than the Collection Account, the Accounts, the Security Deposit Accounts and Property Accounts that are subject to a Property Account Control Agreement, (b) change or permit to change any account number of the Collection Account, the Accounts or any Property Account, (c) open or permit to remain open any sub-account of the Collection Account (except any Account), the Accounts or any Property Account, (d) permit any funds of Persons other than Borrower or any Borrower TRS to be deposited or held in any of the Collection Account, the Accounts or the Property Accounts or (e) permit any Collections or other proceeds of any Properties to be deposited or held in Borrower's Operating Account other than cash that is distributed to Borrower pursuant to **Section 6.8.1(i)**.

4.2.6 Dissolution, Merger, Consolidation, Etc. Borrower shall not and shall cause each other Loan Party not to (a) engage in any dissolution, liquidation or consolidation or merger with or into any other business entity, (b) engage in any business activity other than the business activity of such Loan Party described on **Schedule IV** or otherwise herein, (c) transfer, lease or sell, in one transaction or any combination of transactions, the assets or all or substantially all of the properties or assets of any Loan Party except to the extent permitted by the Loan Documents, (d) modify, amend, waive or terminate its Constituent Documents or its qualification and good standing in any jurisdiction or (e) cause or permit any SPC Party to (i) dissolve, wind up or liquidate or take any action, or omit to take an action, as a result of which such SPC Party would be dissolved, wound up or liquidated in whole or in part, or (ii) amend, modify, waive or terminate the Constituent Documents of such SPC Party, in each case, without obtaining the prior written consent of Lender.

4.2.7 ERISA Matters. None of the Loan Parties or their ERISA Affiliates shall establish or be a party to any employee benefit plan within the meaning of Section 3(2) of ERISA that is a defined benefit pension plan that is subject to Part III of Subchapter D, Chapter 1, Subtitle A of the Code.

4.2.8 Indebtedness. Borrower shall not and shall cause any Borrower TRS not to create, incur, assume or suffer to exist any indebtedness other than (a) the Debt and (b) unsecured trade payables incurred in the ordinary course of business relating to the ownership and operation of the Properties, which in the case of such unsecured trade payables (i) are not evidenced by a note, (ii) do not exceed, at any time, a maximum aggregate amount of three percent (3%) of the original principal amount of the Loan and (iii) are paid within sixty (60) days of the date incurred (collectively, “**Permitted Indebtedness**”). Borrower shall cause each Guarantor and each other SPC Party not to create, incur, assume or suffer to exist any indebtedness other than indebtedness incurred under the Equity Owner Guaranty, the Borrower GP Guaranty, this Agreement and the other Loan Documents to which Guarantors are a party and unsecured trade payables incurred in the ordinary course of business related to the ownership of (x) with respect to Equity Owner, its limited partnership interest in Borrower and limited liability company interest in Borrower GP, (y) with respect to Borrower GP, its general partnership interest in Borrower and (z) with respect to Equity Owner GP, its general partnership interest in Equity Owner, in each case (A) do not exceed at any one time Ten Thousand and No/100 Dollars (\$10,000.00), and (B) are paid within sixty (60) days after the date incurred (collectively, the “**Guarantor’s Permitted Indebtedness**”). Nothing contained herein shall be deemed to require Borrower, any Borrower TRS or any Guarantor to pay any unsecured trade payables so long as Borrower, such Borrower TRS or such Guarantor, as applicable, is in good faith at its own expense, and by proper legal proceedings, diligently contesting the validity, amount or application thereof, provided that in each case, at the time of commencement of any such action or proceeding, and during the pendency of such action or proceeding (1) no Event of Default is continuing, (2) no Property nor any material part thereof or interest therein will be in danger of being sold, forfeited, terminated, cancelled or lost and (3) such contest operates to suspend collection or enforcement, as the case may be, of the contested amount.

4.2.9 Limitation on Transactions with Affiliates. Borrower shall not and shall cause each other Loan Party and each SPC Party not to enter into, or be a party to any transaction with any Affiliate of the Loan Parties, except for: (a) the Loan Documents; (b) capital contributions by (i) Sponsor to Equity Owner and Equity Owner GP or (ii) Equity Owner and Borrower GP to Borrower; (c) Restricted Junior Payments which are in compliance with **Section 4.2.12**; (d) the Management Agreement; (e) transactions with any Borrower TRS in accordance with the terms of this Agreement, including **Section 4.1.23**; and (f) to the extent not otherwise prohibited under this Agreement, other transactions upon fair and reasonable terms materially no less favorable to the Loan Parties than would be obtained in a comparable arm’s-length transaction with a Person not an Affiliate.

4.2.10 Loan Documents. Borrower shall not and shall cause each other Loan Party not to terminate, amend or otherwise modify any Loan Document, or grant or consent to any such termination, amendment, waiver or consent, except in accordance with the terms thereof.

4.2.11 Limitation on Investments. Borrower shall not and shall cause each other Loan Party and each SPC Party not to make or suffer to exist any loans or advances to, or extend any credit to, purchase any property or asset or make any investment (by way of transfer of property,

contributions to capital, purchase of stock or securities or evidences of indebtedness, acquisition of the business or assets, or otherwise) in, any Affiliate or any other Person except for acquisition of the Properties and related Collateral and Permitted Investments and for creation of a Borrower TRS and contributions of Properties to a Borrower TRS as permitted by **Section 4.1.23**.

4.2.12 Restricted Junior Payments. Borrower shall not and shall cause each other Loan Party and each SPC Party not to make any Restricted Junior Payment; *provided*, that the Loan Parties may make Restricted Junior Payments so long as (a) no Default or Event of Default shall then exist or would result therefrom, (b) such Restricted Junior Payments have been approved by all necessary action on the part of the Loan Parties or SPC Parties, as applicable, and in compliance with all applicable laws and (c) such Restricted Junior Payments are paid from Unrestricted Cash.

4.2.13 Limitation on Issuance of Equity Interests. Borrower shall not and shall cause each other Loan Party and each SPC Party not to issue or sell or enter into any agreement or arrangement for the issuance and sale of any Equity Interests.

4.2.14 Principal Place of Business. Borrower shall not and shall cause each other Loan Party and each SPC Party not to change its principal place of business from the address set forth on the first page of this Agreement without first giving Lender thirty (30) days prior written notice.

4.2.15 Change of Name, Identity or Structure. Borrower shall not and shall cause each other Loan Party and each SPC Party not to change its name, identity (including its trade name or names) or change its organizational structure without notifying Lender of such change in writing at least thirty (30) days prior to the effective date of such change and without first obtaining the prior written consent of Lender, such consent not to be unreasonably withheld, conditioned or delayed. Borrower shall not and shall cause each other Loan Party and each SPC Party not to change its jurisdiction of organization. Prior to or contemporaneously with the effective date of any such change, Borrower shall deliver to Lender any financing statement or financing statement change required by Lender to establish or maintain the validity, perfection and priority of the security interest granted herein. At the request of Lender, Borrower shall and shall cause each other Loan Party and each SPC Party to execute a certificate in form satisfactory to Lender listing the trade names under which such Loan Party or SPC Party intends to operate its business, and representing and warranting that such Loan Party or SPC Party does business under no other trade name.

4.2.16 No Embargoed Persons. At all times throughout the term of the Loan, including after giving effect to any Transfers permitted pursuant to the Loan Documents, Borrower shall ensure that (a) none of the funds or other assets of any Loan Party or any SPC Party shall constitute property of, or shall be beneficially owned, directly or indirectly, by any Person subject to trade restrictions under United States law, including, but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Orders or regulations promulgated thereunder, with the result that the investment in Borrower or Guarantors, as applicable (whether directly or indirectly), would be prohibited by law (each, an “**Embargoed Person**”), or the Loan made by Lender would be in violation of law, (b) no Embargoed Person shall have any interest of any nature whatsoever in any Loan Party or SPC Party with the result that the investment in any Loan Party (whether directly or indirectly), would be prohibited by law or the Loan would

be in violation of law, and (c) none of the funds of any Loan Party or SPC Party shall be derived from any unlawful activity with the result that the investment in such Loan Party or SPC Party (whether directly or indirectly), would be prohibited by law or the Loan would be in violation of law.

4.2.17 Zoning. Borrower shall not, and shall cause each Borrower TRS not to, (a) initiate or consent to any zoning reclassification of any portion of any Property or seek any variance under any existing zoning ordinance that would reasonably be expected to have an Individual Material Adverse Effect on such Property or (b) use or knowingly permit the use of any portion of any Property in any manner that results in any Property or the use thereof becoming non-conforming under any zoning ordinance or any other applicable land use law, rule or regulation, in each case, without the prior written consent of Lender, not to be unreasonably withheld, conditioned or delayed.

4.2.18 Special Purpose Bankruptcy Remote Entity. Borrower shall not and shall cause each other Loan Party and each SPC Party not to directly or indirectly make any change, amendment or modification to its Constituent Documents, or otherwise take any action, which will result in Borrower or any other Loan Party or SPC Party not being a Special Purpose Bankruptcy Remote Entity.

4.2.19 No Joint Assessment. Borrower shall not and shall cause any Borrower TRS not to suffer, permit or initiate the joint assessment of any Property (a) with any other real property constituting a tax lot separate from such Property, and (b) which constitutes real property with any portion of such Property which may be deemed to constitute personal property, or any other procedure whereby the lien of any taxes which may be levied against such personal property shall be assessed or levied or charged to such real property portion of such Property.

Section 4.3 Reporting Covenants. Borrower shall, unless Lender shall otherwise consent in writing, furnish or cause to be furnished to Lender the following reports, notices and other documents:

4.3.1 Financial Reporting. Borrower shall furnish the following financial reports to Lender:

(a) As soon as available and in any event within forty-five (45) days after the end of the first three calendar quarters of each year and within ninety (90) days after the end of the fourth calendar quarter of each year commencing with the first calendar quarter ending after the Closing Date, consolidated balance sheets, statements of operations and retained earnings, and statements of cash flows of Borrower, in each case, as at the end of such quarter and for the period commencing at the end of the immediately preceding calendar year and ending with the end of such quarter, setting forth in each case in comparative form the figures for the corresponding date or period of the immediately preceding calendar year (if any), all in reasonable detail and prepared in accordance with GAAP. Such financial statements shall contain such other information as shall be reasonably requested by Lender for purposes of calculations to be made by Lender pursuant to the terms hereof.

(b) As soon as available, and in any event (i) within ninety (90) days after the end of each calendar year, unaudited copies, and (ii) within 120 days following the end of each calendar year, audited copies, of a balance sheet, statements of operations and retained earnings,

and statement of cash flows of Borrower, in each case, as at the end of such calendar year, setting forth in each case in comparative form the figures for the immediately preceding calendar year (if any), all in reasonable detail and prepared in accordance with GAAP and the inclusion of footnotes to the extent required by GAAP, such audited financial statements to be accompanied by a report and an unqualified opinion, prepared in accordance with generally accepted auditing standards, of an Independent Accountant selected by Borrower that is reasonably acceptable to Lender (which opinion on such consolidated information shall be without (1) any qualification as to the scope of such audit or (2) a "going concern" or like qualification (other than a going concern qualification that relates solely to the near term maturity of the Loans hereunder)), together with a written statement of such accountants (A) to the effect that, in making the examination necessary for their certification of such financial statements, they have not obtained any knowledge of the existence of an Event of Default or a Default and (B) if such accountants shall have obtained any knowledge of the existence of an Event of Default or such Default, describing the nature thereof.

(c) As soon as available, and in any event within forty-five (45) days after the end of each calendar month (i) an operating statement in respect of such calendar month and a calendar year-to-date operating statement for Borrower, (ii) a statement for each Property showing (A) rent roll in respect of such calendar month and calendar year-to-date, (B) expiration date of the related Lease, (C) vacancy status, (D) security deposits maintained, (E) Tenant payment status, (F) Capital Expenditures and repairs and (G) known violations of any Legal Requirements; *provided* that any of the foregoing items may be excluded from such statements if they are included in the Properties Schedule, (iii) an Officer's Certificate certifying that such operating statement and Property statements are true, correct and complete in all material respects as of their respective dates, and (iv) upon Lender's request, other information maintained by Borrower in the ordinary course of business that is reasonably necessary and sufficient to fairly represent the financial position, ongoing maintenance and results of operation of the Properties (on a combined basis) during such calendar month;

(d) Simultaneously with the delivery of the financial statements of Borrower required by *clauses (a) and (b)* above an Officer's Certificate certifying (i) that such statements fairly represent the financial condition and results of operations of Borrower as of the end of such quarter or calendar year (as applicable) and the results of operations and cash flows of Borrower for such quarter or calendar year (as applicable), in accordance with GAAP applied in a manner consistent with that of the most recent audited financial statements of Borrower furnished to Lender, subject to normal year-end adjustments and the absence of footnotes, (ii) stating that such Responsible Officer has reviewed the provisions of this Agreement and the other Loan Documents and has made or caused to be made under his or her supervision a review of the condition and operations of the Relevant Parties with a view to determining whether the Relevant Parties are in compliance with the provisions the Loan Documents to the extent applicable to them, and that such review has not disclosed, and such Responsible Officer has no knowledge of, the existence of an Event of Default or Default or, if an Event of Default or Default exists, describing the nature and period of existence thereof and the action which the Relevant Parties propose to take or have taken with respect thereto and (iii) that as of the date of each Officer's Certificate, no litigation exists involving Borrower or any Property or Properties in which the amount involved is Five Hundred Thousand and No/100 Dollars (\$500,000) (in the aggregate) or more or in which all or substantially all of the potential liability is not covered by insurance, or, if so, specifying such litigation and the actions being taking in relation thereto.

(e) Simultaneously with the delivery of the financial statements required by clauses (a) and (b) above, a reconciliation for the relevant period of net income to Underwritten Net Cash Flow;

(f) Simultaneously with the delivery of the financial statements required by clause (a) above, a duly completed Compliance Certificate, with appropriate insertions, containing the data and calculations set forth on **Exhibit C** ;

(g) Simultaneously with the delivery of the financial statements required by clause (a) above, a certificate executed by a Responsible Officer of Borrower certifying (i) the current Property Tax assessment amounts and Other Charges and HOA Fees payable in respect of each Property, (ii) the payment of all Property Taxes, Other Charges and HOA Fees prior to the date such Property Taxes, Other Charges or HOA Fees become delinquent, subject to any contest conducted in accordance with **Section 4.4.8** and (iii) if an Acceptable Blanket Policy is not in place with respect to all Properties, the monthly cost of the insurance required under **Section 5.1.1** ;

(h) Simultaneously with the delivery of the financial statements required by clause (a) above, a report setting forth a quarterly summary of any and all Capital Expenditures made at each Property during the prior calendar quarter.

4.3.2 Reporting on Adverse Effects. Promptly and in no event more than two (2) Business Days after any Responsible Officer of any Loan Party obtains knowledge of any matter or the occurrence of any event concerning any Loan Party which would reasonably be expected to have a Material Adverse Effect, written notice thereof.

4.3.3 Litigation. Prompt written notice to Lender of any litigation or governmental proceedings pending or to the actual knowledge of a Responsible Officer of any Loan Party or Manager, threatened in writing against any Loan Party, any SPC Party or against Manager with respect to any Property, which would reasonably be expected to have a Material Adverse Effect or an Individual Material Adverse Effect with respect to any Property.

4.3.4 Event of Default. Promptly after any Responsible Officer of any Loan Party or Manager obtains knowledge of the occurrence of each Event of Default or Default (if such Default is continuing on the date of such notice), a statement of a Responsible Officer of Manager setting forth the details of such Event of Default or Default and the action which such Loan Party is taking or proposes to take with respect thereto.

4.3.5 Other Defaults. Promptly and in no event more than two (2) Business Days after any Responsible Officer of any Loan Party or Manager obtains actual knowledge of any default by any Loan Party or SPC Party under any agreement other than the Loan Documents to which such Loan Party or SPC Party is a party which would reasonably be expected to have a Material Adverse Effect, the statement of a Responsible Officer of Manager setting forth the details of such default and the action which such Loan Party or SPC Party is taking or proposes to take with respect thereto.

4.3.6 Properties Schedule. Borrower shall deliver to Lender no later than the tenth (10th) Business Day of each calendar month (a) an updated Properties Schedule containing each of the data fields set forth on **Schedule I.B.** (other than those under the caption "BPO

Values”); *provided* that the information under the caption “Underwritten Net Cash Flow” need only be updated in the Properties Schedule that is delivered for the months of March, June, September and December of each year and (b) a calculation of the monthly turnover rate for the Properties for the prior calendar month, which shall be equal to the number of Properties that became vacant during such calendar month divided by the daily average number of Properties during such calendar month. The foregoing information shall be delivered together with a certificate of a Responsible Officer of Borrower certifying that it is true, correct and complete (i) with respect to the information in the Properties Schedule other than Underwritten Net Cash Flow data, as of the last day of the preceding calendar month, (ii) with respect to the Underwritten Net Cash Flow data in the Properties Schedule, for the calendar quarter ended on the last day of the preceding calendar month and (iii) with respect to the turnover rate of the Properties, for the prior calendar month. In addition, the Borrower shall deliver to Lender no later than sixty (60) days after the end of the first three calendar quarters and within ninety (90) days of the fourth calendar quarter of each year, (A) quarterly supplements to the Properties Schedule which includes the information set forth on *Schedule I.C.* (the “*Supplemental Quarterly Properties Information*”) and the information set forth on *Schedule I.D.* (the “*Quarterly Investor Rollup Report*”), (B) following a Sponsor Public Listing or a Sponsor Public Sale (notice of which shall be provided by Borrower to Lender), an updated Properties Schedule containing each of the data fields set forth on *Schedule I.E.*, updated to reflect the data as of the last day of the related calendar quarter or for the applicable calendar quarter and (C) a calculation of the quarterly turnover rate for the Properties for the prior calendar quarter, which shall be equal to the number of Properties that became vacant during such calendar quarter divided by the daily average number of Properties during such calendar quarter. The foregoing information shall be delivered together with a certificate of a Responsible Officer of Borrower certifying that it is true, correct and complete (1) with respect to the information in the Properties Schedule, as of the last day of the preceding quarter and (2) with respect to the turnover rate of the Properties, for the prior calendar quarter.

4.3.7 Disqualified Properties. Promptly and in no event more than ten (10) Business Days after any Responsible Officer of Borrower or Manager obtains actual knowledge that any Property fails to comply with the Property Representations or the Property Covenants, written notice thereof and the action that Borrower is taking or proposes to take with respect thereto.

4.3.8 Security Deposits.

(a) Within five (5) days of the last day of each calendar month, written notice of the aggregate amount of security deposits deposited into the Security Deposit Account during such month, which notice shall include (i) the identity of each applicable Security Deposit Account (including, the name and identification number of the applicable Security Deposit Account, the name, address and wiring instructions of the financial institution which maintains the Security Deposit Account, and the name of the Person to contact at such financial institution) and (ii) amount of each security deposit allocable to such Security Deposit Account.

(b) Within ten (10) Business Days of Lender’s request therefore, a written accounting of all security deposits of Tenants held in connection with the Leases, including the name and identification number of the accounts in which such security deposits are held, the name and address of the financial institutions in which such security deposits are held and the name of the Person to contact at such financial institution, along with any authority or release necessary for Lender to obtain information regarding such accounts directly from such financial institutions.

4.3.9 ERISA Matters.

(a) As soon as reasonably possible, and in any event within thirty (30) days after the occurrence of any ERISA Event, written notice of, and any requested information relating to such ERISA Event.

(b) As soon as reasonably possible after the occurrence of a Plan Termination Event, written notice of any action that any Loan Party or any of its ERISA Affiliates proposes to take with respect thereto, along with a copy of any notices received from or filed with the PBGC, the IRS or any Multiemployer Plan with respect to such Plan Termination Event, as applicable.

(c) As soon as reasonably possible, and in any event within thirty (30) days after a Responsible Officer of any Loan Party has actual knowledge of, or with respect to any Plan or Multiemployer Plan to which such Loan Party or any of its ERISA Affiliates makes direct contributions has reason to believe, that any of the events or conditions specified below with respect to any Plan or Multiemployer Plan has occurred or exists, a statement signed by a Responsible Officer of Borrower setting forth details respecting such event or condition and the action, if any, that the applicable Loan Party or any of its ERISA Affiliates proposes to take with respect thereto (and a copy of any report or notice required to be filed with or given to PBGC by any such Loan Party or any of its ERISA Affiliates with respect to such event or condition):

(i) any Reportable Event with respect to a Plan, as to which the PBGC has not by regulation or otherwise waived the requirement of Section 4043(a) of ERISA that it be notified within thirty (30) days of the occurrence of such event (provided that a failure to meet the minimum funding standard of Section 412 of the Code or Section 302 of ERISA, including the failure to make on or before its due date a required installment under Section 412(m) of the Code or Section 302(e) of ERISA, shall be a Reportable Event regardless of the issuance of any waivers in accordance with Section 412(d) of the Code); and any request for a waiver under Section 412(d) of the Code for any Plan;

(ii) the distribution under Section 404(c) of ERISA of a notice of intent to terminate any Plan or any action taken by any Loan Party or any of its ERISA Affiliates to terminate any Plan;

(iii) the institution by the PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by Equity Owner GP, any Loan Party or any of their ERISA Affiliates of a notice from a Multiemployer Plan that such action has been taken by PBGC with respect to such Multiemployer Plan;

(iv) the complete or partial withdrawal from a Multiemployer Plan by any Loan Party or any of its ERISA Affiliates, as applicable, that results in liability under Section 4201 or 4204 of ERISA (including the obligation to satisfy secondary liability as a result of a purchaser default) or the receipt by any Loan Party or any of its ERISA Affiliates, as applicable, of notice from a Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA;

(v) the institution of a proceeding by a fiduciary of any Multiemployer Plan against any Loan Party or any of its ERISA Affiliates, as applicable, to enforce Section 515 of ERISA; and

(vi) failure to satisfy Section 436 of the Code.

4.3.10 Periodic Rating Agency Information. Borrower shall, or shall cause Manager to, deliver to the Rating Agencies the information and reports set forth on *Schedule X* (the “*Periodic Rating Agency Information*”) at the times set forth therein.

4.3.11 Other Reports. Borrower shall deliver to Lender, within ten (10) Business Days of the receipt thereof by Borrower, a copy of all material reports prepared by Manager pursuant to the Management Agreement, including, without limitation, the Annual Budget.

(b) Borrower shall deliver to Lender, within ten (10) Business Days of Lender’s request therefor, copies of any requested Property Tax, Other Charge or insurance bills, statements or invoices received by Borrower or any Loan Party with respect to the Properties.

(c) Borrower shall, as soon as reasonably practicable after request by Lender furnish or cause to be furnished to Lender in such manner and in such detail as may be reasonably requested by Lender, such additional information, documents, records or reports as may be reasonably requested with respect to the Property or the conditions or operations, financial or otherwise, of the Relevant Parties.

4.3.12 HOA Reporting.

(a) The Borrower shall deliver to Lender, within twenty-eight (28) days after the end of each calendar quarter, a report (the “*Quarterly HOA Report*”) containing the following information with respect to each Applicable HOA Property, a data tape of such Applicable HOA Property containing the following data fields: (x) the data fields set forth on the Properties Schedule under the captions “Property ID”, “YardiCode”, “Property Name”, “Address (Street)”, “City”, “County”, “State”, “Closest MSA”, and “Zip Code” and (y) the HOA name, the frequency with which payments are due to the HOA, the last HOA payment due date, the next HOA payment due date, the amount owed on the last HOA payment due date, the amount paid on the last HOA payment due date, the amount owed on the next HOA payment due date and payments to the HOA for the applicable Fiscal Year, which such Quarterly HOA Report shall be certified by a Responsible Officer of Borrower as true, correct and complete in all material respects.

(b) On or prior to the Closing Date, Borrower shall have delivered to Lender the Closing Date HOA Opinions and the Closing Date OSN Certificate. Subject to the remainder of this subsection (b), Borrower shall deliver to Lender, within twenty (20) Business Days after the end of each calendar quarter of each year commencing with the calendar quarter ending June 30, 2015, one or more legal opinions (which may be in the form of a bring-down or date-down opinion with respect to an earlier delivered opinion, including, without limitation, any Closing Date HOA Opinion) from a nationally recognized law firm (or one with prominent standing in

the applicable state) specifying with respect to each state in which a Property is located whether such state is an Applicable HOA State (as defined under clause (a) of the definition thereof). Any opinion required to be delivered pursuant to this **Section 4.3.12(b)** may be aggregated with any other opinion required to be delivered to Lender (or Servicer on behalf of Lender) so long as all the states in which Properties are located are included in such opinion or opinions and such opinion or opinions specifically reference this Agreement and otherwise meet the requirements of this **Section 4.3.12(b)**. If, with respect to any state in which a Property is located, (i) Borrower fails to deliver to Lender an opinion pursuant to this **Section 4.3.12(b)**, Lender may in its sole and absolute discretion designate such state an Applicable HOA State by written notice to Borrower or (ii) any opinion delivered to Lender pursuant to this **Section 4.3.12(b)** shall be unsatisfactory to Lender in its reasonable discretion, Lender may request in writing that Borrower obtain a second opinion from a nationally recognized law firm (or one with prominent standing in the applicable state) and deliver such opinion to Lender within twenty (20) Business Days of such written request and (1) if Borrower fails to deliver such a second opinion to Lender, Lender may in its reasonable discretion designate such state an Applicable HOA State by written notice to Borrower or (2) if any such second opinion delivered to Lender shall be unsatisfactory to Lender in its sole and absolute discretion and Lender believes in good faith that such state is an Applicable HOA State (as defined under clause (a) of the definition thereof), Lender may designate such state an Applicable HOA State by written notice to Borrower. In addition, if Lender believes in good faith that any provisions for the subordination of Liens for HOA Fees to the Lien of the Mortgages are unenforceable under the laws of an Applicable HOA State or that such Lien for HOA Fees would be entitled to Priority, Lender may redesignate all affected HOA Properties in such Applicable HOA State as Applicable HOA Properties. On the Closing Date, Lender acknowledges based on the Closing Date HOA Opinions and the Closing Date OSN Certificate that the only Applicable HOA Properties are listed on **Schedule XV**.

(c) If subsequent to the Closing Date there is consummated a securitization of a single borrower single family residential rental financing similar to the transactions contemplated by this Agreement and such financing contains HOA reporting and/or HOA Opinion delivery requirements and/or HOA Funds reserve requirements that are less burdensome to the borrower thereunder than those required by this Agreement (including **Sections 4.3.12**, **4.4.11**, **6.2.3**, **6.2.4** and **Schedule X**), then subject to receipt by Borrower of a Rating Agency Confirmation, Lender at the request of Borrower shall amend this Agreement in a manner consistent with such less burdensome requirements.

Section 4.4 Property Covenants. Borrower shall comply with the following covenants with respect to each Property:

4.4.1 Ownership of the Property. Borrower shall take all necessary action to retain title to the Property and the related Collateral irrevocably in Borrower, free and clear of any Liens other than Permitted Liens. Borrower shall warrant and defend the title to the Property and every part thereof, subject only to Permitted Liens, in each case against the claims of all Persons whomsoever.

4.4.2 Liens Against the Property. Borrower shall not create, incur, assume or permit to exist any Lien on any direct or indirect interest in any Property, except for the Permitted Liens.

4.4.3 Title Insurance for the Property. If a Title Insurance Policy or a Title Insurance Owner's Policy provided in the Property File with respect to the Property initially consists of a

marked or initialed binding commitment, then Borrower shall post a copy to the Property File of a fully issued Title Insurance Policy or Title Insurance Owner's Policy, as applicable, for such Property in the form and with the coverages and endorsements as provided in such marked or initialed binding commitment within one hundred eighty (180) days following the date hereof.

4.4.4 Deeds. If a deed provided in the Property File with respect to the Property does not initially consist of a certified copy of the original conforming recorded deed from the applicable recording office, then Borrower shall post a copy such a deed to the Property File within three hundred sixty (360) days following the date hereof.

4.4.5 Mortgage Documents. If any Mortgage Documents provided in the Property File with respect to the Property initially consists of a copy of such Mortgage Documents in recordable form that have been submitted by the title insurance company for recording in the jurisdiction in which the Property is located, then Borrower shall post a copy to the Property File of a certified or file stamped (in each by the applicable land registry) executed original of such Mortgage Documents within one hundred eighty (180) days following the date hereof.

4.4.6 Condition of the Property. Except if the Property has suffered a Casualty and is in the process of being restored in accordance with **Section 5.4**, Borrower shall keep and maintain in all material respects the Property in a good, safe and habitable condition and repair and free of and clear of any damage or waste, and from time to time make, or cause to be made, in all material respects, all reasonably necessary repairs, renewals, replacements, betterments and improvements thereto, that are necessary to comply with the Renovation Standards and applicable Legal Requirements in all material respects; *provided*, that a Designated Renovation Property need not comply with the Renovation Standards during the time that it is leased to the Tenant who is in occupancy of such Designated Renovation Property as of the Closing Date and for so long thereafter as is reasonably necessary to renovate such Property in accordance with the Renovation Standards.

4.4.7 Compliance with Legal Requirements. The Property (including the leasing and intended use thereof) shall comply in all material respects with all applicable Legal Requirements, including, without limitation, building and zoning ordinances and codes and all certifications, permits, licenses and approvals, including without limitation, certificates of completion and occupancy permits, required for the legal leasing, use, occupancy, habitability and operation of the Property, all such certifications, permits, licenses and approvals shall be maintained in full force and effect, except as would not reasonably be expected to have an Individual Material Adverse Effect on the Property. Borrower shall obtain and maintain in full force and effect all consents, approvals, orders, certifications, permits, licenses and authorizations of, and make all filings with or notices to, any court or Governmental Authority related to the operation, use or leasing of the Property except where the failure to obtain would not reasonably be expected to have an Individual Material Adverse Effect with respect to the Property. Borrower shall not and shall not permit any other Loan Party, any Borrower TRS, any Manager or any other Person in occupancy of or involved with the operation, use or leasing of the Property to commit any act or omission affording any Governmental Authority the right of forfeiture as against the Property or any part thereof.

4.4.8 Property Taxes, Other Charges and HOA Fees. Borrower shall promptly pay or cause to be paid all Property Taxes, Other Charges and HOA Fees now or hereafter levied, assessed or imposed on it as the same become due and payable and shall furnish to Lender

evidence of payment of Property Taxes, Other Charges and HOA Fees prior to the date the same shall become delinquent, and shall promptly pay for all utility services provided to the Property as the same become due and payable (other than any such utilities which are, pursuant to the terms of any Lease, required to be paid by the Tenant thereunder directly to the applicable service provider); *provided* that, after prior written notice to Lender of its intention to contest any such Property Taxes, Other Charges and HOA Fees, such Loan Party may contest by appropriate legal proceedings conducted in good faith and with due diligence, the amount or validity of any such Property Taxes, Other Charges and HOA Fees and, in such event, may permit the Property Taxes, Other Charges and HOA Fees so contested to remain unpaid during any period, including appeals, when a Loan Party is in good faith contesting the same so long as (a) no Event of Default has occurred and remains uncured, (b) such proceeding shall be permitted under and be conducted in accordance with all applicable Legal Requirements, (c) no Property or other Collateral nor any part thereof or interest therein will be in danger of being sold, forfeited, terminated, canceled or lost, (d) the applicable Loan Party has set aside on its books adequate reserves in accordance with GAAP, and the non-payment or non-discharge of such Property Taxes, Other Charges and HOA Fees would not reasonably be expected to have an Individual Material Adverse Effect on the applicable Property, (e) enforcement of the contested Property Taxes, Other Charges and HOA Fees is effectively stayed for the entire duration of such contest and no Lien is imposed on any Property or other Collateral which is reasonably expected to have an Individual Material Adverse Effect, (f) any Property Taxes, Other Charges and HOA Fees determined to be due, together with any interest or penalties thereon, is promptly paid as required after final resolution of such contest, (g) to the extent such Property Taxes, Other Charges and HOA Fees (when aggregated with all other Taxes that any Loan Party is then contesting under this **Section 4.4.8** or **Section 4.1.3** and for which Borrower has not delivered to Lender any Contest Security) exceed Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000), Borrower shall deliver to Lender either (i) cash, or other security as may be approved by Lender, in an amount sufficient to insure the payment of any such Property Taxes, Other Charges and HOA Fees, together with all interest and penalties thereon or (ii) a payment and performance bond in an amount equal to one hundred percent (100%) of the contested amount from a surety acceptable to Lender in its reasonable discretion, (h) failure to pay such Property Taxes, Other Charges and HOA Fees will not subject Lender to any civil or criminal liability, (i) such contest shall not affect the ownership, use or occupancy of any Property, and (j) Borrower shall, upon request by Lender, give Lender prompt notice of the status of such proceedings and/or confirmation of the continuing satisfaction of the conditions set forth in **clauses (a)** through **(j)** of this **Section 4.4.8**. Notwithstanding the foregoing, Borrower shall pay any contested Property Taxes, Other Charges and HOA Fees (or, if cash or other security has been provided, Lender may pay over any such cash or other security held by Lender to the claimant entitled thereto) if, in Lender's reasonable judgment, any Property or other Collateral (or any part thereof or interest therein) shall be in danger of being sold, forfeited, terminated, cancelled or lost or there shall be any danger of the Lien of any Collateral Document being primed by any related Lien.

4.4.9 Compliance with Agreements Relating to the Properties. Borrower shall not enter into any agreement or instrument or become subject to any restriction which would reasonably be expected to have an Individual Material Adverse Effect on any Property. Borrower shall not default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which any Property is bound. Borrower shall not have a material financial obligation under any indenture,

mortgage, deed of trust, loan agreement or other agreement or instrument by which any Property is bound, other than obligations under the Loan Documents. Borrower shall not, and shall cause each Borrower TRS not to, default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Permitted Lien with respect to any Property. No Property nor any part thereof shall be subject to any purchase options, rights of first refusal, rights of first offer or other similar rights in favor of any Tenant or other third parties.

4.4.10 Leasing. Borrower shall not enter into any Lease (including any renewals or extensions of any existing Lease) for any Property unless such Lease is an Eligible Lease.

4.4.11 Verification of HOA Payments. Borrower shall deliver to Lender, within twenty-eight (28) days after the end of each calendar quarter, with respect to each Applicable HOA Property, proof of payment of the paid HOA Fees identified in the corresponding Quarterly HOA Report (whether in the form of cancelled checks, receipts, ACH confirmations, confirmation of electronic payments or other evidence of such payment reasonably satisfactory to Lender) unless such proof of payment has previously been delivered (e.g. quarterly prepayments) as may reflect that as of the end of such calendar quarter no other amounts (except HOA Fees that may be contested in accordance with **Section 4.4.8**) remain then due and payable by Borrower or that Borrower has prepaid or otherwise has a positive credit balance (whether in the form of invoices, payment coupons, account statements, assessment letters, estoppels, receipts or other evidence reasonably satisfactory to Lender).

ARTICLE 5

INSURANCE, CASUALTY AND CONDEMNATION

Section 5.1 Insurance .

5.1.1 Insurance Policies .

(a) Borrower, at its sole cost and expense, shall obtain and maintain during the entire Term, or cause to be maintained, insurance policies for Borrower and the Properties providing at least the following coverages:

(i) comprehensive “all risk” or special causes of loss form insurance, as is available in the insurance market as of the Closing Date, including, but not limited to, loss caused by any type of windstorm (including hail) on the Properties (A) in an amount equal to one hundred percent (100%) of the “full replacement cost”, which for purposes of this Agreement shall mean actual replacement value of the Properties, subject to a loss limit equal to Fifty Million and No/100 Dollars (\$50,000,000) per occurrence; (B) containing an agreed amount endorsement with respect to the Improvements and personal property at any Property waiving all co-insurance provisions or to be written on a no co-insurance form and (C) providing for no deductible in excess of Twenty-Five Thousand and No/100 Dollars (\$25,000) (it being understood that, so long as no Default or Event of Default has occurred and is continuing (1) Borrower may utilize a Five Million and No/100 Dollars (\$5,000,000) aggregate deductible stop loss subject to a Twenty-Five Thousand and No/100 Dollars (\$25,000) per occurrence deductible and a Twenty-Five Thousand and No/100 Dollars (\$25,000) maintenance deductible following

the exhaustion of the aggregate, (2) the aggregate stop loss does not contain any losses arising from named windstorm, earthquake or flood, (3) the perils of named windstorm or flood shall be permitted to have a per occurrence deductible of fifteen percent (15%) of the total insurable value of the Properties subject to a loss (with a minimum deductible of Two Hundred Fifty Thousand and No/100 Dollars (\$250,000) per occurrence for any and all locations), (4) the peril of earth movement including but not limited to earthquake shall be permitted to have a per occurrence deductible of fifteen percent (15%) of the total insurable value of the Properties subject to a loss (with a minimum deductible of Two Hundred Fifty Thousand and No/100 Dollars (\$250,000) per occurrence for any and all locations) and (5) the peril of “other wind and hail” shall be permitted to have a per occurrence deductible of fifteen percent (15%) of the total insurable value of the Properties subject to a loss (with a minimum deductible of Two Hundred Fifty Thousand and No/100 Dollars (\$250,000) per occurrence for any and all locations)). In addition, Borrower shall obtain (x) if any portion of a Property is currently or at any time in the future located in a federally designated “special flood hazard area”, flood hazard insurance in an amount equal to the maximum amount of such insurance available under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994, as each may be amended, plus excess amounts as Lender shall require, (y) named storm insurance in an amount equal to or greater than Twenty-Five Million and No/100 Dollars (\$25,000,000) in all states other than Florida and One Hundred Sixty Million and No/100 Dollars (\$160,000,000) in Florida, provided that such coverage amount shall be increased if a higher coverage amount is indicated (and may be decreased if lower coverage amount is indicated) based upon a storm risk analysis on a 475 year event Probable Maximum Loss (*PML*) or Scenario Expected Limit (*SEL*) (such analysis to be secured by the applicable Borrower utilizing a third-party engineering firm qualified to perform such storm risk analysis using the most current RMS software, or its equivalent, to include consideration of storm surge, if applicable and loss amplification, at the expense of the applicable Borrower at least two times per year or more frequently as may reasonably be requested by Lender and shared with Lender presented by the Properties located in areas prone to named storm activity); and (z) earthquake insurance in an amount equal to or greater than Thirty-Five Million and No/100 Dollars (\$35,000,000) in all states other than California and Washington and Seventy Million and No/100 Dollars (\$70,000,000) in California and Washington, provided that such coverage amount shall be increased if a higher coverage amount is indicated (and may be decreased if lower coverage amount is indicated) based upon a seismic risk analysis on a 475 year event Probable Maximum Loss (PML) or Scenario Expected Limit (*SEL*) (such analysis to be secured by the applicable Borrower utilizing a third-party engineering firm qualified to perform such seismic risk analysis using the most current RMS software, or its equivalent, to include consideration of loss amplification, at the expense of the applicable Borrower at least two times per year or more frequently as may reasonably be requested by Lender and shared with Lender presented by the Properties located in areas prone to seismic activity); *provided* that the insurance pursuant to **subclauses (x) , (y) and (z)** hereof shall be on terms consistent with the comprehensive all risk insurance policy required under this **Section 5.1.1(a)(i)** ; *provided , however* , that with respect to any HOA Property for which an HOA Policy is maintained and which sustains a loss covered by the insurance policies described above, subject to the deductibles described above, the all risk comprehensive insurance policies shall (1) cover the “walls-in” improvements and betterments and actual loss of rents

sustained with respect to any covered loss at such HOA Property, (2) in the event that the insurance proceeds of the HOA Policy are inadequate to pay for the expected cost of the Restoration of such HOA Property, cover the balance of the expected cost of the Restoration by either (A) covering any special assessments that the HOA levies to fully restore property damaged due to a covered loss or (B) in the event that the HOA cannot or does not complete Restoration of an HOA Property damaged due to a covered loss, paying for the greater of (I) the actual cash value of the HOA Property, inclusive of the “walls-out” portion of the building in which the HOA Property is located or (II) the Allocated Loan Amount of such HOA Property, unless in either case such HOA Property is sold “as-is” before Restoration is completed, in either case minus any proceeds actually received by Borrower from any sale of such HOA Property before Restoration is completed, which sale proceeds shall be treated as Net Proceeds and applied to prepay the Allocated Loan Amount of such HOA Property in accordance with **Section 5.4**.

(ii) business income or rental loss insurance, written on an “Actual Loss Sustained Basis” (A) with loss payable to Lender for the benefit of Lenders; (B) covering all risks required to be covered by the insurance provided for in **Section 5.1.1(a)(i)**, **(ii)**, **(iv)** and **(viii)**; (C) in an amount equal to one hundred percent (100%) of the aggregate projected net income from the operation of the Properties for a period of at least twelve (12) months after the date of the Casualty; and (D) containing an extended period of indemnity endorsement which provides that after the physical loss to the Improvements and personal property at a Property has been repaired, the continued loss of income will be insured until such income either returns to the same level it was at prior to the loss, or the expiration of thirty (30) days from the date that the applicable Property is repaired or replaced and operations are resumed, whichever first occurs, and notwithstanding that the policy may expire prior to the end of such period. The amount of such business income or rental loss insurance shall be determined prior to the Closing Date and at least once each year thereafter based on Borrower’s reasonable estimate of the net income from each Property for the succeeding twelve (12) month period. All proceeds payable to Lender pursuant to this subsection shall be held by Lender and shall be applied in Lender’s sole discretion to (x) the Obligations or (y) Operating Expenses approved by Lender in its sole discretion; *provided, however*, that nothing herein contained shall be deemed to relieve Borrower of their obligation to pay the Obligations on the respective dates of payment provided for in this Agreement and the other Loan Documents except to the extent such amounts are actually paid out of the proceeds of such business income insurance;

(iii) at all times during which structural construction, repairs or renovations are being made with respect to any Property, and only if each of the property coverage form and the liability insurance coverage form does not otherwise apply, (A) owner’s contingent or protective liability insurance, otherwise known as Owner Contractor’s Protective Liability (or its equivalent), covering claims not covered by or under the terms or provisions of the above mentioned commercial general liability insurance policy, (B) the insurance provided for in **Section 5.1.1(a)** written in a so-called builder’s risk completed value form including coverage for all insurable hard and soft costs of construction (x) on a non-reporting basis, (y) against all risks insured against pursuant to **Section 5.1.1(a)(i)**, **(iii)**, **(iv)** and **(viii)**, (z) including permission to occupy such Property and (C) with an agreed amount endorsement waiving co-insurance provisions;

(iv) commercial general liability insurance against claims for personal injury, bodily injury, death or property damage occurring upon, in or about any Property, such insurance (A) to be on the so-called "occurrence" form with a combined limit of not less than One Million and No/100 Dollars (\$1,000,000.00) per occurrence; Two Million and No/100 Dollars (\$2,000,000.00) in the aggregate "per location" and overall \$20,000,000.00 in the aggregate; (B) to continue at not less than the aforesaid limit until required to be changed by Lender in writing by reason of changed economic conditions making such protection inadequate and (C) to cover at least the following hazards: (1) premises and operations; (2) products and completed operations on an "if any" basis; (3) independent contractors; (4) blanket contractual liability for all insured contracts and (5) contractual liability covering the indemnities contained in any Loan Document to the extent the same is available;

(v) automobile liability coverage for all owned and non-owned vehicles, including rented and leased vehicles containing minimum limits per occurrence of One Million and No/100 Dollars (\$1,000,000.00);

(vi) if applicable, worker's compensation subject to the worker's compensation laws of the applicable state, and employer's liability in amounts reasonably acceptable to Lender;

(vii) umbrella and excess liability insurance in an amount not less than Fifty Million and No/100 Dollars (\$50,000,000.00) per occurrence and in the aggregate on terms consistent with the commercial general liability insurance policy required under **Section 5.1.1(a)(iv)**, and including employer liability and automobile liability, if required; and

(viii) upon sixty (60) days' written notice, such other reasonable insurance, and in such reasonable amounts as Lender from time to time may reasonably request against such other insurable hazards which at the time are commonly insured against for properties similar to the Properties located in or around the region in which Properties are located.

(b) All insurance provided for in **Section 5.1.1(a)** shall be obtained under valid and enforceable policies (collectively, the "**Policies**" or in the singular, the "**Policy**") and shall be placed per the requirements of Lender as to form and substance, including insurance companies, amounts, deductibles, loss payees and insureds and evidence that the Properties are specifically covered by such policies. Certificates of insurance evidencing the Policies shall be delivered to Lender on the Closing Date with respect to the current Policies in place on the Closing Date. Not less than ten (10) days prior to the expiration dates of the Policies theretofore furnished to Lender, certificates of insurance evidencing the Policies (and, upon the written request of Lender, copies of such Policies) accompanied by evidence satisfactory to Lender of payment of the premiums then due thereunder (the "**Insurance Premiums**"), shall be delivered by Borrower to Lender.

(c) Any blanket insurance Policy shall otherwise provide the same protection as would a separate Policy insuring only the Properties in compliance with the provisions of **Section 5.1.1(a)** (any such blanket policy, an “**Acceptable Blanket Policy**”).

(d) All Policies of insurance provided for or contemplated by **Section 5.1.1(a)**, except for the Policy referenced in **Section 5.1.1(a)(v)**, shall name Borrower as the insured and Lender and its successors and/or assigns as mortgagee and loss payee, as its interests may appear, and in the case of property damage, boiler and machinery, windstorm, flood and earthquake insurance, shall contain a so-called New York standard non-contributing mortgagee clause in favor of Lender providing that the loss thereunder shall be payable to Lender unless below the threshold for Borrower to handle such claim without Lender intervention as provided in **Section 5.2**. Additionally, if Borrower obtains property insurance coverage in addition to or in excess of that required by **Section 5.1.1(a)(i)**, then such insurance policies shall also contain a so-called New York standard non-contributing mortgagee clause in favor of Lender providing that the loss thereunder shall be payable to Lender.

(e) All Policies of insurance provided for in **Section 5.1.1(a)**, except for the Policies referenced in **Section 5.1.1(a)(vi)**, shall contain clauses or endorsements to the effect that:

(i) no act or negligence of Borrower, or anyone acting for Borrower, or of any Tenant or other occupant, or failure to comply with the provisions of any Policy, which might otherwise result in a forfeiture of the insurance or any part thereof, shall in any way affect the validity or enforceability of the insurance insofar as Lender is concerned;

(ii) the Policy shall not be canceled without at least thirty (30) days’ written notice to Lender and any other party named therein as an additional insured (other than in the case of non-payment in which case only ten days prior notice, or the shortest time allowed by applicable Legal Requirement (whichever is longer), will be required) and shall not be materially changed (other than to increase the coverage provided thereby) without such a thirty (30) day notice;

(iii) Lender shall not be liable for any Insurance Premiums thereon or subject to any assessments thereunder; and

(iv) the issuers thereof shall give notice to Lender if a Policy has not been renewed ten (10) days prior to its expiration; and

(f) If at any time Lender is not in receipt of written evidence that all insurance required hereunder is in full force and effect, Lender shall have the right, without notice to Borrower, to take such action as Lender deems necessary to protect its interest in the Properties, including the obtaining of such insurance coverage as Lender in its sole discretion deems appropriate and all premiums incurred by Lender in connection with such action or in obtaining such insurance and keeping it in effect shall be paid by Borrower to Lender upon demand and until paid shall be secured by the Collateral Documents and shall bear interest at the Default Rate.

(g) In the event of foreclosure of the pledge of the Equity Interests of Borrower pursuant to Borrower Security Agreement the Policies shall remain in full force and effect.

5.1.2 Insurance Company. All Policies required pursuant to **Section 5.1.1** shall (a) be issued by financially sound and responsible insurance companies authorized to do business in the states where the applicable Properties are located and having a rating of "A3" or better by Moody's or, if Moody's does not provide a rating of an applicable insurance company, a rating of "A-" or better by S&P or Fitch, *provided, however*, that if Borrower elects to have its insurance coverage provided by a syndicate of insurers, then, if such syndicate consists of five (5) or more members, (i) at least sixty percent (60%) of the insurance coverage (or seventy-five percent (75%) if such syndicate consists of four (4) or fewer members) and one hundred (100%) of the first layer of such insurance coverage shall be provided by insurance companies having a rating of "A3" or better by Moody's or, if Moody's does not provide a rating of an applicable insurance company, a rating of "A-" or better by S&P or Fitch and (ii) the remaining forty percent (40%) of the insurance coverage (or the remaining twenty-five percent (25%) if such syndicate consists of four (4) or fewer members) shall be provided by insurance companies having a rating of "Baa2" by Moody's or, if Moody's does not provide a rating of an applicable insurance company, a rating of "BBB" or better by S&P or Fitch; (b) with respect to all property insurance policies, name Lender and its successors and/or assigns as their interest may appear; (c) with respect to all property insurance policies and rental loss and/or business interruption insurance policies, contain a Lender's Loss Payable Endorsement, or their equivalents, naming Lender as the person to whom all payments made by such insurance company shall be paid; (d) with respect to all liability policies, name Lender and its successors and/or assigns as an additional insured; (e) contain a waiver of subrogation against Lender; (f) contain such provisions as Lender deems reasonably necessary or desirable to protect its interest including endorsements providing that (i) neither Borrower, Lender nor any other party shall be a co-insurer under said Policies, (ii) Lender shall receive at least thirty (30) days prior written notice of any modification, reduction or cancellation, and (iii) for a deductible per loss of an amount not more than that which is customarily maintained by prudent owners of properties with a standard of operation and maintenance comparable to and in the general vicinity of the Properties, but in no event in excess of an amount reasonably acceptable to Lender; and (g) be satisfactory in form and substance to Lender and shall be approved by Lender as to amounts, form, risk coverage, deductibles, loss payees and insureds. In addition to the insurance coverages described in **Section 5.1.1**, Borrower shall obtain such other insurance as may from time to time be reasonably required by Lender in order to protect its interests. Certified copies of the Policies shall be delivered to Lender at the address below (or to such other address or Person as Lender shall designate from time to time by notice to Borrower) on the date hereof with respect to the current Policies and within thirty (30) days after the effective date thereof with respect to all renewal Policies:

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION
383 Madison Avenue, Floor 31
New York, New York 10179
Attention: Chuckie C. Reddy

Borrower shall pay the Insurance Premiums annually in advance as the same become due and payable and shall furnish to Lender evidence of the renewal of each of the Policies with receipts

for the payment of the Insurance Premiums or other evidence of such payment reasonably satisfactory to Lender (*provided, however*, that Borrower shall not be required to pay such Insurance Premiums nor furnish such evidence of payment to Lender in the event that the amounts required to pay such Insurance Premiums have been deposited into the Insurance Account pursuant to **Section 6.3**). Within thirty (30) days after request by Lender, Borrower shall obtain such increases in the amounts of coverage required hereunder as may be reasonably requested by Lender, taking into consideration changes in the value of money over time, changes in liability laws, changes in prudent customs and practices.

5.1.3 Special Insurance Reserve. Notwithstanding anything in this **Section 5.1** to the contrary, Borrower shall be permitted to obtain and maintain insurance policies with deductibles in excess of the amounts specified in this **Section 5.1**, so long as Borrower shall have deposited into and maintains at all times in the Special Insurance Reserve Account an amount equal to the difference between such higher deductible and the applicable deductible specified in this **Section 5.1** (such amount, the “**Excess Deductible**”).

Section 5.2 Casualty. If one or more Properties are damaged or destroyed in whole or in part by fire or other casualty (a “**Casualty**”) and either (i) the aggregate loss amount is or is reasonably expected to exceed \$25,000, or (ii) any damaged Property is or is reasonably expected to be rendered uninhabitable for more than thirty (30) days as a result of the Casualty, then (A) the Borrower is required to file proof of loss under the applicable Policy or Policies and (B) the Borrower shall give prompt notice of the Casualty to the Lender. Lender may, but shall not be obligated to make proof of loss if not made promptly by Borrower. In addition, Lender may participate in any settlement discussions with any insurance companies (and shall approve any final settlement) (x) if an Event of Default is continuing or (y) with respect to any Casualty in which the Net Proceeds or the costs of completing the Restoration are reasonably expected to be equal to or greater than the Casualty Threshold Amount and Borrower shall deliver to Lender all instruments required by Lender to permit such participation. Any Insurance Proceeds in connection with any Casualty (whether or not Lender elects to settle and adjust the claim or Borrower settles such claim) shall be due and payable solely to Lender and held by Lender in accordance with the terms of this Agreement. If Borrower or any party other than Lender receives any Insurance Proceeds or Condemnation Proceeds, Borrower shall immediately deliver such proceeds to Lender and shall endorse, and cause all such third parties to endorse, check payable therefor to the order of Lender. Borrower hereby irrevocably appoints Lender as its attorney-in-fact, coupled with an interest, to endorse any such check payable to the order of Lender. Borrower hereby releases Lender from any and all liability with respect to the settlement and adjustment by Lender of any claims in respect of any Casualty. Solely with respect to any HOA Property for which an HOA provides one or more property insurance policies that covers a Casualty (each an “**HOA Policy**”), the following additional provisions shall apply: (1) Borrower shall first make, or request the HOA to make, a claim with respect to any such Casualty under such HOA Policy or HOA Policies, (2) to the extent Borrower has any right to participate in any settlement discussions with insurance companies or approve any final settlement under the HOA Policies and the loss is greater than \$25,000, Lender shall have the right to participate in any settlement discussions with any such insurance companies and to approve any final settlement to the same extent it has such rights as described above with respect to Borrower’s Policies, (3) to the extent permitted under the HOA Policies, any insurance proceeds of the HOA Policies that relate to such Casualty shall be handled and directed in the same manner as Insurance Proceeds, and (4) in the event that insurance proceeds payable with

respect to such Casualty under the HOA Policies are insufficient to pay the expected costs of completing the Restoration, Borrower shall make a claim under its insurance policies maintained in accordance with **Section 5.1.1**.

Section 5.3 Condemnation. Borrower shall promptly give Lender notice of the actual or threatened commencement of any proceeding for the Condemnation of all or any portion of a Property and shall deliver to Lender copies of any and all papers served in connection with such proceedings. Lender may participate in any such proceedings, and Borrower shall from time to time deliver to Lender all instruments requested by it to permit such participation. Borrower shall, at its expense, diligently prosecute any such proceedings, and shall consult with Lender, its attorneys and experts, and cooperate with them in the carrying on or defense of any such proceedings which is reasonably expected to involve an Award of an amount greater than the Casualty Threshold Amount. Notwithstanding any taking by any public or quasi-public authority through Condemnation or otherwise (including, but not limited to, any transfer made in lieu of or in anticipation of the exercise of such taking), Borrower shall continue to pay the Debt at the time and in the manner provided for its payment in the Note and in this Agreement and the Debt shall not be reduced until any Condemnation Proceeds shall have been actually received and applied by Lender, after the deduction of expenses of collection, to the reduction or discharge of the Debt. If Borrower or any party other than Lender receives any Condemnation Proceeds, Borrower shall immediately deliver such proceeds to Lender and shall endorse, and cause all such third parties to endorse, a check payable therefore to the order of Lender. Lender shall not be limited to the interest paid on the Award by the condemning authority but shall be entitled to receive out of the Award interest at the rate or rates provided herein or in the Note. Net Proceeds from a Condemnation shall be applied as follows:

(a) If a partial Condemnation of a Property does not interfere with the use of such Property as a residential rental property, then the Net Proceeds paid by the condemning authority shall be applied to the prepayment of the Debt in accordance with **Section 2.4.3(c)**.

(b) If a partial Condemnation of a Property does interfere with the use of such Property as a residential rental property or if there occurs a complete Condemnation of a Property (each, a “**Fully Condemned Property**”), then (i) if no Event of Default shall have occurred and be continuing and, within thirty (30) days of the date of the occurrence of such Condemnation, Borrower delivers to Lender a written undertaking to substitute the Fully Condemned Property with a Substitute Property in accordance with the requirements of **Section 2.4.3(a)**, then (A) if Net Proceeds are paid by the condemning authority directly to Borrower subsequent to such substitution, such Net Proceeds may be retained by Borrower (for the avoidance of doubt, Net Proceeds received by Borrower prior to such substitution shall be immediately paid to Lender as required by **Section 5.2**), (B) if Net Proceeds are paid by the condemning authority to Lender, such Net Proceeds will be disbursed by Lender to Borrower upon the consummation of such substitution and (C) Borrower shall provide a Substitute Property within ten (10) Business Days of the date of such undertaking in accordance with the requirements of **Section 2.4.3(a)** and (ii) if an Event of Default shall have occurred and be continuing or Borrower fails to deliver such an undertaking to Lender, then (A) Lender may retain any Net Proceeds received by it, (B) Borrower shall immediately deliver to Lender any Net Proceeds paid to Borrower, (C) Net Proceeds shall be applied to the prepayment of the Debt in accordance with **Section 2.4.3(c)** and (D) Borrower shall prepay the Loan in an amount equal to the positive difference between such Net Proceeds and the Allocated Loan Amount for the

Fully Condemned Property, together with all interest and other amounts required to be paid in connection therewith under **Section 2.4.5** (collectively, the “**Fully Condemned Property Prepayment Amounts**”). Following Borrower’s written request after either (1) the substitution of a Substitute Property for such Fully Condemned Property in accordance with the conditions set forth above or (2) receipt by Lender of the Net Proceeds and payment by Borrower of the Fully Condemned Property Prepayment Amounts, Lender shall release the Fully Condemned Property from the applicable Mortgage Documents and related Lien, provided, that (x) Borrower has delivered to Lender a draft release (and, in the event the Mortgage and the Assignment of Leases and Rents applicable to the Fully Condemned Property encumbers other Property(ies) in addition to the Fully Condemned Property, such release shall be a partial release that relates only to the Fully Condemned Property and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such Fully Condemned Property is located and shall contain standard provisions protecting the rights of Lender and (y) Borrower shall pay all costs, taxes and expenses associated with such release (including, without limitation, cost to file and record the release and Lender’s reasonable attorneys’ fees).

Section 5.4 Restoration. The following provisions shall apply in connection with the Restoration of any Property or Properties affected by a Casualty:

(a) If the Net Proceeds reasonably expected to be received in connection with any single Casualty event is less than the Casualty Threshold Amount, then, (i) if no Event of Default shall have occurred and be continuing and, within sixty (60) days of the date of the occurrence of such Casualty, Borrower delivers to Lender a written undertaking to expeditiously commence and to satisfactorily complete with due diligence the Restoration of the affected Properties in accordance with the terms of this Agreement, then (A) if Net Proceeds are paid by the insurance company directly to Borrower subsequent to delivering such undertaking, such Net Proceeds may be retained by Borrower (for the avoidance of doubt, Net Proceeds received by Borrower prior to delivering such undertaking shall be immediately paid to Lender as required by **Section 5.2**), (B) if Net Proceeds are paid by the insurance company to Lender, such Net Proceeds will be disbursed by Lender to Borrower and (C) Borrower shall conduct the Restoration of the affected Properties in accordance with the terms of **Section 5.4(c)** and (ii) if an Event of Default shall have occurred and be continuing or Borrower fails to deliver such an undertaking to Lender, then (A) Lender may retain any Net Proceeds received by it, (B) Borrower shall immediately deliver to Lender any Net Proceeds paid to Borrower as required by **Section 5.2**, (C) such Net Proceeds shall be applied to the prepayment of the Debt in accordance with **Section 2.4.3(c)**, (D) Borrower shall prepay the Loan in an amount equal to the positive difference between such Net Proceeds and the Allocated Loan Amount for the affected Properties, together with all interest and other amounts required to be paid in connection therewith under **Section 2.4.5**, and (E) following Borrower’s written request and receipt by Lender of the Net Proceeds and payment by Borrower of the amounts set forth in clause (D) above, Lender shall release the affected Properties from the applicable Mortgage Documents and related Liens, provided, that (x) Borrower has delivered to Lender draft releases (and, in the event any of the Mortgages and the Assignments of Leases and Rents applicable to any of the affected Properties encumber other Property(ies) in addition to the affected Properties, such release shall be a partial release that relates only to the affected Property(ies) and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such affected Properties are located and shall contain

standard provisions protecting the rights of Lender and (y) Borrower shall pay all costs, taxes and expenses associated with such release (including, without limitation, cost to file and record the release and Lender's reasonable attorneys' fees).

(b) If the Net Proceeds reasonably expected to be received in connection with any single Casualty event is greater than the Casualty Threshold Amount, then, (i) if no Event of Default shall have occurred and be continuing and, within sixty (60) days of the date of the occurrence of such Casualty, Borrower delivers to Lender a written undertaking to expeditiously commence and to satisfactorily complete with due diligence the Restoration of the affected Properties in accordance with the terms of this Agreement, then (A) Borrower shall immediately deliver to Lender any Net Proceeds paid to Borrower as required by **Section 5.2** and (B) Borrower shall conduct the Restoration of the affected Properties in accordance with the terms of and subject to the conditions of **Section 5.4(d)** and (ii) if an Event of Default shall have occurred and be continuing or Borrower fails to deliver such an undertaking to Lender, then (A) Lender may retain any Net Proceeds received by it, (B) Borrower shall immediately deliver to Lender any Net Proceeds paid to Borrower as required by **Section 5.2**, (C) such Net Proceeds shall be applied to the prepayment of the Debt in accordance with **Section 2.4.3(c)**, (D) Borrower shall prepay the Loan in an amount equal to the positive difference between such Net Proceeds and the Allocated Loan Amount for the affected Properties, together with all interest and other amounts required to be paid in connection therewith under **Section 2.4.5**, and (E) following Borrower's written request and receipt by Lender of the Net Proceeds and payment by Borrower of the amounts set forth in clause (D) above, Lender shall release the affected Properties from the applicable Mortgage Documents and related Liens, provided, that (x) Borrower has delivered to Lender draft releases (and, in the event any of the Mortgages and the Assignments of Leases and Rents applicable to any of the affected Properties encumber other Property(ies) in addition to the affected Properties, such release shall be a partial release that relates only to the affected Property(ies) and does not affect the Liens and security interests encumbering or on the other Property(ies)) in form and substance appropriate for the jurisdiction in which such affected Properties are located and shall contain standard provisions protecting the rights of Lender and (y) Borrower shall pay all costs, taxes and expenses associated with such release (including, without limitation, cost to file and record the release and Lender's reasonable attorneys' fees).

(c) If Borrower elects to undertake the Restoration of a Property or Properties pursuant to **Section 5.4(a)**, (i) Borrower shall commence the Restoration as soon as reasonably practicable (but in no event later than ninety (90) days after such Casualty occurs) and shall diligently pursue the same to satisfactory completion; (ii) Borrower shall cause the affected Property and the use thereof after the Restoration to be in compliance with and permitted under all applicable Legal Requirements and such Property, after Restoration, shall be of the same character as prior to such damage or destruction; (iii) the Restoration shall be done and completed by Borrower in an expeditious and diligent fashion and in compliance with all applicable Legal Requirements and the Renovation Standards and (iv) Borrower shall deliver, or cause to be delivered, to Lender a signed detailed budget approved in writing by Borrower's architect or engineer stating the entire cost of completing the Restoration, which budget shall be reasonably acceptable to Lender.

apply:

(d) If Borrower elects to undertake the Restoration of a Property or Properties pursuant to **Section 5.4(b)**, the following provisions shall

(i) the Net Proceeds shall be made available to Borrower for Restoration upon the determination of Lender that the following conditions are met: (i) Borrower shall commence the Restoration as soon as reasonably practicable (but in no event later than ninety (90) days after such Casualty occurs) and shall diligently pursue the same to satisfactory completion; (ii) Lender shall be satisfied that any operating deficits, including all scheduled payments of principal and interest under the Note, which will be incurred with respect to the Properties as a result of the occurrence of the Casualty, whichever the case may be, will be covered out of (1) the Net Proceeds, (2) the insurance coverage referred to in **Section 5.1.1(a)(ii)**, if applicable, or (3) by other funds of Borrower; (iii) Lender shall be satisfied that the Restoration will be completed on or before the earliest to occur of (1) the date six (6) months prior to the Stated Maturity Date, as extended pursuant to **Section 2.7**, (2) the earliest date required for such completion under the terms of any Lease, (3) such time as may be required under applicable Legal Requirements or (4) six (6) months prior to the expiration of the insurance coverage referred to in **Section 5.1.1(a)(ii)**; (iv) Borrower shall cause the affected Property and the use thereof after the Restoration to be in compliance with and permitted under all applicable Legal Requirements and such Property, after Restoration, shall be of the same character as prior to such damage or destruction; (v) the Restoration shall be done and completed by Borrower in an expeditious and diligent fashion and in compliance with all applicable Legal Requirements and the Renovation Standards; (vi) Borrower shall deliver, or cause to be delivered, to Lender a signed detailed budget approved in writing by Borrower's architect or engineer stating the entire cost of completing the Restoration, which budget shall be reasonably acceptable to Lender and (vii) the Net Proceeds together with any cash or cash equivalent deposited by Borrower with Lender are sufficient in Lender's discretion to cover the cost of the Restoration.

(ii) The Net Proceeds shall be held by Lender in the Casualty and Condemnation Account and, until disbursed in accordance with the provisions of this **Section 5.4(d)**, shall constitute additional security for the Debt and other obligations under the Loan Documents. The Net Proceeds shall be disbursed by Lender to, or as directed by, Borrower from time to time during the course of the Restoration, upon receipt of evidence satisfactory to Lender that (A) all materials installed and work and labor performed (except to the extent that they are to be paid for out of the requested disbursement) in connection with the Restoration have been paid for in full, and (B) there exist no notices of pendency, stop orders, mechanic's or materialman's liens or notices of intention to file same, or any other liens or encumbrances of any nature whatsoever on the Properties which have been fully bonded to the satisfaction of Lender and discharged of record or in the alternative fully insured to the satisfaction of Lender by the title company issuing the Title Insurance Policy.

(iii) All plans and specifications required in connection with the Restoration shall be subject to the prior approval of Lender and an independent consulting engineer selected by Lender (the "**Casualty Consultant**"). Lender shall have the use of the plans and specifications and all permits, licenses and approvals required or obtained in connection with the Restoration. The identity of the contractors, subcontractors and materialmen engaged in the Restoration, as well as the contracts under which they have been engaged, shall be subject to the approval of Lender and the Casualty Consultant. All costs and expenses incurred by Lender in connection with

recovering, holding and advancing the Net Proceeds for the Restoration including, without limitation, reasonable attorneys' fees and disbursements and the Casualty Consultant's fees and disbursements, shall be paid by Borrower.

(iv) In no event shall Lender be obligated to make disbursements of the Net Proceeds in excess of an amount equal to the costs actually incurred from time to time for work in place as part of the Restoration, as certified by the Casualty Consultant, less the Casualty Retainage. The term "**Casualty Retainage**" shall mean, as to each contractor, subcontractor or materialman engaged in the Restoration, an amount equal to ten percent (10%) of the costs actually incurred for work in place as part of the Restoration, as certified by the Casualty Consultant, until the Restoration has been completed. The Casualty Retainage shall in no event, and notwithstanding anything to the contrary set forth above in this **Section 5.4(d)**, be less than the amount actually held back by Borrower from contractors, subcontractors and materialmen engaged in the Restoration. The Casualty Retainage shall not be released until the Casualty Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this **Section 5.4(b)** and that all approvals necessary for the re-occupancy and use of the Property have been obtained from all appropriate Governmental Authorities, and Lender receives evidence satisfactory to Lender that the costs of the Restoration have been paid in full or will be paid in full out of the Casualty Retainage; provided, however, that Lender will release the portion of the Casualty Retainage being held with respect to any contractor, subcontractor or materialman engaged in the Restoration as of the date upon which (x) the Casualty Consultant certifies to Lender that such contractor, subcontractor or materialman has satisfactorily completed all work and has supplied all materials in accordance with the provisions of such contractor's, subcontractor's or materialman's contract, (y) the contractor, subcontractor or materialman delivers the lien waivers and evidence of payment in full of all sums due to the contractor, subcontractor or materialman as may be reasonably requested by Lender or by the title company issuing the Title Insurance Policy, and (z) Lender receives an endorsement to the Title Insurance Policy insuring the continued priority of the Lien of the Mortgage and evidence of payment of any premium payable for such endorsement. If required by Lender, the release of any such portion of the Casualty Retainage shall be approved by the surety company, if any, which has issued a payment or performance bond with respect to the contractor, subcontractor or materialman.

(v) Lender shall not be obligated to make disbursements of the Net Proceeds more frequently than once every calendar month.

(vi) If at any time the Net Proceeds or the undisbursed balance thereof shall not, in the opinion of Lender in consultation with the Casualty Consultant, be sufficient to pay in full the balance of the costs which are estimated by the Casualty Consultant to be incurred in connection with the completion of the Restoration, Borrower shall deposit the deficiency (the "**Net Proceeds Deficiency**") with Lender (for deposit into the Casualty and Condemnation Account) before any further disbursement of the Net Proceeds shall be made. The Net Proceeds Deficiency deposited with Lender shall be deposited by Lender into the Casualty and Condemnation Account and shall be disbursed for costs actually incurred in connection with the Restoration on the same conditions applicable to the disbursement of the Net Proceeds, and until so disbursed pursuant to this **Section 5.4(d)** shall constitute additional security for the Obligations.

(vii) The excess, if any, of the Net Proceeds and the remaining balance, if any, of the Net Proceeds Deficiency deposited with Lender after the Casualty Consultant certifies to Lender that the Restoration has been completed in accordance with the provisions of this **Section 5.4(d)**, and the receipt by Lender of evidence satisfactory to Lender that all costs incurred in connection with the Restoration have been paid in full, shall be remitted by Lender to Borrower, provided no Event of Default shall have occurred and shall be continuing.

(e) All reasonable out-of-pocket costs and expenses incurred by Lender in connection with any Restoration including, without limitation, reasonable attorneys' fees and disbursements, shall be paid by Borrower.

(f) Notwithstanding anything to the contrary set forth in this Agreement, including the provisions of **Section 5.3** or **Section 5.4**, if the Loan is included in a REMIC Trust and, immediately following a release of any portion of the Lien of a Mortgage following a Casualty or Condemnation of a Property (but taking into account any proposed Restoration of the remaining portion of such Property), the ratio of the unpaid principal balance of the Loan to the value of the remaining Properties is greater than one hundred twenty-five percent (125%) (such value to be determined, in Lender's sole discretion, by any commercially reasonable method permitted to a REMIC Trust; and which shall exclude the value of personal property (other than fixtures) or going concern value, if any), the Outstanding Principal Balance must be paid down (by application of the Net Proceeds or Award, as applicable, or if such amounts are not sufficient, by Borrower) by a "qualified amount" as that term is defined in the IRS Revenue Procedure 2010-30, as the same may be amended, replaced, supplemented or modified from time to time, unless Lender receives an opinion of counsel that if such amount is not paid, the applicable Securitization will not fail to maintain its status as a REMIC Trust as a result of the related release of such portion of the Lien of such Mortgage. If and to the extent the preceding sentence applies, only such amount of the net Award or net Insurance Proceeds (as applicable), if any, in excess of the amount required to pay down the principal balance of the Loan may be released for purposes of Restoration or released to Borrower as otherwise expressly provided in **Section 5.3** or **Section 5.4**.

(g) In the event of foreclosure of a Mortgage, or other transfer of title to a Property or Properties in extinguishment in whole or in part of the Debt all right, title and interest of Borrower in and to the Policies that are not blanket Policies then in force concerning such Property or Properties and all proceeds payable thereunder shall thereupon vest in the purchaser at such foreclosure or Lender or other transferee in the event of such other transfer of title.

ARTICLE 6

CASH MANAGEMENT AND RESERVE FUNDS

Section 6.1 Cash Management Arrangements.

6.1.1 Rent Deposit Account and Collection Account. Borrower shall establish and maintain one or more trust accounts for the purpose of collecting Rents (each, a "**Rent**

Deposit Account”) at a local bank selected by Borrower and reasonably approved by Lender which shall be an Eligible Institution (the “**Rent Deposit Bank**”). The Rent Deposit Accounts shall be subject to a Property Account Control Agreement and Borrower and Manager shall have access to and may make withdrawals from any Rent Deposit Account for the sole purpose of making refunds of partial payments of Rents to preserve rights of eviction (as provided below) until the occurrence of an Event of Default, after which Lender may exercise sole control and dominion over each Rent Deposit Account and neither Borrower nor Manager shall have the right of withdrawal from or access to the Rent Deposit Accounts; *provided* that, for the avoidance of doubt, no Property Account Control Agreement shall be required with respect to Security Deposit Accounts. Borrower shall cause all Rents which are paid to or received by Borrower or Manager to be deposited into a Rent Deposit Account or the Collection Account, provided that all Rents are deposited into the Collection Account within three (3) Business Days after receipt thereof by Borrower or Manager. Borrower shall (or instruct Manager to) cause all funds on deposit in a Rent Deposit Account to be deposited into the Collection Account every third (3rd) Business Day (or more frequently in Borrower’s discretion), *provided*, that so long as no Event of Default exists, Borrower may cause Rent Deposit Bank to retain a reasonable amount of funds in the Rent Deposit Accounts (the “**Rent Deposit Account Retained Amount**”) with respect to anticipated overdrafts, charge-backs and refunds of partial payments of Rents to preserve rights of eviction, provided in no event shall the Rent Deposit Account Retained Amount exceed two and one-half percent (2.5%) of the total Rents deposited into the Rent Deposit Accounts during the immediately prior calendar month. Borrower shall cause any Rents which are paid to Borrower or Manager via wire or other electronic means to be deposited directly into a Rent Deposit Account or the Collection Account and, without limitation of the foregoing, Borrower shall notify and advise each current and future Tenant to send all payments of Rent pursuant to an instruction letter in the form of **Exhibit D** attached hereto (a “**Tenant Direction Letter**”). Without the consent of Lender, neither Borrower nor Manager shall terminate, amend, revoke or modify any Tenant Direction Letter in any manner whatsoever, or direct or cause any Tenant to pay any amount in any manner other than as provided in the related Tenant Direction Letter. In the event of any Transfer of any Property, Borrower shall (or shall cause the Manager or the closing title company or escrow agent, as applicable, to) deposit directly into the Collection Account the Net Transfer Proceeds for allocation in accordance with the terms of this Agreement. In addition, Borrower shall, and shall cause Manager to, deposit any other Collections received by or on behalf of Borrower directly into the Collection Account within three (3) Business Days following receipt thereof. Without in any way limiting the foregoing, any Rents and other Collections received by Borrower or Manager shall be deemed to be collateral for the Obligations and shall be held in trust for the benefit, and as the property, of Lender, and such amounts shall not be commingled with any other funds or property of Borrower or Manager. Lender may also establish subaccounts of the Collection Account which shall at all times be Eligible Accounts (and may be ledger or book entry accounts and not actual accounts) (such subaccounts are referred to herein as “**Accounts**”). The Collection Account and all other Accounts shall be subject to the Blocked Account Control Agreement and shall be under the sole control and dominion of Lender, and Borrower shall have no right of withdrawal therefrom. Neither Borrower nor Manager shall have the right of withdrawal with respect to the Collection Account or any Accounts except with the prior written consent of Lender, and neither Borrower, Manager, nor any Person claiming on or behalf of or through Borrower or Manager shall have any right or authority to give instructions with respect to the Collection Account or the Accounts. Borrower acknowledges and agrees that Collection Account Bank shall comply with (i) the instructions originated by Lender with respect to the disposition of funds in the Collection

Account and the Accounts without the further consent of Borrower or Manager or any other Person and (ii) all “entitlement orders” (as defined in Section 8-102(a) (8) of the UCC) and instructions originated by Lender directing the transfer or redemption of any financial asset relating to the Collection Account or any Account without further consent by Borrower or any other Person. The Collection Account and each Account is and shall be treated either as a “securities account”, as such term is defined in Section 8-501(a) of the UCC, or a “deposit account”, as defined in Section 9-102(a)(29) of the UCC. Borrower shall not further pledge, assign or grant any security interest in the Rent Deposit Accounts or the monies deposited therein or permit any lien or encumbrance to attach thereto, or any levy to be made thereon, or any UCC-1 financing statements, except those naming Lender as the secured party, to be filed with respect thereto. Borrower shall indemnify Lender and hold Lender harmless from and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations and costs and expenses (including litigation costs and reasonable attorneys’ fees and expenses) arising from or in any way connected with the Rent Deposit Accounts and/or the related Property Account Control Agreement (unless arising from the gross negligence or willful misconduct of Lender) or the performance of the obligations for which the Rent Deposit Accounts were established.

6.1.2 Investment of Funds in Collection Account, Accounts, and Rent Deposit Account. Sums on deposit in the Collection Account and the Accounts may be invested in Permitted Investments. Lender shall have the right to direct Collection Account Bank to invest sums on deposit in the Collection Account and the Accounts in Permitted Investments. The Collection Account shall be assigned the federal tax identification number of Borrower. Sums on deposit in the Rent Deposit Accounts shall not be invested in Permitted Investments and shall be held solely in cash. The amount of actual losses sustained on a liquidation of a Permitted Investment in the Collection Account or an Account shall be deposited into the Collection Account or the applicable Account, as applicable, by Borrower no later than one (1) Business Day following such liquidation. Borrower shall be responsible for payment of any federal, state or local income or other tax applicable to income earned from Permitted Investments.

6.1.3 Borrower’s Operating Account. Borrower shall establish and maintain an account (the “*Borrower’s Operating Account*”) at a local bank selected by Borrower and reasonably approved by Lender which shall be an Eligible Institution. Borrower may also establish and maintain subaccounts of Borrower’s Operating Account (which may be ledger or book entry accounts and not actual accounts). Borrower’s Operating Account (and any subaccounts thereof) shall be subject to a Property Account Control Agreement in which Borrower and Manager shall have access to and may make withdrawals from Borrower’s Operating Account until the occurrence of an Event of Default, after which Lender may exercise sole control and dominion over Borrower’s Operating Account (and any subaccounts thereof) and neither Borrower nor Manager shall have the right of withdrawal from or access to Borrower’s Operating Account (and any subaccounts thereof).

6.1.4 General. Borrower shall pay for all expenses of opening and maintaining the Collection Account (and the Accounts) and the Property Accounts. There are no other accounts maintained by Borrower or Manager or any other Person other than the Rent Deposit Accounts and the Collection Account into which Rents or any other Collections shall be deposited. So long as the Debt is outstanding, Borrower shall not (and shall not permit Manager or any other Person to) open any other account for the deposit of Rents or any other Collections.

Section 6.2 Tax Funds; HOA Funds.

6.2.1 Deposits of Tax Funds. Borrower shall deposit with Lender (i) on the Closing Date, an amount equal to \$6,847,926.77 and (ii) on each Monthly Payment Date, an amount equal to one-twelfth of the Property Taxes that Lender estimates will be payable during the next ensuing twelve (12) months, in order to accumulate sufficient funds to pay all such Property Taxes prior to their respective due dates, which amounts shall be transferred into an Account (the “**Tax Account**”). Amounts deposited from time to time into the Tax Account pursuant to this **Section 6.2.1** are referred to herein as the “**Tax Funds**”. If at any time Lender reasonably determines that the Tax Funds will not be sufficient to pay the Property Taxes, Lender shall notify Borrower of such determination and, commencing with the first Monthly Payment Date following Borrower’s receipt of such written notice, the monthly deposits for Property Taxes shall be increased by the amount that Lender estimates is sufficient to make up the deficiency at least ten (10) days prior to the respective due dates for the Property Taxes; *provided*, that if Borrower receives notice of any deficiency after the date that is ten (10) days prior to the date that Property Taxes are due, Borrower will deposit with or on behalf of Lender such amount within one (1) Business Day after its receipt of such notice.

6.2.2 Release of Tax Funds. Provided no Event of Default is continuing, Lender shall apply Tax Funds in the Tax Account to reimburse Borrower for payments of Property Taxes made by Borrower after delivery by Borrower to Lender of evidence of such payment reasonably acceptable to Lender. If the amount of the Tax Funds shall exceed the amounts due for Property Taxes, Lender shall, in its sole discretion, return any excess to Borrower or credit such excess against future payments to be made to the Tax Funds. Any Tax Funds remaining in the Tax Account after the Obligations have been paid in full shall be returned to Borrower. Provided no Default or Event of Default exists, the Tax Funds reserved for any Property will be released upon a permitted sale and release of such Property in accordance with the terms hereof.

6.2.3 Deposits of HOA Funds. Borrower shall deposit with Lender on the Closing Date, an amount equal to the HOA Fees that Lender estimates will be payable with respect to all Applicable HOA Properties during the next ensuing twelve (12) months (initially, \$97,247.40) which amounts shall be transferred into a subaccount established at the Collection Account Bank to hold such funds (the “**HOA Subaccount**”). Amounts deposited from time to time into the HOA Subaccount pursuant to this **Section 6.2.3** are referred to herein as the “**HOA Funds**”. If at any time Lender reasonably determines that the HOA Funds will not be sufficient to pay the HOA Fees for the Applicable HOA Properties for the next ensuing twelve (12) months, Lender shall notify Borrower of such determination and, within thirty (30) days following Borrower’s receipt of such written notice, Borrower shall deposit with Lender for transfer into the HOA Subaccount an amount that Lender estimates is sufficient to make up the deficiency.

6.2.4 Release of HOA Funds. If at any time Lender believes in good faith that HOA Fees due and payable to an HOA for any HOA Property have become delinquent, Lender shall in its sole and absolute discretion apply the HOA Funds to pay such HOA Fees. If the amount of the HOA Funds shall exceed the HOA Fees that Lender estimates will be payable with respect to all Applicable HOA Properties during the next ensuing twelve (12) months, Lender shall, in its sole discretion, return any excess to Borrower or credit such excess against future payments to be made to the HOA Funds. Any HOA Funds remaining in the HOA Subaccount

after the Obligations have been paid in full shall be returned to Borrower. Provided no Default or Event of Default exists, the HOA Funds reserved for any Applicable HOA Property shall be released upon a permitted sale and release of such Property in accordance with the terms hereof.

Section 6.3 Insurance Funds.

6.3.1 Deposits of Insurance Funds. Borrower shall deposit with or on behalf of Lender on each Monthly Payment Date, an amount equal to one-twelfth of the Insurance Premiums that Lender estimates will be payable for the renewal of the coverage afforded by the Policies upon the expiration thereof, in order to accumulate sufficient funds to pay all such Insurance Premiums prior to the expiration of the Policies, which amounts shall be transferred into an Account established at the Collection Account Bank to hold such funds (the “**Insurance Account**”). Amounts deposited from time to time into the Insurance Account pursuant to this **Section 6.3.1** are referred to herein as the “**Insurance Funds**”. If at any time Lender reasonably determines that the Insurance Funds will not be sufficient to pay the Insurance Premiums, Lender shall notify Borrower of such determination and the monthly deposits for Insurance Premiums shall be increased by the amount that Lender estimates is sufficient to make up the deficiency at least thirty (30) days prior to expiration of the Policies.

6.3.2 Release of Insurance Funds. Provided no Event of Default is continuing, Lender shall apply Insurance Funds in the Insurance Account to timely pay, or reimburse Borrower for payments of, Insurance Premiums. If the amount of the Insurance Funds shall exceed the amounts due for Insurance Premiums, Lender shall, in its sole discretion, return any excess to Borrower or credit such excess against future payments to be made to the Insurance Funds. Any Insurance Funds remaining in the Insurance Account after the Obligations have been paid in full shall be returned to Borrower. Provided no Default or Event of Default exists, the Insurance Funds reserved for any Property will be released upon a permitted sale and release of such Property in accordance with the terms hereof.

6.3.3 Acceptable Blanket Policy. Notwithstanding anything to the contrary contained in **Section 6.3.1**, in the event that an Acceptable Blanket Policy is in effect with respect to the Policies required pursuant to **Section 5.1.1**, deposits into the Insurance Account required for Insurance Premiums pursuant to **Section 6.3.1** shall be suspended to the extent that Insurance Premiums relate to such Acceptable Blanket Policy. As of the date hereof, an Acceptable Blanket Policy is in effect with respect to the Policies required as of the Closing Date pursuant to **Section 5.1.1**.

Section 6.4 Capital Expenditure Funds.

6.4.1 Deposits of Capital Expenditure Funds. Borrower shall deposit with or on behalf of Lender on each Monthly Payment Date, an amount equal to one-twelfth of the product of (i) \$750 multiplied by (ii) the number of Properties to which the Loan is applicable, in order to accumulate sufficient funds, for annual Capital Expenditures, which amounts shall be transferred into an Account (the “**Capital Expenditure Account**”). Amounts deposited from time to time into the Capital Expenditure Account pursuant to this **Section 6.4.1** are referred to herein as the “**Capital Expenditure Funds**”.

6.4.2 Release of Capital Expenditure Funds. Provided no Event of Default is continuing, Lender shall disburse Capital Expenditure Funds out of the Capital Expenditure

Account to pay for Capital Expenditures or to reimburse Borrower for Capital Expenditures actually paid for by Borrower, provided that: (i) such disbursement is for an Approved Capital Expenditure, (ii) the request for disbursement is accompanied by (A) an Officer's Certificate from Borrower (1) stating that the items to be funded by the requested disbursement are Approved Capital Expenditures, and a description thereof, (2) stating that all Approved Capital Expenditures to be funded by the requested disbursement have been completed (or completed to the extent of the requested disbursement) in a good and workmanlike manner and in accordance with all applicable Legal Requirements and the Renovation Standards and, (3) stating that the Approved Capital Expenditures to be funded from the disbursement in question have not been the subject of a previous disbursement have been paid for by Borrower and (iii) for any individual expenditure greater than Twenty-Five Thousand and No/100 Dollars (\$25,000), Borrower has delivered to Lender copies of any invoices, bills or statements related to such Approved Capital Expenditures that are requested by Lender. For the avoidance of doubt, Borrower shall not be entitled to receive a distribution of Capital Expenditure Funds for expenses related to the refurbishment or repair of a Property to the extent that Borrower has been or will be entitled to reimbursement for such expenses from a Tenant's security deposit.

Section 6.5 Special Insurance Reserve Account .

(a) Deposit of Special Insurance Reserve Funds . If pursuant to **Section 5.1.3** Borrower elects maintain insurance policies with deductibles in excess of the amounts required by **Section 5.1.1** , Borrower shall deposit into and maintain in an Account (the "**Special Insurance Reserve Account** ") an aggregate amount equal to the difference between deductibles in respect of insurance policies maintained by Borrower that are in excess of the levels required by **Section 5.1.1** . Amounts deposited from time to time into the Special Insurance Reserve Account pursuant to this **Section 6.5** are referred to herein as the "**Special Insurance Reserve Funds**".

(b) Release of Special Insurance Reserve Funds. Provided no Event of Default is continuing, in the event of a Casualty, Lender shall disburse to Borrower Special Insurance Reserve Funds in the amount of the applicable Excess Deductible within five (5) Business Days of receipt by Lender of written request therefor by Borrower; *provided* that if Borrower continues to maintain insurance policies with Excess Deductibles, then no disbursement shall be made to the extent such disbursement would result in the Special Insurance Reserve Funds on deposit in the Special Insurance Reserve Account to be less than the aggregate amount of the Excess Deductibles.

Section 6.6 Casualty and Condemnation Account. Borrower shall pay, or cause to be paid, to Lender all Insurance Proceeds or Awards due to any Casualty or Condemnation in accordance with the provisions of **Section 5.2** and **Section 5.3** , which amounts shall be transferred into an Account (the "**Casualty and Condemnation Account** "). Amounts deposited from time to time into the Casualty and Condemnation Account pursuant to this **Section 6.6** are referred to herein as the "**Casualty and Condemnation Funds**". All Casualty and Condemnation Funds shall be held, disbursed and/or applied in accordance with the provisions of **Section 5.3** or **Section 5.4** , as applicable.

Section 6.7 Cash Collateral Reserve.

6.7.1 Cash Collateral Account. If a Trigger Period shall be continuing, all Available Cash (after payment of the Monthly Budgeted Amount and any Approved Extraordinary Operating Expenses in accordance with **Section 6.8.1**) shall be paid to Lender, which amounts shall be transferred by Lender into an Account (the “**Cash Collateral Account**”) to be held by Lender as cash collateral for the Debt. Amounts on deposit from time to time in the Cash Collateral Account pursuant to this **Section 6.7** are referred to as the “**Cash Collateral Funds**”. Lender shall have the right, but not the obligation, at any time during the continuance of an Event of Default, in its sole and absolute discretion to apply any and all Cash Collateral Funds then on deposit in the Cash Collateral Account to the Debt, in such order and in such manner as Lender shall elect in its sole and absolute discretion, including to make a prepayment of principal to cause the Debt Yield to meet the Low Debt Yield Trigger (together with the applicable Spread Maintenance Premium, if any, applicable thereto) or any other amounts due hereunder.

6.7.2 Withdrawal of Cash Collateral Funds. Provided no Default or an Event of Default hereunder is continuing and there is an amount exceeding Five Million Dollars (\$5,000,000) on deposit in the Cash Collateral Account (the “**Cash Collateral Floor**”), Lender shall make disbursements from the Cash Collateral Account of Cash Collateral Funds in excess of the Cash Collateral Floor to pay costs and expenses in connection with the ownership, management and/or operation of the Properties to the extent such amounts are not otherwise paid pursuant to **Section 6.8.1** or by Manager pursuant to the Management Agreement for the following items: (i) Operating Expenses including Management Fees (subject to discretionary Operating Expenses being within a five percent (5%) variation of an Approved Annual Budget), (ii) emergency repairs and/or life-safety items (including applicable Capital Expenditures for such purpose), (iii) Capital Expenditures set forth in an Approved Annual Budget (subject to a five percent (5%) variation for Capital Expenditures in such Approved Annual Budget), (iv) legal, audit and accounting costs associated with the Properties or Borrower, excluding legal fees incurred in connection with the enforcement of Borrower’s rights pursuant to the Loan Documents, (v) payment of Debt Service on the Loan, (vi) voluntary or mandatory prepayment of the Loan (together with any applicable Spread Maintenance Premium), including, without limitation, any Debt Yield Cure Prepayment, and (vii) expenses and shortfalls relating to Restoration; *provided* that no disbursements shall be made from the Cash Collateral Account for any of the Operating Expenses or Capital Expenditures described in the foregoing clauses (i) through (iv) to the extent amounts for such Operating Expenses or Capital Expenditures have been distributed to Borrower from the Collection Account under **Section 6.8.1(i)(B)**, or may be distributed to Borrower from the Tax Account, the Insurance Account or the Capital Expenditure Account, as applicable.

6.7.3 Release of Cash Collateral Funds. Provided no Trigger Period is continuing as of two (2) consecutive Calculation Dates, Lender shall release Cash Collateral Funds in the Cash Collateral Account to Borrower; provided, that in the event of a Debt Yield Cure Prepayment, Lender shall release Cash Collateral Funds in the Cash Collateral Account to Borrower within one (1) Business Day of the date of such Debt Yield Cure Prepayment.

Section 6.8 Property Cash Flow Allocation.

6.8.1 Order of Priority of Funds in Collection Account. On each Monthly Payment Date during the Term, except during the continuance of an Event of Default, Collections on deposit in the Collection Account on such day shall be applied on such Monthly Payment Date in the following order of priority:

(a) *first*, to the applicable Security Deposit Account, the amount of any security deposits that have been deposited into the Collection Account by Borrower during the calendar month ending immediately prior to such Monthly Payment Date, as set forth in a written notice from Borrower to Lender delivered pursuant to **Section 4.3.8**;

(b) *second* , to the Tax Account, to make the required payments of Tax Funds as required under **Section 6.2** ;

(c) *third* , to the Insurance Account, to make any required payments of Insurance Funds as required under **Section 6.3** ;

(d) *fourth* , to Lender, funds sufficient to pay the Monthly Debt Service Payment Amount, applied (A) *first* , to the payment of interest then due and payable on Component A, (B) *second* , to the payment of interest then due and payable on Component B, (C) *third* , to the payment of interest then due and payable on Component C, (D) *fourth* , to the payment of interest then due and payable on Component D, (E) *fifth* , to the payment of interest then due and payable on Component E, (F) *sixth* , to the payment of interest then due and payable on Component F, and (G) *seventh* , to the payment of interest then due and payable on Component G;

(e) *fifth* , to the Manager, management fees payable for the calendar month ending immediately prior to such Monthly Payment Date, but not in excess of six percent (6%) of gross Rents collected during such calendar month;

(f) *sixth* , to the Capital Expenditure Account, to make the required payments of Capital Expenditure Funds as required under **Section 6.4** ;

(g) *seventh* , to Lender, any other fees, costs, expenses (including Trust Fund Expenses) or indemnities then due or payable under this Agreement or any other Loan Document;

(h) *eighth* , to Lender the amount of any mandatory prepayment of the Outstanding Principal Balance pursuant to **Sections 2.4.3** then due and payable and all other amounts payable in connection therewith, such amounts to be applied in the manner set forth in **Section 2.4.5(d)** ;

(i) *ninth* , all amounts remaining after payment of the amounts set forth in clauses (a) through (h) above (the “ **Available Cash** ”) either:

(A) if as of a Monthly Payment Date no Low Debt Yield Period is continuing, any remaining amounts to Borrower’s Operating Account; and

(B) if as of a Monthly Payment Date a Low Debt Yield Period is continuing:

(1) *first* , to Borrower’s Operating Account, funds in an amount equal to the Monthly Budgeted Amount;

(2) *second* , to Borrower's Operating Account, payments for Approved Extraordinary Operating Expenses, if any; and

(3) *third* , to the Cash Collateral Account to be held or disbursed in accordance with **Section 6.7** .

6.8.2 Application During Event of Default . Notwithstanding anything to the contrary contained herein (including this **Article 6**), upon the occurrence and during the continuance of an Event of Default, Lender, at its option, may apply any Collections then in the possession of Lender, Servicer or the Collection Account Bank (including any Reserve Funds on deposit in the Accounts) or any Property Account Bank to the payment of the Debt in such order, proportion and priority as Lender may determine in its sole and absolute discretion. Lender's right to withdraw and apply any of the foregoing funds shall be in addition to all other rights and remedies provided to Lender under the Loan Documents.

6.8.3 Annual Budget . Prior to the date hereof, Borrower has submitted and Lender has approved an Annual Budget for the 2015 calendar year (the "**Approved Initial Budget** "). Borrower shall submit to Lender by November 1 of each year the Annual Budget relating to the Properties for the succeeding Fiscal Year. During the continuance of a Trigger Period, Lender shall have the right to approve each Annual Budget (which approval shall not be unreasonably conditioned, delayed or withheld so long as no Event of Default is continuing). An Annual Budget approved by Lender during a Trigger Period or any Annual Budget submitted prior to the commencement of a Trigger Period, shall each hereinafter be referred to as an "**Approved Annual Budget** ". In the event of a Transfer of any Property the Approved Annual Budget shall be reduced as reasonably determined by Lender in consultation with Borrower in order to reflect the removal of such Property and the Operating Expenses associated therewith; *provided, further* , that no such reduction shall be made in the event such Transfer is made in connection with a substitution under **Section 2.4.3(a)** . If Lender has the right to approve an Annual Budget pursuant to this **Section 6.8.3** , neither Borrower nor Manager shall change or modify the Annual Budget that has been approved by Lender without the prior written consent of Lender (which consent shall not be unreasonably withheld, conditioned or delayed so long as no Event of Default is continuing). The "**Monthly Budgeted Amount** " for each Monthly Payment Date shall mean the monthly amount set forth in the Approved Annual Budget for Operating Expenses and Capital Expenditures for the Interest Period related to such Monthly Payment Date. If during any Trigger Period, Borrower has submitted an Annual Budget and such Annual Budget has not been approved prior to the commencement of the calendar year to which such budget relates then the previous Approved Annual Budget shall continue to be deemed to be the Approved Annual Budget for that calendar year, except that the line item for Capital Expenditures shall not exceed the Capital Expenditures set forth in the Approved Initial Budget.

6.8.4 Extraordinary Operating Expenses . During any Low Debt Yield Period, in the event that Borrower incurs or is required to incur an extraordinary operating expense not set forth in the Approved Annual Budget relating to the Properties (each an "**Extraordinary Operating Expense** "), then Borrower shall promptly deliver to Lender a reasonably detailed explanation of such proposed Extraordinary Operating Expense for Lender's approval. Any Extraordinary Operating Expense approved by Lender is referred to herein as an "**Approved Extraordinary Operating Expense** ". Any Funds distributed to Borrower for the payment of Approved Extraordinary Operating Expenses pursuant to **Section 6.8.1** shall be used by Borrower only to pay for such Approved Extraordinary Operating Expenses or reimburse Borrower for such Approved Extraordinary Operating Expenses, as applicable.

Section 6.9 Security Interest in Reserve Funds. As security for payment of the Debt and the performance by Borrower of all other terms, conditions and provisions of the Loan Documents, Borrower hereby pledges and assigns to Lender, and grants to Lender a security interest in, all Borrower's right, title and interest in and to all (collectively, the "**Account Collateral**") (i) Collections, (ii) any and all Permitted Investments, (iii) in and to all payments to, cash, checks, drafts, letters of credit, certificates and instruments from time to time held in the Property Accounts, the Collection Account and/or Accounts (collectively, the "**Cash Management Accounts**"), (iv) all interest, dividends, cash, instruments, investment property and other property from time to time received, receivable or otherwise payable in respect of, or in exchange for, any or all of the foregoing, and (v) to the extent not covered by **clauses (i), (ii), (iii) or (iv)** above, all "proceeds" (as defined under the UCC) of any or all of the foregoing. Borrower hereby grants to Lender a continuing security interest in, and agrees to hold in trust for the benefit of Lender, all Rents and other Collections in its possession prior to the (x) payment of such Collections to Lender or (y) deposit of such Collections into a Rent Deposit Account or Collection Account, as applicable. Borrower shall not, without obtaining the prior written consent of Lender, further pledge, assign or grant any security interest in any Cash Management Account, or permit any Lien to attach thereto, or any levy to be made thereon, or any UCC Financing Statements, except those naming Lender as the secured party, to be filed with respect thereto. This Agreement is, among other things, intended by the parties to be a security agreement for purposes of the UCC. Upon the occurrence and during the continuance of an Event of Default, Lender may apply any sums in any Cash Management Account in any order and in any manner as Lender shall elect in Lender's discretion without seeking the appointment of a receiver and without adversely affecting the rights of Lender to foreclose the Lien of any Mortgage Documents, Borrower Security Agreement or exercise its other rights under any other Loan Documents. Provided no Event of Default exists, all interest which accrues on the funds in the Collection Account or any Account (other than the Tax Account and the Insurance Account) shall accrue for the benefit of Borrower and shall be taxable to Borrower and shall be added to and disbursed in the same manner and under the same conditions as the principal sum on which said interest accrued. Upon repayment in full of the Debt, all remaining funds in the Collection Account and the Accounts, if any, shall be promptly disbursed to Borrower.

Section 6.10 Eligibility Reserve Account.

(a) Deposit of Eligibility Funds. If Borrower shall be required to make a prepayment in respect of any Property pursuant to **Section 2.4.3(a)** (other than in the case of any Property that constitutes a Disqualified Property due to the occurrence of a Voluntary Action in respect thereof), Borrower shall have an option to deposit into an Account (the "**Eligibility Reserve Account**") an amount equal to one hundred percent (100%) of the Allocated Loan Amount for any such Property ("**Eligibility Funds**"), provided that Borrower provides Lender with written notice of any such Eligibility Funds and, no later than the due date for the prepayment required under **Section 2.4.3(a)**, delivers such Eligibility Funds with Lender for deposit to the Eligibility Reserve Account.

(b) Release of Eligibility Funds. Provided no Default or Event of Default exists, Lender shall disburse the Eligibility Funds with respect to a Property to Borrower upon (i) the sale of such Property and payment in full of the applicable Release Amount, (ii) upon such

Property becoming an Eligible Property or (iii) upon the substitution of the applicable Disqualified Property with a Substitute Property in accordance with the conditions of **Section 2.4.3(a)** .

Section 6.11 Release of Reserve Funds Generally. Notwithstanding anything to the contrary contained in this **Article 6** , disbursements of Reserve Funds to Borrower shall only occur on the Reserve Release Date after receipt by Lender of a Reserve Release Request from Borrower not less than five (5) Business Days prior to such date; *provided* , that if the amount of Reserves to be released to Borrower on any Reserve Release Date is less than the Minimum Disbursement Amount, then such Reserves shall continue to be maintained in the Reserve Accounts until the next Reserve Release Date on which an amount equal to or greater than the Minimum Disbursement Amount is available for disbursement or until the payment in full of the Obligations.

ARTICLE 7

PERMITTED TRANSFERS

Section 7.1 Permitted Transfers. Notwithstanding anything to the contrary contained in **Section 4.2.3** , the following Transfers (herein, the “**Permitted Transfers**”) shall be permitted hereunder without Lender’s consent:

- (a) an Eligible Lease entered into in accordance with the Loan Documents;
- (b) a Permitted Lien or any other Lien expressly permitted under the terms of the Loan Documents;
- (c) a Transfer of a Property in accordance with **Section 2.5** ;
- (d) a substitution of a Property for a Substitute Property in accordance with **Section 2.4.3** or **Section 5.3(b)** , as applicable;

(e) the Transfer of any direct or indirect legal or beneficial interests in any Public Vehicle, including a Public Vehicle that exists on the date hereof or a Public Vehicle which acquires a direct or indirect legal or beneficial interest in Borrower and each other Loan Party after the Closing Date in accordance with the terms of this **Section 7.1** ;

(f) a Transfer of any direct or indirect interest in Borrower or any other Loan Party provided that:

(i) after giving effect to such Transfer, a Qualified Transferee (A) shall own not less than fifty-one percent (51%) of the direct or indirect legal and beneficial interests in Borrower and the other Loan Parties and (B) shall continue to Control (directly or indirectly) Borrower, each other Loan Party and each SPC Party;

(ii) Lender shall receive notice of any Transfer described in this **Section 7.1(f)** not less than (x) if the Qualified Transferee referenced in clause (i) above is not the Sponsor, ten (10) Business Days prior to the consummation thereof or (y) if the Qualified Transferee referenced in clause (i) above is the Sponsor, thirty (30) days

following the consummation thereof, but the failure to deliver the notice referred to in this clause (y) shall not constitute an Event of Default unless such failure continues for ten (10) Business Days following notice of such failure from Lender;

(iii) each of Borrower, Equity Owner GP, Equity Owner, Borrower GP and each SPC Party shall each continue to be a Special Purpose Bankruptcy Remote Entity;

(iv) after giving effect to such Transfer (A) Borrower GP shall remain the sole general partner of Borrower owning not less than one percent (1.0%) of the partnership interest in Borrower, (B) Equity Owner shall remain the sole limited partner of Borrower and the sole member of Borrower GP, (C) Equity Owner GP shall remain the sole general partner of Equity Owner owning not less than one percent (1.0%) of the partnership interest in Equity Owner and (D) Borrower shall remain the sole member of any Borrower TRS;

(v) the Properties shall continue to be managed by Existing Manager or by a Qualified Manager pursuant to a Replacement Management Agreement;

(vi) if such Transfer shall cause more than forty-nine percent (49%) of the direct or indirect interests in Borrower, any other Loan Party or any SPC Party to be owned by any Person and its Affiliates that owned less than forty-nine percent (49%) of the direct or indirect interest in Borrower, any other Loan Party or any SPC Party prior to such Transfer, Borrower shall deliver (or cause to be delivered) to Lender a substantive non-consolidation opinion in form and substance reasonably satisfactory to Lender and satisfactory to the applicable Rating Agencies;

(vii) notwithstanding the foregoing, no Transfer of any direct interest in Borrower or any other Loan Party which constitutes a portion of the Collateral shall be permitted; and

(viii) so long as the Loan is outstanding, (A) no pledge or other encumbrance of any direct interests in any Restricted Pledge Party (other than pledges securing the Obligations pursuant to the Collateral Documents) shall be permitted, except that a pledge of the direct ownership interests in the most upper-tier Restricted Pledge Party shall be permitted if such pledge directly or indirectly secures indebtedness that is also directly or indirectly secured by substantial assets other than the Collateral, and (B) no Restricted Pledge Party shall issue preferred equity that has the characteristics of mezzanine debt (such as a fixed maturity date, regular payments of interest, a fixed rate of return and rights of the equity holder to demand repayment of its investment); and

(g) a Sponsor Public Listing or a Sponsor Public Sale provided that:

(i) if after giving effect to any such Sponsor Public Listing or Sponsor Public Sale, more than forty-nine percent (49%) of the direct or indirect interest in Borrower, any Loan Party or any SPC Party is owned by any Person and its Affiliates that owned less than forty-nine percent (49%) of the direct or indirect interest in Borrower, any other Loan Party or any SPC Party prior to such Transfer, Borrower shall deliver (or cause to be delivered) to Lender a substantive non-consolidation opinion in form and substance reasonably satisfactory to Lender and satisfactory to the applicable Rating Agencies;

(ii) each of Borrower, Equity Owner GP, Equity Owner, Borrower GP and each SPC Party shall each continue to be a Special Purpose Bankruptcy Remote Entity;

(iii) after giving effect to such Transfer (A) Borrower GP shall remain the sole general partner of Borrower owning not less than one percent (1.0%) of the partnership interest in Borrower, (B) Equity Owner shall remain the sole limited partner of Borrower and the sole member of Borrower GP and (C) Equity Owner GP shall remain the sole general partner of Equity Owner owning not less than one percent (1.0%) of the partnership interest in Equity Owner;

(iv) the Properties shall continue to be managed by Existing Manager or by a Qualified Manager pursuant to a Replacement Management Agreement;

(v) notwithstanding the foregoing, no Transfer of any direct interest in Borrower, any other Loan Party or any SPC Party shall be permitted in connection with such Sponsor Public Listing or Sponsor Public Sale;

(vi) so long as the Loan is outstanding, (A) no pledge or other encumbrance of any direct interests in any Restricted Pledge Party (other than pledges securing the Obligations pursuant to the Collateral Documents) shall be permitted, and (B) no Restricted Pledge Party shall issue preferred equity that has the characteristics of mezzanine debt (such as a fixed maturity date, regular payments of interest, a fixed rate of return and rights of the equity holder to demand repayment of its investment);

(vii) in the case of a Transfer that is a Sponsor Public Listing, shareholder equity in an amount of at least Two Hundred Million and No/100 Dollars (\$200,000,000) has been sold to third parties in such Sponsor Public Listing and the Public Vehicle that has been listed satisfies the Eligibility Requirements; and

(viii) in the case of a Transfer that is a Sponsor Public Sale, after giving effect to such Transfer, (x) the Loan Parties shall be Controlled (directly or indirectly) by a Qualified Transferee and (y) such Qualified Transferee shall own at least fifty-one percent (51%) of the direct or indirect legal and beneficial interests in Borrower and the other Loan Parties.

(h) Following a Permitted Transfer, if Sponsor (or a Person comprising Sponsor) no longer owns a majority of the direct or indirect interest in Borrower or the Properties, Sponsor shall be released from the Sponsor Guaranty for all liability accruing after the date of such Transfer, provided, that the Qualified Transferee shall execute and deliver to Lender a replacement guaranty in substantially the same form and substance as the Sponsor Guaranty covering all liability accruing from and after the date of such Transfer (but not any which may have accrued prior thereto).

Section 7.2 Cost and Expenses; Searches; Copies.

(a) Borrower shall pay all costs and expenses of Lender in connection with any Transfer, whether or not such Transfer is deemed to be a Permitted Transfer, including, without limitation, all fees and expenses of Lender's counsel, whether internal or outside, and the cost of any required counsel opinions related to REMIC or other securitization or tax issues and any Rating Agency fees.

(b) Borrower shall provide Lender with copies of all organizational documents and all transaction documents relating to any Permitted Transfer.

(c) In connection with any Permitted Transfer, to the extent a transferee shall own ten percent (10%) or more of the direct or indirect ownership interests in Borrower immediately following such transfer (provided such transferee owned less than ten percent (10%) of the direct or indirect ownership interests in Borrower as of the Closing Date), Borrower shall deliver (and Borrower shall be responsible for any reasonable out of pocket costs and expenses in connection therewith), customary searches reasonably requested by Lender in writing (including credit, judgment, lien, litigation, bankruptcy, criminal and watch list) reasonably acceptable to Lender with respect to such transferee.

ARTICLE 8

DEFAULTS

Section 8.1 Events of Default. Each of the following events shall constitute an event of default hereunder (an "*Event of Default*"):

(i) if (A) the Obligations are not paid in full on the Maturity Date, (B) any regularly scheduled monthly payment of interest or principal due under the Note is not paid in full on the applicable Monthly Payment Date, (C) any prepayment of principal due under this Agreement or the Note is not paid when due or (D) the Spread Maintenance Premium is not paid when due,

(ii) if any deposit to the Reserve Funds is not made on the required deposit date therefor, with such failure continuing for two (2) Business Days after Lender delivers written notice thereof to Borrower;

(iii) if any other amount payable pursuant to this Agreement, the Note or any other Loan Document (other than as set forth in the foregoing **clauses (i) and (ii)**) is not paid in full when due and payable in accordance with the provisions of the applicable Loan Document, with such failure continuing for ten (10) days after Lender delivers written notice thereof to Borrower;

(iv) if the Policies are not (A) delivered to Lender within five (5) days of Lender's written request and (B) kept in full force and effect, each in accordance with the terms and conditions hereof;

(v) a Transfer other than a Permitted Transfer occurs;

(vi) if any certification, representation or warranty made by a Relevant Party herein or any other Loan Document, other than a Property Representation, or in any report, certificate, financial statement or other instrument, agreement or document furnished to Lender shall have been false or misleading in any material and adverse respect as of the date such representation or warranty was made; *provided, however*, if any untrue certification, representation or warranty made after the Closing Date is susceptible of being cured, Borrower shall have the right to cure such certification, representation or warranty within thirty (30) days after receipt of notice from Lender;

(vii) if any Relevant Party shall make an assignment for the benefit of creditors;

(viii) if a receiver, liquidator or trustee shall be appointed for any Relevant Party or any SPC Party or if Borrower, any Relevant Party or any SPC Party shall be adjudicated a bankrupt or insolvent, or if any petition for bankruptcy, reorganization or arrangement pursuant to federal bankruptcy law, or any similar federal or state law, shall be filed by or against, consented to, or acquiesced in by, Borrower, any Relevant Party or any SPC Party, or if any proceeding for the dissolution or liquidation of Borrower, any Relevant Party or any SPC Party shall be instituted, or if Borrower is substantively consolidated with any other Person; *provided, however*, if such appointment, adjudication, petition, proceeding or consolidation was involuntary and not consented to by such Relevant Party, upon the same not being discharged, stayed or dismissed within sixty (60) days following its filing;

(ix) if any Loan Party attempts to assign its rights under this Agreement or any of the other Loan Documents or any interest herein or therein in contravention of the Loan Documents;

(x) if any of the assumptions contained in the Insolvency Opinion, or in any other non-consolidation opinion delivered to Lender in connection with the Loan, or in any other non-consolidation opinion delivered subsequent to the closing of the Loan, is or shall become untrue in any material respect;

(xi) a breach of the covenants set forth in **Sections 4.1.1, 4.1.2, 4.1.3, 4.1.9, 4.1.24, 4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.7, 4.2.8, 4.2.9, 4.2.13 or 4.2.18**;

(xii) if with respect to any Disqualified Property, Borrower fails to within the time periods specified in **Section 2.4.3(a)** either: (A) pay the Release Amount in respect thereof, (B) substitute such Disqualified Property with a Substitute Property in accordance with **Section 2.4.3(a)** or (C) or deposit an amount equal to one hundred percent (100%) of the Allocated Loan Amount for the Disqualified Property in the Eligibility Reserve Account in accordance with **Section 2.4.3(a)** and such failure continues for more than five (5) Business Days after written notice thereof from Lender to Borrower;

(xiii) if, without Lender's prior written consent, (i) any Management Agreement is terminated (unless simultaneously therewith, Borrower and a new Qualified Manager enter into a Replacement Management Agreement in accordance with **Section 4.2.1**), or (ii) there is a default by Borrower under any Management Agreement beyond

any applicable notice or grace period that permits such Manager to terminate or cancel the applicable Management Agreement (unless, within thirty (30) days after the expiration of such notice or grace period, Borrower and a new Qualified Manager enter into a Replacement Management Agreement in accordance with **Section 4.2.1**);

(xiv) if any Loan Party or any Person owning a direct or indirect ownership interest in any Loan Party shall be convicted of a Patriot Act Offense by a court of competent jurisdiction;

(xv) any failure on the part of any Borrower to duly observe or perform any of its covenants set forth in **Section 4.1.17** or the representation and warranty in **Section 3.1.26** shall fail to be correct in respect of a Tenant of any Property and, in each case, Borrower fails to notify OFAC within five (5) Business Days of Borrower or Manager obtaining knowledge that such Tenant is on any of the lists described in those sections and promptly take such steps as may be required by OFAC with respect to such Tenant;

(xvi) if there shall be a default under any of the other Loan Documents beyond any applicable cure periods contained in such Loan Documents, whether as to any Relevant Party or the Properties, or if any other such event shall occur or condition shall exist, if the effect of such event or condition is to accelerate the maturity of any portion of the Obligations or to permit Lender to accelerate the maturity of all or any portion of the Obligations;

(xvii) if Borrower fails to obtain or maintain an Interest Rate Cap Agreement or replacement thereof in accordance with **Section 2.6** and/or **Section 2.7** hereof;

(xviii) if any Loan Document or any Lien granted thereunder by any Relevant Party shall (except in accordance with its terms or pursuant to Lender's written consent), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of the parties thereto or (y) any Relevant Party or any other party shall disaffirm or contest, in writing, in any manner such effectiveness, validity, binding nature or enforceability (other than as a result of the occurrence of the payment in full of the Obligations);

(xix) one or more final judgments for the payment of Two Million Five Hundred Thousand and No/100 Dollars (\$2,500,000) or more rendered against any Loan Party, and such amount is not covered by insurance or indemnity or not discharged, paid or stayed within sixty (60) days after (i) the date on which the right to appeal thereof has expired if no such appeal has commenced, or (ii) the date on which all rights to appeal have been extinguished;

(xx) unless BREP has agreed in writing to be primarily liable for all obligations of the Sponsor under the Sponsor Guaranty, as of any Calculation Date, Sponsor or any Qualified Transferee that executes and delivers a replacement guaranty pursuant to **Section 7.1** fails to comply with the Sponsor Financial Covenant; or

(xxi) if any Relevant Party shall continue to be in Default under any of the other terms, covenants or conditions of this Agreement or any other Loan Document not specified in subsections (i) to (xx) above, and such Default shall continue for ten (10) days after notice to Borrower from Lender, in the case of any such Default which can be cured by the payment of a sum of money, or for thirty (30) days after notice to Borrower from Lender in the case of any other such Default; *provided, however*, that if such non-monetary Default is susceptible of cure but cannot reasonably be cured within such 30-day period, and provided further that Borrower shall have commenced to cure such Default within such 30-day period shall and thereafter diligently and expeditiously proceed to cure the same, such 30-day period shall be extended for such time as is reasonably necessary for Borrower in the exercise of due diligence to cure such Default, such additional period not to exceed ninety (90) days.

Section 8.2 Remedies .

8.2.1 Acceleration . Upon the occurrence of an Event of Default (other than an Event of Default described in *clauses (vii) , (viii) or (ix) of Section 8.1*) and at any time thereafter, Lender may, in addition to any other rights or remedies available to it pursuant to this Agreement and the other Loan Documents or at law or in equity, take such action, without notice or demand (and Borrower hereby expressly waives any such notice or demand), that Lender deems advisable to protect and enforce its rights against any Relevant Party and in and to the Properties, including declaring the Obligations to be immediately due and payable, and Lender may enforce or avail itself of any or all rights or remedies provided in the Loan Documents against the Relevant Parties, including all rights or remedies available at law or in equity; and upon any Event of Default described in *clauses (vii) , (viii) or (ix) of Section 8.1* , the Obligations of Borrower hereunder and under the other Loan Documents shall immediately and automatically become due and payable in full, without notice or demand, and the Loan Parties hereby expressly waives any such notice or demand, anything contained herein or in any other Loan Document to the contrary notwithstanding.

8.2.2 Remedies Cumulative .

(a) During the continuance of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to Lender against each Relevant Party under this Agreement or any of the other Loan Documents executed and delivered by, or applicable to, a Relevant Party or at law or in equity may be exercised by Lender at any time and from time to time, whether or not all or any of the Obligations shall be declared due and payable, and whether or not Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Loan Documents with respect to the Collateral. The rights, powers and remedies of Lender under this Agreement shall be cumulative and not exclusive of any other right, power or remedy which Lender may have against a Relevant Party pursuant to this Agreement or the other Loan Documents, or existing at law or in equity or otherwise. Lender's rights, powers and remedies may be pursued independently, singly, successively, together or otherwise, at such time and in such order as Lender may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of Lender permitted by law or contract or as set forth herein or in the other Loan Documents or by equity. Without limiting the generality of the foregoing, if an Event of Default is continuing (i) Lender shall not be subject to any "one action" or "election of remedies" law or rule, and (ii) all Liens and other rights, remedies or privileges

provided to Lender shall remain in full force and effect until Lender has exhausted all of its remedies against the Properties and the other Collateral and each Mortgage has been foreclosed, sold and/or otherwise realized upon in satisfaction of the Obligations or the Obligations have been paid in full including, without limitation, any liquidation fees, workout fees, special servicing fees and interest payable on advances made by the Servicer with respect to delinquent debt service payments or expenses of curing Borrower's or any Loan Party's defaults under the Loan Documents or other similar fees payable to Servicer or any special servicer in connection therewith. No delay or omission to exercise any remedy, right or power accruing upon an Event of Default shall impair any such remedy, right or power or shall be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Default or Event of Default with respect to a Relevant Party shall not be construed to be a waiver of any subsequent Default or Event of Default by such Relevant Party or to impair any remedy, right or power consequent thereon.

(b) With respect to Borrower, the other Loan Parties and the Collateral, nothing contained herein or in any other Loan Document shall be construed as requiring Lender to resort to any Property or other portion of the Collateral for the satisfaction of any of the Debt in preference or priority to any other portion of the Collateral, and Lender may seek satisfaction out of all of the Collateral or any part thereof, in its absolute discretion in respect of the Debt. During the continuance of an Event of Default, Lender shall have the right from time to time to partially foreclose any Mortgage or the Lien of any of the other Collateral Documents in any manner and for any amounts secured by the Collateral Documents then due and payable as determined by Lender in its sole discretion, including the following circumstances: (i) in the event Borrower defaults beyond any applicable grace period in the payment of one or more scheduled payments of principal and interest, Lender may foreclose one or more of the Mortgages or other Collateral Documents to recover such delinquent payments, or (ii) in the event Lender elects to accelerate less than the entire Outstanding Principal Balance, Lender may foreclose one or more of the Mortgages or other Collateral Documents to recover so much of the principal balance of the Loan as Lender may accelerate and such other sums secured by the Mortgages and the other Collateral Documents as Lender may elect. Notwithstanding one or more partial foreclosures, the Collateral shall remain subject to the Mortgages and the other Collateral Documents to secure payment of the sums secured by the Collateral Documents and not previously recovered.

8.2.3 Severance .

(b) During the continuance of an Event of Default, Lender shall have the right from time to time to sever the Note and the other Loan Documents into one or more separate notes, Collateral Documents and other security documents in such denominations as Lender shall determine in its sole discretion for purposes of evidencing and enforcing its rights and remedies provided hereunder. The Loan Parties shall execute and deliver to Lender from time to time, promptly after the request of Lender, a severance agreement and such other documents as Lender shall request in order to effect the severance described in the preceding sentence, all in form and substance reasonably satisfactory to Lender. The Loan Parties hereby absolutely and irrevocably appoint Lender as its true and lawful attorney, coupled with an interest, in its name and stead to make and execute all documents necessary or desirable to effect the aforesaid severance, Borrower ratifying all that its said attorney shall do by virtue thereof, *provided , however ,* Lender shall not make or execute any such documents under such power until three (3) days after notice has been given to a Loan Party by Lender of Lender's intent to exercise its rights under such power.

(c) During the continuance of an Event of Default, any amounts recovered from the Collateral may be applied by Lender toward the payment of any interest and/or principal of the Loan and/or any other amounts due under the Loan Documents, in such order, priority and proportions as Lender in its sole discretion shall determine.

(d) As used in this **Section 8.2**, a “foreclosure” shall include, without limitation, any sale by power of sale.

8.2.4 Lender’s Right to Perform. If any Loan Party fails to perform any covenant or obligation contained herein and such failure shall continue for a period of five (5) Business Days after Borrower’s receipt of written notice thereof from Lender, without in any way limiting Lender’s right to exercise any of its rights, powers or remedies as provided hereunder, or under any of the other Loan Documents, Lender may, but shall have no obligation to, perform, or cause the performance of, such covenant or obligation, and all costs, expenses, liabilities, penalties and fines of Lender incurred or paid in connection therewith shall be payable by Borrower to Lender upon demand and if not paid shall be added to the Obligations (and to the extent permitted under applicable laws, secured by the Mortgages and the other Collateral Documents) and shall bear interest thereafter at the Default Rate. Notwithstanding the foregoing, Lender shall have no obligation to send notice to Borrower of any such failure.

ARTICLE 9

SECURITIZATION

Section 9.1 Securitization .

(a) Lender shall have the right (i) to sell or otherwise transfer the Loan or any portion thereof as a whole loan, (ii) to sell participation interests in the Loan, or (iii) to securitize the Loan or any portion thereof in a single asset securitization or a pooled loan securitization. (The transactions referred to in **clauses (i)**, **(ii)** and **(iii)** are each hereinafter referred to as a “**Secondary Market Transaction**” and the transactions referred to in **clause (iii)** shall hereinafter be referred to as a “**Securitization**”. Any certificates, notes or other securities issued in connection with a Secondary Market Transaction are hereinafter referred to as “**Securities**”). At Lender’s election, each note and/or component comprising the Loan may be subject to one or more Secondary Market Transactions.

(b) If requested by Lender, the Loan Parties shall use reasonable efforts to provide information in the possession or control of Borrower or its Affiliates, attorneys, accountants or other agents or which may be reasonably required by Lender in order to satisfy the market standards to which Lender customarily adheres or which may be required in the marketplace, by prospective investors, the Rating Agencies, applicable Legal Requirements and/or otherwise in the marketplace in connection with any Secondary Market Transactions, including to:

(i) (A) provide updated financial and other information with respect to the Properties, the business operated at the Properties, Borrower, Sponsor and the

Manager, including, without limitation, the information set forth on *Exhibit C* attached hereto, and (B) provide updated budgets and other information (to extent required by investors or Rating Agencies) relating to the Properties (the “*Updated Information*”) which were obtained in connection with the origination of the Loan;

(ii) provide (A) an updated Insolvency Opinion, and (B) updated opinions of Borrower’s and Guarantors’ New York and Delaware counsel, substantially the same as those delivered as of the Closing Date, which opinions shall be addressed, for purposes or reliance thereon, to each Person acquiring any interest in the Loan in connection with any Secondary Market Transaction (including, without limitation, any “B Note” purchasers), or otherwise reasonably satisfactory to Lender and the Rating Agencies;

(iii) (A) confirm that as of the closing date of any Secondary Market Transaction, the representations and warranties as set forth in the Loan Documents are true, complete and correct in all material respects as of the closing date of the Secondary Market Transaction (except to the extent that any such representations and warranties are and can only be made as of a specific date and the facts and circumstances upon which such representation and warranty is based are specific solely to a certain date in which case confirmation as to truth, completeness and correctness shall be provided as of such specific date or to the extent such representations are no longer true and correct as a result of subsequent events in which case Borrower shall provide an updated representation or warranty) and (B) make such additional representations and warranties as the Rating Agencies may customarily require; and

(iv) execute amendments to the Loan Documents and the Loan Parties’ organizational documents requested by Lender; *provided*, *however*, that Borrower shall not be required to modify or amend any Loan Document if such modification or amendment would (A) cause the initial weighted average of the interest rates for all Components in the aggregate immediately after the effective date of such modification to exceed the weighted average interest rate of the original Components in the aggregate immediately prior to such modification, (B) cause the outstanding principal balance of all Components in the aggregate immediately after the effective date of such modification to exceed the outstanding principal balance of all Components in the aggregate immediately prior to such modification, (C) require Borrower to make or remake any representations or warranties, (D) require principal amortization of the Loan (other than repayment in full on the Maturity Date), (E) change any Stated Maturity Date or (F) otherwise increase the obligations or reduce the rights of Borrower or any Guarantor under the Loan Documents.

(c) If, at the time a Disclosure Document is being prepared for a Securitization, Lender reasonably determines that Borrower alone or Borrower and one or more Affiliates of Borrower (including any guarantor or other Person that is directly or indirectly committed by contract or otherwise to make payments on all or a part of the Loan) collectively, or the Properties alone or the Properties and Related Properties collectively, will be a Significant Obligor, Borrower shall furnish to Lender upon request the following financial information:

(i) if Lender reasonably determines that the principal amount of the Loan together with any Related Loans, as of the cut-off date for such Securitization, may

equal or exceed ten percent (10%) (but less than twenty percent (20%)) of the aggregate principal amount of all mortgage loans included or expected to be included in the Securitization, net operating income for the Properties and the Related Properties for the most recent Fiscal Year and interim period as required under Item 1112(b)(1) of Regulation AB (or, if the Loan is not treated as a non-recourse loan under Instruction 3 for Item 1101(k) of Regulation AB, selected financial data meeting the requirements and covering the time periods specified in Item 301 of Regulation S-K and Item 1112(b)(1) of Regulation AB), or

(ii) if Lender reasonably determines that the principal amount of the Loan together with any Related Loans, as of the cut-off date for such Securitization, may equal or exceed twenty percent (20%) of the aggregate principal amount of all mortgage loans included or expected to be included in the Securitization, the financial statements required under Item 1112(b)(2) of Regulation AB (which includes, but may not be limited to, a balance sheet with respect to the entity that Lender determines to be a Significant Obligor for the two most recent Fiscal Years and applicable interim periods, meeting the requirements of Rule 3-01 of Regulation S-X, and statements of income and statements of cash flows with respect to the Properties for the three most recent Fiscal Years and applicable interim periods, meeting the requirements of Rule 3-02 of Regulation S-X (or if Lender determines that the Properties is the Significant Obligor and the Properties (other than properties that are hotels, nursing homes, or other properties that would be deemed to constitute a business and not real estate under Regulation S-X or other legal requirements) was acquired from an unaffiliated third party and the other conditions set forth in Rule 3-14 of Regulation S-X have been met, the financial statements required by Rule 3-14 of Regulation S-X)).

(d) Further, if requested by Lender, Borrower shall, promptly upon Lender's request, furnish to Lender financial data or financial statements meeting the requirements of Item 1112(b)(1) or (2) of Regulation AB, as specified by Lender, for any Tenant of the Properties if, in connection with a Securitization, Lender reasonably determines there to be, as of the cutoff date for such Securitization, a concentration with respect to such Tenant or group of Affiliated Tenants within all of the mortgage loans included or expected to be included in the Securitization such that such Tenant or group of Affiliated Tenants would constitute a Significant Obligor. Borrower shall furnish to Lender, in connection with the preparation of the Disclosure Documents and on an ongoing basis, financial data and/or financial statements with respect to such Tenants meeting the requirements of Item 1112(b)(1) or (2) of Regulation AB, as specified by Lender, but only for so long as such entity or entities are a Significant Obligor and either (x) filings pursuant to the Exchange Act in connection with or relating to the Securitization (an "**Exchange Act Filing**") are required to be made under applicable Legal Requirements or (y) comparable information is required to otherwise be "available" to holders of the Securities under Regulation AB or applicable Legal Requirements.

(e) If Lender determines that Borrower alone or Borrower and one or more Affiliates of Borrower collectively, or the Properties alone or the Properties and Related Properties collectively, are a Significant Obligor, then Borrower shall furnish to Lender, on an ongoing basis, selected financial data or financial statements meeting the requirements of Item 1112(b)(1) or (2) of Regulation AB, as specified by Lender, but only for so long as such entity or entities are a Significant Obligor and either (x) Exchange Act Filings are required to be made under applicable Legal Requirements or (y) comparable information is required to otherwise be "available" to holders of the Securities under Regulation AB or applicable Legal Requirements.

(f) If reasonably requested by Lender, Borrower shall provide Lender, within a reasonable period of time following Lender's request therefor, with any other or additional financial statements, or financial, statistical or operating information, as Lender shall reasonably determine to be required pursuant to Regulation S-K or Regulation S-X, as applicable, Regulation AB, or any amendment, modification or replacement thereto or other Legal Requirements relating to a Securitization or as shall otherwise be reasonably requested by Lender.

Section 9.2 Securitization Indemnification .

(a) Borrower understands that information provided to Lender by Borrower, the Guarantors and their respective agents, counsel and representatives may be included in preliminary and final disclosure documents in connection with any Secondary Market Transaction, including a Securitization, including an offering circular, a prospectus, prospectus supplement, private placement memorandum or other offering document (each, a "**Disclosure Document**") and may also be included in filings with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended (the "**Securities Act**"), or the Securities and Exchange Act of 1934, as amended (the "**Exchange Act**"), and may be made available to investors or prospective investors in the Securities, investment banking firms, NRSROs, accounting firms, law firms and other third-party advisory and service providers relating to any Secondary Market Transaction, including a Securitization. Borrower also understands that the findings and conclusions of any third-party due diligence report obtained by Lender, Issuer or the Securitization placement agent or underwriter may be made publicly available if required, and in the manner prescribed, by Section 15E(s)(4)(A) of the Exchange Act and any rules promulgated thereunder.

(b) Borrower hereby agrees to indemnify Lender (and for purposes of this **Section 9.2**, Lender shall include the initial lender, its successors and assigns, and their respective officers and directors) and each Person who controls Lender within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the "**Lender Group**"), the issuer of the Securities (the "**Issuer**" and for purposes of this **Section 9.2**, Issuer shall include its officers, director and each Person who controls the Issuer within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act), and any placement agent or underwriter with respect to the Securitization, each of their respective officers and directors and each Person who controls the placement agent or underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act (collectively, the "**Underwriter Group**") for any losses, claims, damages or liabilities (collectively, the "**Liabilities**") to which Lender, Lender Group, the Issuer or the Underwriter Group may become subject insofar as the Liabilities arise out of, or are based upon, (A) any untrue statement or alleged untrue statement of any material fact contained in the Covered Disclosure Information (defined below), (B) the omission or alleged omission to state in the Covered Disclosure Information a material fact required to be stated in such information or necessary in order to make the statements in such information, in light of the circumstances under which they were made, not misleading, or (C) a breach of the representations and warranties made by any Loan Party in **Section 3.1.24** of this Agreement (Full and Accurate Disclosure). For purposes of the foregoing, the "**Covered Disclosure Information**" shall mean the information provided by or on behalf of Borrower relating to Borrower,

Guarantors, Manager, Sponsor, the Properties and the Loan which is contained in the sections of the Disclosure Documents entitled as follows, or comparable sections thereto: "Summary of the Offering Circular," "Risk Factors," "Description of the Relevant Parties and the Manager," "Description of the Properties", "Description of the Management Agreement and the Assignment and Subordination of Management Agreement," "Description of the Loan," and "Certain Legal Aspects of the Loan", which Disclosure Documents shall be delivered for review and comment by Borrower not less than five (5) Business Days prior to the date upon which Borrower is otherwise required to confirm such Disclosure Documents. Borrower also agrees to reimburse Lender, Lender Group, the Issuer and/or the Underwriter Group for any legal or other expenses reasonably incurred by Lender, Lender Group, the Issuer and/or the Underwriter Group in connection with investigating or defending the Liabilities. This indemnification provision will be in addition to any liability which Borrower may otherwise have.

(c) In connection with any Exchange Act Filing or other reports containing comparable information that is required to be made "available" to holders of the Securities under Regulation AB or applicable Legal Requirements, Borrower agrees to (i) indemnify Lender, Lender Group, the Issuer and the Underwriter Group for Liabilities to which Lender, Lender Group, the Issuer and/or the Underwriter Group may become subject insofar as the Liabilities arise out of, or are based upon any untrue statement or alleged untrue statement of any material fact in the Covered Disclosure Information, or the omission or alleged omission to state in the Covered Disclosure Information a material fact required to be stated therein or necessary in order to make the statements in the Covered Disclosure Information, in light of the circumstances under which they were made, not misleading, and (ii) reimburse Lender, Lender Group, the Issuer and/or the Underwriter Group for any legal or other expenses reasonably incurred by Lender, Lender Group, the Issuer and/or the Underwriter Group in connection with defending or investigating the Liabilities.

(d) Promptly after receipt by an indemnified party under this **Section 9.2** of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party under this **Section 9.2**, notify the indemnifying party in writing of the commencement thereof, but the omission to so notify the indemnifying party will not relieve the indemnifying party from any liability which the indemnifying party may have to any indemnified party under **Section 9.2(b)** or **(c)** except to the extent that failure to notify causes prejudice to the indemnifying party. In the event that any action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by written notice delivered to the indemnified party promptly after receiving the aforesaid notice from such indemnified party, to assume the defense thereof with counsel satisfactory to such indemnified party. After notice from the indemnifying party to such indemnified party pursuant to the immediately preceding sentence of this **Section 9.2(d)**, such indemnifying party shall pay for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation; *provided, however*, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there are any legal defenses available to it and/or other indemnified parties that are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assert such legal defenses and to otherwise participate in the defense of such action on

behalf of such indemnified party at the cost of the indemnifying party. The indemnifying party shall not be liable for the expenses of more than one separate counsel unless an indemnified party shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to the indemnifying party. Without the prior written consent of Lender (which consent shall not be unreasonably withheld or delayed), no indemnifying party shall settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which indemnification may be sought hereunder (whether or not any indemnified party is an actual or potential party to such claim, action, suit or proceeding) unless the indemnifying party shall have given Lender reasonable prior written notice thereof and shall have obtained an unconditional release of each indemnified party hereunder from all liability arising out of such claim, action, suit or proceedings, and such settlement requires no statement as to, or an admission of, fault, culpability or a failure to act, by or on behalf of the indemnified party.

(e) In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in **Section 9.2(b)** or **(c)** is for any reason held to be unenforceable as to an indemnified party in respect of any Liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under **Section 9.2(b)** or **(c)**, the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such Liabilities (or action in respect thereof); *provided, however*, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the Issuer's and Borrower's relative knowledge and access to information concerning the matter with respect to which the claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable considerations appropriate in the circumstances. Lender and Borrower hereby agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

(f) The liabilities and obligations of both Borrower and Lender under this **Section 9.2** shall survive the termination of this Agreement and the satisfaction and discharge of the Debt.

Section 9.3 Severance.

9.3.1 Severance Documentation. Lender, without in any way limiting Lender's other rights hereunder, in its sole and absolute discretion, shall have the right, at any time (whether prior to or after any sale, participation or other Secondary Market Transaction with respect to all or any portion of the Loan), to require Borrower (at Lender's expense) to execute and deliver "component" notes (including certificating existing uncertificated "component" notes) and/or modify the Loan or the existing "component note" structure in order to create one or more senior and subordinate notes (i.e., an A/B or A/B/C structure) and/or one or more additional components of the Note or Notes), or make any other change to the Loan, the Note or Components including but not limited to: reducing the number of Components of the Note or Notes, revising the interest rate for each Component, reallocating the principal balances of the Notes and/or the Components, increasing or decreasing the monthly debt service payments for each Component or eliminating the Component structure and/or the multiple note structure of the Loan (including the elimination of the related allocations of principal and interest payments);

provided that (A) the outstanding principal balance of all Components in the aggregate immediately after the effective date of such modification equals the outstanding principal balance immediately prior to such modification, (B) the initial weighted average of the interest rates for all Components in the aggregate immediately after the effective date of such modification equals the weighted average interest rate of the original Components immediately prior to such modification, (C) no principal amortization of the Loan (or any Components thereof) shall be required (other than repayment in full on the Maturity Date), (D) there shall be no change to any Stated Maturity Date and (E) Borrower and Guarantors shall not be required to amend any Loan Documents that would otherwise increase the obligations or reduce the rights of Borrower or Guarantors under the Loan Documents. At Lender's election, each note comprising the Loan may be subject to one or more Secondary Market Transactions. Lender shall have the right to modify the Note and/or Notes and any Components in accordance with this **Section 9.3** and, provided that such modification shall comply with the terms of this **Section 9.3**, it shall become immediately effective.

9.3.2 Cooperation; Execution; Delivery. Borrower shall reasonably cooperate with all reasonable requests of Lender in connection with this **Section 9.3**. If requested by Lender, Borrower shall promptly execute and deliver such documents as shall be required by Lender and any Rating Agency in connection with any modification pursuant to this **Section 9.3**, all in form and substance satisfactory to Lender and satisfactory to any applicable Rating Agency. It shall be an Event of Default under this Agreement, the Note, and the other Loan Documents if Borrower fails to comply with any of the terms, covenants or conditions of this **Section 9.3** after expiration of ten (10) Business Days after notice thereof.

ARTICLE 10

MISCELLANEOUS

Section 10.1 Survival; Successors and Assigns. This Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by Lender of the Loan and the execution and delivery to Lender of the Note, and shall continue in full force and effect so long as all or any of the Obligations are outstanding and unpaid unless a longer period is expressly set forth herein or in the other Loan Documents. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the legal representatives, successors and assigns of such party. All covenants, promises and agreements in this Agreement, by or on behalf of Borrower and the other Loan Parties, shall inure to the benefit of the legal representatives, successors and assigns of Lender.

Section 10.2 Lender's Discretion; Rating Agency Review Waiver.

(a) Whenever pursuant to this Agreement Lender exercises any right given to it to approve or disapprove any matter, or any arrangement or term is to be satisfactory to Lender, the decision of Lender to approve or disapprove such matter or to decide whether arrangements or terms are satisfactory or not satisfactory shall (except as is otherwise specifically herein provided) be in the sole discretion of Lender and shall be final and conclusive. Prior to a Securitization, whenever pursuant to this Agreement the Rating Agencies are given any right to approve or disapprove any matter, or any arrangement or term is to be satisfactory to the Rating Agencies, the decision of Lender to approve or disapprove such matter or to decide whether arrangements or terms are satisfactory or not satisfactory, based upon Lender's determination of Rating Agency criteria, shall be substituted therefor.

(b) Whenever, pursuant to this Agreement or any other Loan Documents, a Rating Agency Confirmation is required from each applicable Rating Agency, in the event that any applicable Rating Agency “declines review”, “waives review” or otherwise indicates to Lender’s or Servicer’s satisfaction that no Rating Agency Confirmation will or needs to be issued with respect to the matter in question (each, a “*Review Waiver*”), then the requirement to obtain a Rating Agency Confirmation from such Rating Agency shall not apply with respect to such matter; *provided, however*, if a Review Waiver occurs with respect to a Rating Agency and Lender does not have a separate and independent approval right with respect to the matter in question, then such matter shall require the written reasonable approval of Lender. It is expressly agreed and understood, however, that receipt of a Review Waiver (i) from any one Rating Agency shall not be binding or apply with respect to any other Rating Agency and (ii) with respect to one matter shall not apply or be deemed to apply to any subsequent matter for which Rating Agency Confirmation is required.

Section 10.3 Governing Law.

(a) THIS AGREEMENT WAS NEGOTIATED IN THE STATE OF NEW YORK, AND MADE BY LENDER AND ACCEPTED BY BORROWER AND GUARANTORS IN THE STATE OF NEW YORK, AND THE PROCEEDS OF THE NOTE DELIVERED PURSUANT HERETO WERE DISBURSED FROM THE STATE OF NEW YORK, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY, AND IN ALL RESPECTS, INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND PERFORMED IN SUCH STATE (PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW) AND ANY APPLICABLE LAW OF THE UNITED STATES OF AMERICA. TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER AND GUARANTORS HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVE ANY CLAIM TO ASSERT THAT THE LAW OF ANY OTHER JURISDICTION GOVERNS THIS AGREEMENT AND THE NOTE.

(b) ANY LEGAL SUIT, ACTION OR PROCEEDING AGAINST LENDER, BORROWER OR GUARANTORS ARISING OUT OF OR RELATING TO THIS AGREEMENT MAY AT LENDER’S OPTION BE INSTITUTED IN ANY FEDERAL OR STATE COURT IN THE CITY OF NEW YORK, COUNTY OF NEW YORK, PURSUANT TO SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW, AND BORROWER AND EACH GUARANTOR WAIVE ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE BASED ON VENUE AND/OR FORUM NON CONVENIENS OF ANY SUCH SUIT, ACTION OR PROCEEDING, AND BORROWER AND EACH GUARANTOR HEREBY IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF ANY SUCH COURT IN ANY SUIT, ACTION OR PROCEEDING. BORROWER AGREES THAT SERVICE OF PROCESS UPON BORROWER AT THE ADDRESS FOR BORROWER SET FORTH HEREIN AND WRITTEN NOTICE OF SAID SERVICE MAILED

OR DELIVERED TO BORROWER IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON BORROWER IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK, AND EACH GUARANTOR AGREES THAT SERVICE OF PROCESS UPON SUCH GUARANTOR AT THE ADDRESS FOR SUCH GUARANTOR SET FORTH HEREIN AND WRITTEN NOTICE OF SAID SERVICE MAILED OR DELIVERED TO SUCH GUARANTOR IN THE MANNER PROVIDED HEREIN SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON GUARANTOR IN ANY SUCH SUIT, ACTION OR PROCEEDING IN THE STATE OF NEW YORK. BORROWER (I) SHALL GIVE PROMPT NOTICE TO LENDER OF ANY CHANGE IN THE ADDRESS FOR BORROWER SET FORTH HEREIN, (II) MAY AT ANY TIME AND FROM TIME TO TIME DESIGNATE AN AUTHORIZED AGENT OF BORROWER WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH AGENT AND OFFICE SHALL BE DESIGNATED AS THE PERSON AND ADDRESS FOR SERVICE OF PROCESS), AND (III) SHALL PROMPTLY DESIGNATE AN AUTHORIZED AGENT IF BORROWER CEASES TO HAVE AN OFFICE IN NEW YORK, NEW YORK. EACH GUARANTOR (I) SHALL GIVE PROMPT NOTICE TO LENDER OF ANY CHANGE IN THE ADDRESS FOR SUCH GUARANTOR SET FORTH HEREIN, (II) MAY AT ANY TIME AND FROM TIME TO TIME DESIGNATE AN AUTHORIZED AGENT OF SUCH GUARANTOR WITH AN OFFICE IN NEW YORK, NEW YORK (WHICH AGENT AND OFFICE SHALL BE DESIGNATED AS THE PERSON AND ADDRESS FOR SERVICE OF PROCESS), AND (III) SHALL PROMPTLY DESIGNATE AN AUTHORIZED AGENT IF SUCH GUARANTOR CEASES TO HAVE AN OFFICE IN NEW YORK, NEW YORK NOTHING CONTAINED HEREIN SHALL AFFECT THE RIGHT OF LENDER TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST BORROWER IN ANY OTHER JURISDICTION.

Section 10.4 Modification, Waiver in Writing. No modification, amendment, extension, discharge, termination or waiver of any provision of this Agreement or of any other Loan Document, nor consent to any departure by any Loan Party therefrom, shall in any event be effective unless the same shall be in a writing signed by the party or parties against whom enforcement is sought, and then such waiver or consent shall be effective only in the specific instance, and for the purpose, for which given. In addition, Lender shall not waive the requirement that the Closing Date GRC Certificate and the Closing Date OSN Certificate be delivered on or prior to the making of the Loan. Except as otherwise expressly provided herein, no notice to, or demand on, any Loan Party shall entitle any Loan Party to any other or future notice or demand in the same, similar or other circumstances. Neither any failure nor any delay on the part of Lender in insisting upon strict performance of any term, condition, covenant or agreement, or exercising any right, power, remedy or privilege hereunder or under any other Loan Document, shall operate as or constitute a waiver thereof, nor shall a single or partial exercise thereof preclude any other future exercise, or the exercise of any other right, power, remedy or privilege. In particular, and not by way of limitation, by accepting payment after the due date of any amount payable under this Agreement or any other Loan Document, Lender shall not be deemed to have waived any right either to require prompt payment when due of all other amounts due under this Agreement or the other Loan Documents, or to declare a default for failure to effect prompt payment of any such other amount. Lender shall have the right to waive or reduce any time periods that Lender is entitled to under the Loan Documents in its sole and absolute discretion.

Section 10.5 Notices. All notices, demands, requests, consents, approvals or other communications (any of the foregoing, a “*Notice*”) required, permitted or desired to be given hereunder shall be in writing and shall be sent by facsimile (with answer back acknowledged) or by registered or certified mail, postage prepaid, return receipt requested, or delivered by hand or by reputable overnight courier, addressed to the party to be so notified at its address hereinafter set forth, or to such other address as such party may hereafter specify in accordance with the provisions of this **Section 10.5** . Any Notice shall be deemed to have been received: (a) three (3) days after the date such Notice is mailed, (b) on the date of sending by facsimile if sent during business hours on a Business Day (otherwise on the next Business Day), (c) on the date of delivery by hand if delivered during business hours on a Business Day (otherwise on the next Business Day), and (d) on the next Business Day if sent by an overnight commercial courier, in each case addressed to the parties as follows:

If to Lender: JPMorgan Chase Bank, National Association
383 Madison Avenue, Floor 31
New York, New York 10179
Attention: Chuckie C. Reddy

with a copy to: Midland Loan Services, a Division of PNC Bank, National Association
10851 Mastin Street, Suite 300
Overland Park, KS 66210
Attention: Executive Vice President – Division Head
Facsimile No. (913) 253-9001

with a copy to: Andrascik & Tita LLC
1425 Locust Street, Suite 26B
Philadelphia, PA 19102
Attention: Stephanie M. Tita
Email: Stephanie@kanlegal.com

If to a Loan Party: [INSERT NAME OF LOAN PARTY]
c/o Invitation Homes
901 Main Street, Suite 4700
Dallas, TX 75202
Attention: General Counsel
Facsimile No. (972) 421-3601

With a copy to: [INSERT NAME OF LOAN PARTY]
c/o Invitation Homes
901 Main Street, Suite 4700
Dallas, TX 75202
Attention: Jonathan Olsen
Facsimile No. (214) 481-5057

and a copy to: Blackstone Real Estate Advisors L.P.
345 Park Avenue
New York, NY 10154
Attention: William J. Stein and Judy Turchin
Facsimile No. (212) 583-5202

and a copy to: Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Gregory J. Ressa, Esq.
Facsimile No.: (212) 455-2502

Any party may change the address to which any such Notice is to be delivered by furnishing ten (10) days written notice of such change to the other parties in accordance with the provisions of this **Section 10.5**. Notices shall be deemed to have been given on the date as set forth above, even if there is an inability to actually deliver any such Notice because of a changed address of which no Notice was given, or there is a rejection or refusal to accept any Notice offered for delivery. Notice for any party may be given by its respective counsel. Additionally, Notice from Lender may also be given by Servicer and Lender hereby acknowledges and agrees that Borrower shall be entitled to rely on any Notice given by Servicer as if it had been sent by Lender.

Section 10.6 Waiver of Trial by Jury. BORROWER AND LENDER EACH HEREBY AGREES NOT TO ELECT A TRIAL BY JURY OF ANY ISSUE TRIABLE OF RIGHT BY JURY, AND WAIVES ANY RIGHT TO TRIAL BY JURY FULLY TO THE EXTENT THAT ANY SUCH RIGHT SHALL NOW OR HEREAFTER EXIST WITH REGARD TO THE LOAN DOCUMENTS OR ANY CLAIM, COUNTERCLAIM OR OTHER ACTION ARISING IN CONNECTION THEREWITH. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS GIVEN KNOWINGLY AND VOLUNTARILY BY BORROWER AND LENDER AND IS INTENDED TO ENCOMPASS INDIVIDUALLY EACH INSTANCE AND EACH ISSUE AS TO WHICH THE RIGHT TO A TRIAL BY JURY WOULD OTHERWISE ACCRUE. EACH PARTY IS HEREBY AUTHORIZED TO FILE A COPY OF THIS PARAGRAPH IN ANY PROCEEDING AS CONCLUSIVE EVIDENCE OF THIS WAIVER.

Section 10.7 Headings, Schedules and Exhibits. The Article and/or Section headings and the Table of Contents in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose. The Schedules and Exhibits annexed hereto are hereby incorporated herein as a part of this Agreement with the same effect as if set forth in the body hereof.

Section 10.8 Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 10.9 Preferences. Lender shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by Borrower to any portion of the Obligations of Borrower hereunder. To the extent Borrower makes a payment or payments to Lender, which payment or proceeds or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of

such payment or proceeds received, the Obligations hereunder or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by Lender.

Section 10.10 Waiver of Notice. Borrower shall not be entitled to any notices of any nature whatsoever from Lender except with respect to matters for which this Agreement or the other Loan Documents specifically and expressly provide for the giving of notice by Lender to Borrower and except with respect to matters for which Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. Borrower hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Agreement or the other Loan Documents do not specifically and expressly provide for the giving of notice by Lender to Borrower. Except as specifically and expressly provided for in the Loan Documents, Guarantors shall not be entitled to any notices of any nature whatsoever from Lender under this Agreement or the other Loan Documents, and each Guarantor hereby expressly waives the right to receive any notice from Lender with respect to any matter for which this Agreement or the other Loan Documents do not specifically and expressly provide for the giving of notice by Lender to such Guarantor.

Section 10.11 Remedies of Borrower. In the event that a claim or adjudication is made that Lender or its agents have acted unreasonably or unreasonably delayed acting in any case where, by law or under this Agreement or the other Loan Documents, Lender or such agent, as the case may be, has an obligation to act reasonably or promptly, neither Lender nor its agents shall be liable for any monetary damages and Borrower's sole remedy shall be limited to commencing an action seeking injunctive relief or declaratory judgment. Any action or proceeding to determine whether Lender has acted reasonably shall be determined by an action seeking declaratory judgment.

Section 10.12 Offsets, Counterclaims and Defenses. Any assignee of Lender's interest in and to this Agreement and the other Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses which are unrelated to such documents which Borrower may otherwise have against any assignor of such documents, and no such unrelated counterclaim or defense shall be interposed or asserted by Borrower in any action or proceeding brought by any such assignee upon such documents and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by Borrower.

Section 10.13 No Joint Venture or Partnership; No Third Party Beneficiaries.

(a) Borrower and Lender intend that the relationships created hereunder and under the other Loan Documents be solely that of borrower and lender. Nothing herein or therein is intended to create a joint venture, partnership, tenancy-in-common or joint tenancy relationship between Borrower and Lender nor to grant Lender any interest in any Property other than that of beneficiary or lender.

(b) The Loan Documents are solely for the benefit of Lender and Borrower and nothing contained in any Loan Document shall be deemed to confer upon anyone other than Lender and Borrower any right to insist upon or to enforce the performance or observance of any of the obligations contained therein.

Section 10.14 Publicity. All news releases, publicity or advertising by Borrower or any of its Affiliates through any media intended to reach the general public which refers to the Loan Documents or the financing evidenced by the Loan Documents, to Lender (with respect to the Loan and the Securitization of the Loan only), the Affiliate of Lender that acts as the issuer with respect to a Securitization or any of their other Affiliates (in each case, with respect to the Loan and the Securitization of the Loan only) (a) shall be prohibited prior to the final Securitization of the Loan and (b) after the final Securitization of the Loan, shall be subject to the prior written approval of Lender. Lender shall have the right to publicly describe the Loan in general terms advertising and public communications of all kinds, including press releases, direct mail, newspapers, magazines, journals, e-mail, or internet advertising or communications. Notwithstanding the foregoing, Borrower's approval shall not be required for the publication by Lender of notice of the Loan and the Securitization of the Loan by means of a customary tombstone advertisement, which, for the avoidance of doubt, may include the amount of the Loan, the amount of securities sold, the number of Properties as of the Closing Date, the settlement date and the parties involved in the transactions contemplated hereby and the Securitization.

Section 10.15 Waiver of Marshalling of Assets. To the fullest extent permitted by law, Borrower, for itself and its successors and assigns, waives all rights to a marshalling of the assets of Borrower, Borrower's members or partners, as applicable, and others with interests in Borrower, and of the Collateral, and shall not assert any right under any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lender under the Loan Documents to a sale of the Collateral for the collection of the Obligations without any prior or different resort for collection, or of the right of Lender to the payment of the Obligations out of the net proceeds of the Collateral in preference to every other claimant whatsoever.

Section 10.16 Certain Waivers. Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by Lender or its agents or otherwise to offset any obligations to make the payments required by the Loan Documents. No failure by Lender to perform any of its obligations hereunder shall be a valid defense to, or result in any offset against, any payments which Borrower is obligated to make under any of the Loan Documents. Without limiting any of the other provisions contained herein, Borrower hereby unconditionally and irrevocably waives, to the maximum extent not prohibited by applicable law, any rights it may have to claim or recover against Lender in any legal action or proceeding any special, exemplary, punitive or consequential damages.

Section 10.17 Conflict; Construction of Documents; Reliance. In the event of any conflict between the provisions of this Agreement and any of the other Loan Documents, the provisions of this Agreement shall control. The parties hereto acknowledge that they were represented by competent counsel in connection with the negotiation, drafting and execution of the Loan Documents and that such Loan Documents shall not be subject to the principle of construing their meaning against the party which drafted same. Borrower acknowledges that, with respect to the Loan, Borrower shall rely solely on its own judgment and advisors in entering into the Loan, without relying in any manner on any statements, representations or recommendations of Lender or any parent, subsidiary or affiliate of Lender. Lender shall not be subject to any limitation whatsoever in the exercise of any rights or remedies available to it under

any of the Loan Documents or any other agreements or instruments which govern the Loan by virtue of the ownership by it or any parent, subsidiary or affiliate of Lender of any equity interest any of them may acquire in Borrower, and Borrower hereby irrevocably waives the right to raise any defense or take any action on the basis of the foregoing with respect to Lender's exercise of any such rights or remedies. Borrower acknowledges that Lender engages in the business of real estate financings and other real estate transactions and investments which may be viewed as adverse to or competitive with the business of Borrower or its Affiliates.

Section 10.18 Brokers and Financial Advisors. Borrower hereby represents that neither Borrower or any other Loan Party has dealt with any financial advisors, brokers, underwriters, placement agents, agents or finders in connection with the transactions contemplated by this Agreement. Borrower shall indemnify, defend and hold Lender harmless from and against any and all claims, liabilities, losses, costs and expenses of any kind (including Lender's attorneys' fees and expenses) in any way relating to or arising out of a claim by any Person that such Person acted on behalf of Borrower, any Loan Party or Lender in connection with the transactions contemplated herein. The provisions of this **Section 10.18** shall survive the expiration and termination of this Agreement and the payment of the Obligations.

Section 10.19 Prior Agreements. This Agreement and the other Loan Documents contain the entire agreement of the parties hereto and thereto and their respective affiliates in respect of the transactions contemplated hereby and thereby, and all prior agreements among or between such parties, including any confidentiality agreements or any similar agreements between or among any such parties, whether oral or written, are superseded by the terms of this Agreement and the other Loan Documents.

Section 10.20 Servicer. At the option of Lender, the Loan may be serviced by a servicer or special servicer (the "**Servicer**") selected by Lender and Lender may delegate all or any portion of its responsibilities under this Agreement and the other Loan Documents to the Servicer pursuant to the trust and servicing agreement or pooling and servicing agreement (the "**Servicing Agreement**") governing the Securitization. Borrower shall not be responsible for any set-up fees or any other initial costs relating to or arising under the Servicing Agreement. Borrower shall not be responsible for payment of the monthly master servicing fee due to the Servicer under the Servicing Agreement. Notwithstanding the foregoing, Borrower shall pay all Trust Fund Expenses. For the avoidance of doubt, this **Section 10.20** shall not be deemed to limit Borrower's obligations under **Section 4.1.20**.

Section 10.21 Joint and Several Liability. If more than one Person has executed this Agreement as "Borrower," the representations, covenants, warranties and obligations of all such Persons hereunder shall be joint and several.

Section 10.22 Creation of Security Interest. Notwithstanding any other provision set forth in this Agreement, the Note, the Mortgage Documents or any of the other Loan Documents, Lender may at any time create a security interest in all or any portion of its rights under this Agreement, the Note, the Mortgage Documents and any other Loan Document (including the advances owing to it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

Section 10.23 Assignments and Participations. In addition to the right to securitize the Loan under **Section 9.1**, to sever the interests in the Loan into "component" notes under **Section 9.3**

and any other rights of Lender hereunder, the Loan, the Note, the Loan Documents and/or Lender's rights, title, obligations and interests therein may be sold, assigned, participated or otherwise transferred by Lender and any of its successors and assigns to any Person at any time in its sole and absolute discretion, in whole or in part, whether by operation of law (pursuant to a merger or other successor in interest) or otherwise without notice to or consent from Borrower or any other Person. Upon such assignment, all references to Lender in this Agreement and in any Loan Document shall be deemed to refer to such assignee or successor in interest and such assignee or successor in interest shall thereafter stand in the place of Lender in all respects (subject to the requirements and limitations therein, including the requirements under **Section 2.10.6**). Borrower agrees that each beneficial owner of the Securities or component notes issued pursuant to **Sections 9.1** and **9.3** shall be entitled to the benefits of **Sections 2.9** and **2.10** (subject to the requirements and limitations therein, including the requirements under **Section 2.10.6**). Each participant shall be entitled to the benefits of **Sections 2.9** and **2.10** (subject to the requirements and limitations therein, including the requirements under **Section 2.10.6**, it being understood that the documentation required under **Section 2.10.6** shall be delivered to the participating Lender) to the same extent as if it were a Lender and had acquired its interest by assignment; provided that such participant shall not be entitled to receive any greater payment pursuant to **Sections 2.9** or **Section 2.10** than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a change in law that occurs after the participant acquired the applicable participation.

Section 10.24 Register and Participant Register. Lender or its designee (the "**Registrar**"), as a non-fiduciary agent of Borrower, shall maintain a record that identifies each owner (including successors and assignees) of an interest in the Loan, any Securities or any component notes, including the name and address of the owner, and each owner's rights to principal and stated interest (the "**Register**"), and shall record all transfers of an interest in the Loan, any Securities or any component notes, including each assignment, in the Register. Transfers of interests in the Loan (including assignments), any Securities or any component notes shall be subject to the applicable conditions set forth in the Loan Documents with respect thereto and the Registrar will update the Register to reflect the transfer. The Register shall be available for inspection by Borrower, at any reasonable time and from time to time upon reasonable prior notice. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph. Furthermore, each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of Borrower, maintain a register on which it enters the name and address of each participant and the principal amounts and stated interest of each participant's interest in the Loan or other obligations under the Loan Documents (the "**Participant Register**"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any participant or any information relating to a participant's interest) except to the extent that such disclosure is necessary to establish that such Loan or other obligation is in registered form under Section 5f.103-1(c) of the U.S. Department of Treasury regulations. The entries in the Register and Participant Register shall be conclusive absent manifest error. Borrower, Lender and any of its successors and assigns, and the Registrar shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement and the participating Lender shall treat each Person whose name is recorded in the Participant Register pursuant to the terms hereof as the owner of such participation for all purposes of this Agreement. Failure to make any such recordation, or any error in such recordation, however, shall not affect Borrower's obligations in respect of the Loan.

Section 10.25 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

Section 10.26 Set-Off. In addition to any rights and remedies of Lender provided by this Agreement and by law, Lender shall have the right in its sole discretion, without prior notice to Borrower, any such notice being expressly waived by Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by Borrower hereunder (whether at the stated maturity, by acceleration or otherwise), to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by Lender or any Affiliate thereof to or for the credit or the account of Borrower; provided however, Lender may only exercise such right during the continuance of an Event of Default. Lender agrees promptly to notify Borrower after any such set-off and application made by Lender; provided that the failure to give such notice shall not affect the validity of such set-off and application.

Section 10.27 Cross-Default; Cross-Collateralization; Waiver of Marshalling of Assets.

(a) Borrower acknowledge that Lender has made the Loan to Borrower upon, among other things, the security of its collective interest in the Properties and in reliance upon the aggregate of the Properties taken together being of greater value as collateral security than the sum of each Property taken separately. Borrower agrees that the Mortgages are and will be cross-collateralized and cross-defaulted with each other so that (i) an Event of Default under any of the Mortgages shall constitute an Event of Default under each of the other Mortgages which secure the Note; (ii) an Event of Default under the Note or this Agreement shall constitute an Event of Default under each Mortgage; (iii) each Mortgage shall constitute security for the Note as if a single blanket lien were placed on all of the Properties as security for the Note; and (iv) such cross-collateralization shall in no event be deemed to constitute a fraudulent conveyance.

(b) To the fullest extent permitted by law, Borrower for itself and its successors and assigns, waives all rights to a marshalling of the assets of Borrower, Borrower's partners or members and of the Properties, or to a sale in inverse order of alienation in the event of foreclosure of all or any of the Mortgages, and agrees not to assert any right under any laws pertaining to the marshalling of assets, the sale in inverse order of alienation, homestead exemption, the administration of estates of decedents, or any other matters whatsoever to defeat, reduce or affect the right of Lender under the Loan Documents to a sale of the Properties for the collection of the Debt without any prior or different resort for collection or of the right of Lender to the payment of the Debt out of the net proceeds of the Properties in preference to every other claimant whatsoever. In addition, Borrower, for itself and its successors and assigns, waives in the event of foreclosure of any or all of the Mortgages, any equitable right otherwise available to Borrower which would require the separate sale of the Properties or require Lender to exhaust its remedies against any Property or any combination of the Properties before proceeding against

any other Property or combination of Properties; and further in the event of such foreclosure Borrower does hereby expressly consents to and authorizes, at the option of Lender, the foreclosure and sale either separately or together of any combination of the Properties

Section 10.28 Certificated Interests.

(a) If any ownership interest in an Equity Interest is represented by a certificate (each, an “*Equity Certificate*”) that has been pledged and delivered to Lender and such Equity Certificate is lost, stolen or destroyed, then, upon the written request of Lender to the applicable Loan Party, such Loan Party shall issue to Lender a new Equity Certificate in place of the Equity Certificate that was lost, stolen or destroyed, provided such Lender: (i) makes proof by written, notarized affidavit, in form and substance reasonably satisfactory to the applicable Loan Party that such previously issued Equity Certificate has been lost, stolen or destroyed and has not been assigned, endorsed, transferred or hypothecated, (ii) delivers a written indemnity (in form and substance and from an indemnitor reasonably satisfactory to the applicable Loan Party) to the extent required by any title company proposing to provide title insurance with respect to such Equity Certificate and (iii) requests the issuance of a new Equity Certificate before the Loan party has notice that such previously issued Equity Certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim.

(b) Upon repayment in full of the Loan, in the event Lender fails to return to a Loan Party an Equity Certificate previously delivered by such Loan Party to Lender in connection with the Loan, Lender shall deliver to the applicable Loan Party, within ten (10) days of such Loan Party’s demand, (i) a written, notarized affidavit, in form and substance reasonably satisfactory to the applicable Loan Party that such previously issued Equity Certificate has been lost, stolen or destroyed and has not been assigned, endorsed, transferred or hypothecated and (ii) a written indemnity (in form and substance and from an indemnitor reasonably satisfactory to the applicable Loan Party) to the extent required by any title company proposing to provide title insurance with respect to such Equity Certificate.

Section 10.29 Exculpation of Lender. Lender neither undertakes nor assumes any responsibility or duty to Borrower or any other party to select, review, inspect, examine, supervise, pass judgment upon or inform Borrower or any third party of (a) the existence, quality, adequacy or suitability of Broker Price Opinions of the Properties or other Collateral, (b) any environmental report, or (c) any other matters or items, including property inspections that are contemplated in the Loan Documents. Any such selection, review, inspection, examination and the like, and any other due diligence conducted by Lender, is solely for the purpose of protecting Lender’s rights under the Loan Documents, and shall not render Lender liable to Borrower or any third party for the existence, sufficiency, accuracy, completeness or legality thereof.

Section 10.30 No Fiduciary Duty.

(a) Borrower acknowledges that, in connection with this Agreement, the other Loan Documents and the Transaction, Lender has relied upon and assumed the accuracy and completeness of all of the financial, legal, regulatory, accounting, tax and other information provided to, discussed with or reviewed by Lender for such purposes, and Lender does not assume any liability therefor or responsibility for the accuracy, completeness or independent verification thereof. Lender, its affiliates and their respective equityholders and employees (for

purposes of this Section, the “ *Lending Parties* ”) have no obligation to conduct any independent evaluation or appraisal of the assets or liabilities (including any contingent, derivative or off-balance sheet assets and liabilities) of Sponsor, Borrower or any other Person or any of their respective affiliates or to advise or opine on any related solvency or viability issues.

(b) It is understood and agreed that (i) the Lending Parties shall act under this Agreement and the other Loan Documents as an independent contractor, (ii) the Transaction is an arm’s-length commercial transaction between the Lending Parties, on the one hand, and Borrower, on the other, (iii) each Lending Party is acting solely as principal and not as the agent or fiduciary of Borrower, Sponsor or their respective affiliates, stockholders, employees or creditors or any other Person and (iv) nothing in this Agreement, the other Loan Documents, the Transaction or otherwise shall be deemed to create (A) a fiduciary duty (or other implied duty) on the part of any Lending Party to Sponsor, Borrower, any of their respective affiliates, stockholders, employees or creditors, or any other Person or (B) a fiduciary or agency relationship between Sponsor, Borrower or any of their respective affiliates, stockholders, employees or creditors, on the one hand, and the Lending Parties, on the other. Borrower agrees that neither it nor Sponsor nor any of their respective affiliates shall make, and hereby waives, any claim against the Lending Parties based on an assertion that any Lending Party has rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to Borrower, Sponsor or their respective affiliates, stockholders, employees or creditors. Nothing in this Agreement or the other Loan Documents is intended to confer upon any other Person (including affiliates, stockholders, employees or creditors of Borrower and Sponsor) any rights or remedies by reason of any fiduciary or similar duty.

(c) Borrower acknowledges that it has been advised that the Lending Parties are a full service financial services firm engaged, either directly or through affiliates in various activities, including securities trading, investment banking and financial advisory, investment management, principal investment, hedging, financing and brokerage activities and financial planning and benefits counseling for both companies and individuals. In the ordinary course of these activities, the Lending Parties may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and/or financial instruments (including loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and/or instruments. Such investment and other activities may involve securities and instruments of affiliates of Borrower, including Sponsor, as well as of other Persons that may (i) be involved in transactions arising from or relating to the Transaction, (ii) be customers or competitors of Borrower, Sponsor and/or their respective affiliates, or (iii) have other relationships with Borrower, Sponsor and/or their respective affiliates. In addition, the Lending Parties may provide investment banking, underwriting and financial advisory services to such other Persons. The Lending Parties may also co-invest with, make direct investments in, and invest or co-invest client monies in or with funds or other investment vehicles managed by other parties, and such funds or other investment vehicles may trade or make investments in securities of affiliates of Borrower, including Sponsor, or such other Persons. The Transaction may have a direct or indirect impact on the investments, securities or instruments referred to in this *Section 10.30(c)* . Although the Lending Parties in the course of such other activities and relationships may acquire information about the Transaction or other Persons that may be the subject of the Transaction, the Lending Parties shall have no obligation to disclose such information, or the fact that the Lending Parties are in possession of such information, to Borrower, Sponsor or any of their respective affiliates or to use such information on behalf of Borrower, Sponsor or any of their respective affiliates.

(d) Borrower acknowledges and agrees that Borrower has consulted its own legal and financial advisors to the extent it deemed appropriate and that it is responsible for making its own independent judgment with respect to this Agreement, the other Loan Documents, the Transaction and the process leading thereto.

Section 10.31 Arizona Provision. Anything to the contrary herein or elsewhere notwithstanding, in no event shall Borrower have any liability or other obligation under or with respect to the Sponsor Guaranty, the Equity Owner Guaranty or the Borrower GP Guaranty. The following Arizona provision does not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Arizona law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Arizona or any other Loan Document:

(a) **Waiver of Surety Defenses.** Each Loan Party hereby expressly waives, to the extent permitted by law, any and all defenses and discharges available to a surety, guarantor or accommodation co-obligor, including, without limitation, the benefits of Arizona Revised Statutes Sections 12-1641 through 12-1646 and Rule 17(f) of the Arizona Rules of Civil Procedure, and, to the extent permitted by law, the benefits, if any, of Arizona Revised Statutes Section 33-814, in each case as amended, and any successor statutes or rules, or any similar statute.

(b) Anything to the contrary herein or elsewhere notwithstanding, the Equity Owner Guaranty and the Sponsor Guaranty and all obligations arising under any of them are not and shall not be secured in any manner whatsoever, including by any Mortgage or by any lien encumbering any Property; **provided, however**, that any environmental indemnity provisions set forth in this Agreement or any Environmental Indemnity shall be so secured, except as to the obligations of Sponsor and the Equity Owner and subject to the rights of Lender to proceed on an unsecured basis thereunder pursuant to applicable law.

Section 10.32 California Provision. Anything to the contrary herein or elsewhere notwithstanding, in no event shall Borrower have any liability or other obligation under or with respect to the Sponsor Guaranty, the Equity Owner Guaranty or the Borrower GP Guaranty. The following California provisions do not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, California law is held to govern this Agreement, any Mortgage Document encumbering a Property located in California or any other Loan Document:

(a) **Waiver of Offset.** Notwithstanding anything contained herein to the contrary, no portion of any of the Obligations shall be or be deemed to be offset or compensated by all or any part of any claim, cause of action, counterclaim, or cross-claim, whether liquidated or unliquidated, that Borrower may have or claim to have against any other Relevant Party. Borrower hereby waives, to the fullest extent permitted by applicable law, the benefits of California Code of Civil Procedure Section 431.70.

(b) **Insurance Notice**. Lender hereby notifies Borrower of the provisions of Section 2955.5(a) of the California Civil Code, which reads as follows:

“No lender shall require a borrower, as a condition of receiving or maintaining a loan secured by real property, to provide hazard insurance coverage against risks to the improvements on that real property in an amount exceeding the replacement value of the improvements on the property.”

This disclosure is being made by Lender to Borrower pursuant to Section 2955.5(b) of the California Civil Code. Borrower hereby acknowledges receipt of this disclosure and acknowledges that this disclosure has been made by Agent before execution of the Note.

(c) **Environmental Provisions**. The provisions contained in *Section 3.2.18* of this Agreement are intended by the parties to constitute “environmental provisions” as defined in California Code of Civil Procedure Section 736, and Lender shall have all rights and remedies provided in such section.

(d) **Access to Properties**. Lender’s rights under *Section 4.1.4* of this Agreement shall be deemed to include, without limitation, its rights under California Civil Code Section 2929.5, as such provisions may be amended from time to time.

Section 10.33 Florida Provision. The following Florida provision does not limit the express choice of New York law as set forth in *Section 10.3* of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Florida law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Florida or any other Loan Document:

(a) **Interest on Judgments**. The parties acknowledge and agree that the Default Rate provided for herein shall also be the rate of interest payable on any judgments entered in favor of Lender in connection with the loan evidenced hereby.

Section 10.34 Georgia Provision. The following Georgia provision does not limit the express choice of New York law as set forth in *Section 10.3* of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Georgia law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Georgia or any other Loan Document:

(a) **Attorney’s Fees**. Notwithstanding anything contained in this Agreement or any other Loan Document, in any instance where Borrower or any other Relevant Party is required to reimburse Lender for any legal fees or expenses incurred by Lender or Servicer, (i) “reasonable attorneys’ fees,” “reasonable counsel’s fees,” “attorneys’ fees” and other words of similar import, are not, and shall not be statutory attorneys’ fees under O.C.G.A. § 13-1-11, (ii) if, under any circumstances a Relevant Party is required to pay any or all of Lender’s or Servicer’s attorneys’ fees and expenses, howsoever described or referenced, such Relevant Party shall be responsible only for reasonable legal fees and out of pocket expenses actually incurred by Lender or Servicer at customary hourly rates actually charged to Lender or Servicer for the work done, and (iii) no Relevant Party shall be liable under any circumstances for additional attorneys’ fees or expenses, howsoever described or referenced, under O.C.G.A. § 13-1-11.

Section 10.35 Nevada Provisions. The following Nevada provisions do not limit the express choice of New York law as set forth in **Section 10.3** of this Agreement and the other Loan Documents. If and to the extent that, notwithstanding the choice of law provisions contained in this Agreement and the other Loan Documents, Nevada law is held to govern this Agreement, any Mortgage Document encumbering a Property located in Nevada or any other Loan Document:

(a) **Waiver of Offset.** Notwithstanding anything contained herein to the contrary, no portion of any of the Obligations shall be or be deemed to be offset or compensated by all or any part of any claim, cause of action, counterclaim, or cross-claim, whether liquidated or unliquidated, that Borrower may have or claim to have against any other Loan Party.

(b) **Waiver of Prepayment.** Borrower hereby expressly (i) waives, to the extent permitted by law, any right it may have to prepay any Loan in whole or in part, without penalty, upon acceleration of the Maturity Date; and (ii) agrees that if a prepayment of any or all of any Loan is made, Borrower shall be obligated to pay, concurrently therewith, any fees applicable thereto. By initialing this provision in the space provided below, the Loan Parties hereby declare that Lender's agreement to make the subject Loan at the Interest Rate and for the term set forth herein constitutes adequate consideration, given individual weight by the undersigned, for this waiver and agreement.

(c) BORROWER'S INITIALS AS TO SECTION 10.35(b): /s/ JSO

[*No Further Text on This Page*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their duly authorized representatives, all as of the day and year first above written.

LENDER:

**JPMORGAN CHASE BANK,
NATIONAL ASSOCIATION**, a banking association chartered
under the laws of the United States of America

By: /s/ John Kim

Name: John Kim

Title: Executive Director

Signature Page to IH 2015-SFR3 Loan Agreement

BORROWER:

2015-3 IH2 BORROWER L.P. ,
a Delaware limited partnership

By: 2015-3 IH2 Borrower G.P. LLC,
a Delaware limited liability company
its General Partner

By: /s/ Jonathan Olsen

Name: Jonathan Olsen

Title: Managing Director, Capital Markets

Signature Page to IH 2015-SFR3 Loan Agreement

EMPLOYMENT AGREEMENT
(John B. Bartling Jr.)

EMPLOYMENT AGREEMENT (the “Agreement”) dated November 25, 2014 (the “Effective Date”) by and between Invitation Homes L.P. (the “Company”) and John B. Bartling Jr. (“Executive”).

The Company desires to employ Executive and to enter into an agreement embodying the terms of such employment;

Executive desires to accept such employment and enter into such an agreement;

In consideration of the premises and mutual covenants herein and for other good and valuable consideration, the parties agree as follows:

1. Term of Employment. Subject to the provisions of Section 5 of this Agreement, Executive shall be employed by the Company beginning November 3, 2014, (the “Start Date”) and ending on the third anniversary of the Effective Date (the “Employment Term”) on the terms and subject to the conditions set forth in this Agreement; provided, however, the Employment Term shall be automatically extended for an additional one-year period commencing with the third anniversary of the Effective Date and, thereafter, on each such successive anniversary of the Effective Date thereafter (each an “Extension Date”), unless the Company or Executive provides the other party hereto 60 days prior written notice before the next Extension Date that the Employment Term shall not be so extended (a “Notice of Non-Renewal”).

2. Position, Duties and Authority.

(a) Position. During the Employment Term, Executive shall serve as the Company’s President and Chief Executive Officer of the Company. In such positions, Executive shall report directly to, and only to, the Board, and shall have such duties as are reasonably requested by the Board, consistent with duties customarily performed by a President and Chief Executive Officer. Executive shall report directly to, and only to, the Board of Directors of the Company (the “Board”). At the request of the Board, Executive shall serve as a member of the Board without additional compensation.

(b) Duties and Authority. During the Employment Term, Executive devote his full business time and reasonable best efforts to the business and affairs of the Company to perform Executive’s duties and will not engage in any other business, profession or occupation for compensation or otherwise which would unreasonably conflict or unreasonably interfere with the rendition of such services either directly or indirectly; provided that nothing herein shall preclude Executive from (i) managing personal and family investments including partnerships and holding various roles in Allbridge and Stonebridge, (ii) subject to the prior approval of the Board (such approval not to be unreasonably withheld), accepting appointment to serve on any board of directors or trustees of any business corporation, or (iii) serving as an officer or director or otherwise participating in non-profit educational, welfare, social, religious and civil organizations; provided, however, that any such activities do not materially conflict or materially

interfere with the performance and fulfillment of the Executive's duties and responsibilities as an executive or director of the Company in accordance with this Agreement or conflict with Section 6.

3. Compensation.

(a) Base Salary. During the Employment Term, the Company shall pay Executive a base salary (" Base Salary ") at an annual rate of \$875,000 and payable in regular installments in accordance with the Company's usual payment practices. Executive shall be entitled to such increases in Executive's Base Salary, if any, as may be determined from time to time in the sole discretion of the Board.

(b) Annual Bonus.

(i) During each fiscal year of the Employment Term, Executive shall be eligible to earn an annual bonus award (an " Annual Bonus "), payable at 75% of then-current Base Salary if minimum performance objectives are achieved, at 100% of then-current Base Salary if target performance objectives are achieved (such amount, the " Target Bonus "), and 125% of then-current Base Salary if stretch performance objectives are achieved or exceeded, with no Annual Bonus payable if minimum performance objectives are not achieved, and the actual amount determined based on the extent to which performance objectives are achieved, in the sole discretion of the Board. Performance objectives shall consist of Company-wide performance goals and individual performance goals, to be mutually agreed to by the Board and the Executive, and shall be established the Board no later than March 31 of the calendar year to which it relates. Notwithstanding the foregoing, Executive's actual Annual Bonus paid in respect of the 2014 fiscal year shall be \$625,000, paid in 2015 at such time annual performance bonuses are paid to other senior executives of the Company but in no event later than March 31, 2015 (and regardless of whether any such bonuses are paid to such other senior executives).

(ii) Without limiting the applicability of Section 5(c)(ii)(B) hereof, no Annual Bonus shall be payable in respect of any fiscal year in which Executive's employment is terminated, unless otherwise determined by the Board in its sole discretion.

(c) Equity Arrangements. Subject to, and contingent upon the occurrence of the Start Date, the Company will make grants of equity incentive awards in the Company, Invitation Homes 2-A, L.P., Preeminent Parent, L.P., Invitation Homes 3, L.P., and Invitation Homes 4, L.P. (and, when documented generally for all senior executives, "Invitation Homes 5"), to Executive (collectively, the " Equity Grants "), on terms substantially similar to other senior executives of the Company and pursuant to the definitive documentation provided to Executive in connection with entering into this Agreement (the " Equity Grant Agreements ").

4. Benefits.

(a) Employee Benefits. During the Employment Term, Executive shall be entitled to participate in the Company's employee benefit plans (other than annual bonus and incentive plans and severance plans, the benefits for which will be determined instead in accordance with this Agreement) as in effect from time to time, including medical benefits (collectively "Employee Benefits"), on the same basis as those benefits are generally made available to other senior executives of the Company.

(b) Other Benefits. During the Employment Term, the Company shall reimburse Executive for reasonable and necessary business expenses incurred by Executive in the performance of Executive's duties hereunder in accordance with its then prevailing policy for senior executives (which shall include appropriate itemization and substantiation of expenses incurred).

5. Termination. The Employment Term and Executive's employment hereunder may be terminated by either party at any time and for any reason, provided that Executive and the Company will be required to give each other at least 60 days' advance written notice of any termination or resignation of Executive's employment (other than as a result of a termination for Cause or Constructive Termination), and provided, further, that the Company may provide 60 days of Base Salary in lieu of such notice. Notwithstanding any other provision of this Agreement and except as provided by applicable law, the provisions of this Section 5 and the Equity Grant Agreements shall exclusively govern Executive's rights to payments upon termination of employment with the Company and its affiliates.

(a) By the Company For Cause.

(i) The Employment Term and Executive's employment hereunder (x) may be terminated by the Company for Cause (as defined below) and (y) shall terminate automatically upon the effective date of Executive's resignation other than as a result of a Constructive Termination (as defined in Section 5(d)(ii)).

(ii) For purposes of this Agreement, "Cause" shall mean (1) Executive's continued and willful non-performance of Executive's duties hereunder (other than as a result of total or partial incapacity due to physical or mental illness), which failure is not cured for a period of 10 days following written notice by the Company to Executive describing such failure in reasonable detail, (2) Executive's willful malfeasance or willful misconduct in connection with Executive's duties hereunder, (3) Executive's theft or embezzlement of Company property (unless such theft or embezzlement is de minimis in value), (4) Executive's indictment for any felony under the laws of the United States or any state thereof (other than a vehicular related felony), (5) Executive's breach of Section 6, or (7) Executive's material or willful breach of Section 7 of this Agreement (such breach, a "Material Confidentiality Breach").

(iii) If Executive's employment is terminated by the Company for Cause, Executive shall be entitled to receive:

(A) no later than ten (10) days following the date of termination, the then accrued Base Salary through the date of termination;

(B) any Annual Bonus (if applicable) earned, but unpaid, as of the date of termination for the immediately preceding fiscal year, paid in accordance with Section 3 (except to the extent payment is otherwise deferred pursuant to any applicable deferred compensation arrangement with the Company, in which case such payment shall be made in accordance with the terms and conditions of such deferred compensation arrangement);

(C) reimbursement, within 60 days following receipt by the Company of Executive's claim for such reimbursement (including appropriate supporting documentation), for any unreimbursed business expenses properly incurred by Executive in accordance with Company policy prior to Executive's termination; provided that such claims for such reimbursement are submitted to the Company within 90 days following the date of Executive's termination of employment; and

(D) such Employee Benefits, if any, to which Executive may be entitled under the employee benefit plans of the Company, payable in accordance with the terms and conditions of such employee benefit plans (the amounts described in clauses (A) through (D) hereof being referred to as the "Accrued Rights").

Following such termination of Executive's employment by the Company for Cause, except as set forth in this Section 5(a)(iii), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(b) By Executive Other Than as a Result of a Constructive Termination.

(i) If Executive resigns other than as a result of a Constructive Termination, Executive shall be entitled to receive:

(A) The Accrued Rights.

(B) If such resignation occurs after the first nine months following the Start Date, on the 60th day following the date of termination, subject to Executive's continued compliance with Section 6 hereof during the Restricted Period and Executive's continued material compliance with Section 7 hereof during the Restricted Period, the Company shall pay Executive a cash payment (the "Severance Payment") in the amount determined as follows:

- (1) If the Equity Grant Value (as defined below) is less than \$4,000,000, then the Severance Payment shall be equal to the amount by which \$4,000,000 exceeds the Equity Grant Value (and the Company or one of its affiliates or a designee also shall

(unless otherwise agreed by the Company and Executive) purchase (and Executive agrees to sell or cause to be sold) such vested Equity Grants at the Equity Grant Value (less all proceeds previously received in respect of all Equity Grants), with such purchase to occur on a date selected by the Company but no later than six months and one day after the date of termination governed by this Section 5(b) (or such later date as is required to comply with any accounting principles such that the equity awards shall not be treated as a “liability award”); or

- (2) If the Equity Grant Value is equal to or greater than \$4,000,000, then the Company shall cause the issuers of the Equity Grants to make an advance on the Equity Grants out of available profits within 60 days of the termination date equal to \$4,000,000, less all proceeds previously received in respect of all Equity Grants (and Executive shall retain the vested Equity Grants, subject to the terms thereof).

For purposes of this Section 5(b)(i)(B), the “Equity Grant Value” is equal to the sum of (x) the fair value as of the date of termination (as reasonably determined by the Board) of the vested portion of the Equity Grants (giving effect to any accelerated vesting in connection with the termination or otherwise) and (y) all proceeds previously received in respect of all Equity Grants.

(ii) Following such resignation by Executive other than as a result of a Constructive Termination, except as set forth in this Section 5(b), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(c) Disability or Death.

(i) The Employment Term and Executive’s employment hereunder shall terminate upon Executive’s death and may be terminated by the Company if Executive becomes physically or mentally incapacitated and is therefore unable for an aggregate of twelve (12) months in any twenty-four (24) consecutive month period to perform Executive’s duties (such incapacity is hereinafter referred to as “Disability”). Any question as to the existence of the Disability of Executive as to which Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to Executive and the Company. If Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third physician who shall make such determination in writing. The determination of Disability made in writing to the Company and Executive shall be final and conclusive for all purposes of the Agreement.

(ii) Upon termination of Executive's employment hereunder for either Disability or death, Executive or Executive's estate (as the case may be) shall be entitled to receive:

(A) The Accrued Rights.

(B) If such termination for either Disability or death occurs after the first six months following the Start Date, the Severance Payments in accordance with (and subject to all provisions of) Section 5(b)(i)(B).

(C) Within 60 days of the applicable termination date, a pro rata portion (based on the number of days Executive is employed during the year of termination) of the greater of (x) Executive's Target Bonus for the year of termination and (y) Executive's Annual Bonus for the year immediately preceding the year of termination.

(iii) Following Executive's termination of employment due to death or Disability, except as set forth in this Section 5(c), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(d) By the Company Without Cause or Resignation by Executive as a Result of Constructive Termination.

(i) The Employment Term and Executive's employment hereunder may be terminated by the Company without Cause or by Executive as a result of a Constructive Termination and shall terminate automatically upon the effective date of Executive's resignation other than as a result of a Constructive Termination.

(ii) For purposes of this Agreement, a "Constructive Termination" shall mean any of the foregoing events: (A) a material reduction in Executive's Base Salary or Target Bonus opportunity (as a percentage of Base Salary), except as provided by Section 3 above; (B) the failure of the Company to pay or provide or cause to be paid or provided Executive's Base Salary or Annual Bonus when due; (C) delivery by the Company to Executive of a Notice of Non-Renewal; (D) a material and sustained diminution in Executive's authority and duties; and/or (E) a relocation of Executive's principal place of employment by more than 50 miles; provided that any event described in this Section 5(d)(ii) shall not constitute a Constructive Termination unless the Company fails to cure such event within 10 days after receipt from Executive of written notice of the event which otherwise would constitute Constructive Termination; and provided, further, that "Constructive Termination" shall cease to exist for an event on the 90th day following the later of its occurrence or Executive's actual knowledge thereof, unless Executive has given the Board written notice thereof prior to such date.

(iii) If Executive's employment is terminated by the Company without Cause (other than by reason of death or Disability) or Executive resigns as a result of a Constructive Termination, Executive shall be entitled to receive:

(A) The Accrued Rights;

(B) If Executive elects continuation of his medical and dental coverage under COBRA, Executive's coverage and participation under the Company's medical and dental benefit plans in which he was participating immediately prior to termination of employment pursuant to this Section 5(d) ("Medical and Dental Benefits") shall continue at the same cost to him as the cost for the Medical and Dental Benefits immediately prior to such termination until (i) the expiration of the maximum period for such coverage allowable under COBRA (but no longer than 12 months) or (ii) the date on which Executive receives medical and/or dental coverage from a third party (it being understood that such continuation of coverage may be made by paying Executive a series of monthly payments sufficient, on a grossed up basis, after payment of federal, state and local income taxes, to pay his applicable monthly COBRA premium). Executive may choose to continue his Medical and Dental Benefits under COBRA at his own expense for the balance, if any, of the period required by law; and

(C) If such termination without Cause or resignation as a result of a Constructive Termination occurs after the first nine months following the Start Date, the Severance Payments in accordance with (and subject to all provisions of) Section 5(b)(i)(B).

(iv) Following Executive's termination of employment by the Company without Cause (other than by reason of Executive's death or Disability) or by Executive's resignation as a result of a Constructive Termination, except as set forth in this Section 5(d) and the Equity Grant Agreements, Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(e) Release. Amounts payable to Executive under Section 5(b)(i)(B); 5(c)(ii)(B), 5(c)(ii)(C); 5(d)(iii)(B) and 5(d)(iii)(C) above are subject to execution and non-revocation of a release of claims by Executive (or, if applicable, Executive's estate), substantially in the form attached hereto as Exhibit I, within forty-five (45) days of the date of termination.

(f) Continued Employment Beyond the Expiration of the Employment Term. Unless the parties otherwise agree in writing and without limiting the applicability of Sections 5(d)(ii)(C) and 5(d)(iii) hereof, continuation of Executive's employment with the Company beyond the expiration of the Employment Term following the delivery of a Notice of Non-Renewal shall be deemed an employment at-will and Executive's employment may thereafter be terminated at will by either Executive or the Company; provided that, the provisions of Sections 6, 7, and 8 of this Agreement shall survive any termination of this Agreement resulting from a Notice of Non-Renewal or Executive's termination of employment that occurs after the expiration of the Employment Term. For the avoidance of doubt, no payment shall be required to cause Section 6 to survive a termination of employment during the Employment Term.

(g) Notice of Termination. Any purported termination of employment by the Company or by Executive (other than due to Executive's death) hereunder shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 8(i) hereof, indicating the specific termination provision in this Agreement relied upon.

(h) Board/Committee Resignation. Upon termination of Executive's employment for any reason, Executive agrees to resign, as of the date of such termination and to the extent applicable, from any board of directors (and any committees thereof) of any of the Company and its affiliates.

(i) Forfeiture. Upon written notice by the Company to Executive that Executive has committed any breach of Section 6 hereof or a Material Confidentiality Breach during the Restricted Period following Executive's termination of employment, Executive shall repay to the Company an amount equal to the after-tax proceeds of any payments made under Section 5(b)(i)(B); Sections 5(c)(ii)(B) and 5(c)(ii)(C); and Sections 5(d)(iii)(B) and 5(d)(iii)(C) (the "Severance Clawback Amount"). Any determination under this Section 5 of whether Executive is in compliance with Section 6 hereof or committed a Material Confidentiality Breach shall be determined without regard to whether Section 6 or 7, as applicable, is enforceable under applicable law.

6. Non-Competition.

(a) Competitive Activity. Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company and its affiliates and accordingly agrees as follows:

(i) During the Employment Term and for a period equal to 12 months following the date Executive ceases to be employed by the Company for any reason (the "Restricted Period"), Executive will not, whether on Executive's own behalf or on behalf of or in conjunction with any person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise whatsoever ("Person"), directly or indirectly solicit or assist in soliciting in competition with the Restricted Group in the Business the business of any then current or prospective client or customer with whom Executive (or his direct reports) had personal contact or dealings on behalf of the Company during the one-year period preceding Executive's termination of employment.

(ii) During the Restricted Period, Executive will not, directly or indirectly:

(A) engage in the Business in any geographical area where the Restricted Group engages in the Business (or has established, during the Employment Term, plans engage in the Business during the Restricted Period);

(B) enter the employ of, or render any services to, a Competitor, except where such employment or services do not relate to the Business; or

(C) acquire a 10% or greater financial interest in a Competitor, directly or indirectly, as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant.

(iii) Notwithstanding anything to the contrary in this Agreement, the provisions of this Section 6 shall not restrict the ownership of any number of single-family homes for personal use by Executive or up to five additional single-family homes as personal investments.

(iv) During the Restricted Period, Executive will not, whether on Executive's own behalf or on behalf of or in conjunction with any Person, directly or indirectly:

(A) solicit or encourage any employee of the Restricted Group (other than Executive's personal assistant/secretary) to leave the employment of the Restricted Group; or

(B) hire any such employee who was employed by the Restricted Group as of the date of Executive's termination of employment with the Company or who left the employment of the Restricted Group within three months prior to the termination of Executive's employment with the Company (other than Executive's personal assistant/secretary).

(v) For purposes of this Agreement:

(A) "Restricted Group" shall mean, collectively, the Company and its subsidiaries.

(B) "Business" shall mean the business of acquiring controlling investments in, owning, developing, leasing, operating or managing one to four unit residential real properties, including single-family homes in planned unit developments and individual single family townhomes and individual residential condominium units in a low-rise or high-rise condominium project, where such properties are located in the United States.

(C) "Competitor" shall mean any Person engaged in the Business in direct competition with the Company and its subsidiaries, but excluding any Person for which less than 10% of its revenue during its most recent fiscal year is derived from activities similar to the Business.

(b) It is expressly understood and agreed that although Executive and the Company consider the restrictions contained in this Section 6 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Agreement is an unenforceable restriction against Executive, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as

to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

(c) The period of time during which the provisions of this Section 6 shall be in effect shall be extended by the length of time during which Executive is in breach of the terms hereof as determined by any court of competent jurisdiction on the Company's application for injunctive relief.

(d) Subject to Section 5(f), the provisions of Section 6 hereof shall survive the termination of Executive's employment for any reason.

7. Confidentiality; Intellectual Property.

(a) Confidentiality.

(i) Executive will not at any time (whether during or after Executive's employment with the Company) (x) retain or use for the benefit, purposes or account of Executive or any other Person; or (y) disclose, divulge, reveal, communicate, share, transfer or provide access to any Person outside the Company and its affiliates (other than its professional advisers who are bound by confidentiality obligations, lenders and partners or otherwise in performance of Executive's duties hereunder), any proprietary and non-public/confidential information (including without limitation trade secrets, know-how, research and development, software, databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, investments, profits, pricing, costs, products, services, vendors, customers, clients, partners, investors, personnel, compensation, recruiting, training, advertising, sales, marketing, promotions, government and regulatory activities and approvals) concerning the past, current or future business, activities and operations of the Company, its subsidiaries or affiliates ("Confidential Information") without the prior written authorization of the Board; provided, however, that the conscious awareness of any Confidential Information (as opposed to the physical possession of documentary Confidential Information) by Executive, and Executive's consideration of such information in connection with his pursuit or evaluation of, involvement with or participation in, any project or activity that is not prohibited by this Agreement shall be deemed not to constitute a breach of Section 7(a)(i)(x) or Section 7(a)(iv)(x) hereof in any manner whatsoever, unless such Executive's use of such Confidential Information has an objective and detrimental impact on the business of the Company and its subsidiaries.

(ii) "Confidential Information" shall not include any information that is (A) generally known to the industry or the public other than as a result of Executive's breach of this covenant; (B) made legitimately

available to Executive by a third party without breach of any confidentiality obligation of which Executive has knowledge (it being understood that any information made available by an employee, officer or director of the Company and its affiliates shall not be protected by this exclusion); or (C) required by law to be disclosed; provided that with respect to subsection (C) Executive shall give prompt written notice to the Company of such requirement and reasonably cooperate with any attempts by the Company to obtain a protective order or similar treatment.

(iii) Except as required by law, Executive will not disclose to anyone, other than Executive's family (it being understood that, in this Agreement, the term "family" refers to Executive, Executive's spouse, minor children, parents and spouse's parents) and legal or financial advisors, the existence or contents of this Agreement; provided that Executive may disclose to any prospective future employer the provisions of Sections 6 and 7 of this Agreement; provided they agree to maintain the confidentiality of such terms. This Section 7(a)(iii) shall terminate if the Company publicly discloses a copy of this Agreement (or, if the Company publicly discloses summaries or excerpts of this Agreement, to the extent so disclosed).

(iv) Upon termination of Executive's employment with the Company for any reason, Executive shall (x) except as otherwise provided herein, cease and not thereafter commence use of any Confidential Information or intellectual property (including without limitation, any patent, invention, copyright, trade secret, trademark, trade name, logo, domain name or other source indicator) owned or used by the Company, its subsidiaries or affiliates; (y) immediately destroy, delete, or return to the Company, at the Company's option and expense, all originals and copies in any form or medium (including memoranda, books, papers, plans, computer files, letters and other data) in Executive's possession or control (including any of the foregoing stored or located in Executive's office, home, laptop or other computer, whether or not Company property) that contain Confidential Information, except that Executive may retain documents (1) related to the terms of Executive's employment, (2) related to Executive's Equity Grants, (3) related to amounts due to Executive pursuant to any agreement between Executive and the Company or any of its subsidiaries or affiliates, (4) that Executive reasonably believes (after consultation with counsel) to be required by law, court order or regulatory authority or as needed by Executive's legal, tax or other professional advisors for so long as Executive reasonably believes retention of documents may serve any such purpose or (5) if such documents only contain information that is available to the general public.; and (z) notify and reasonably cooperate with the Company regarding the delivery or destruction of any other Confidential Information of which Executive is or becomes aware.

(b) Intellectual Property .

(i) If Executive creates, invents, designs, develops, contributes to or improves any works of authorship, inventions, intellectual property,

materials, documents or other work product (including, without limitation, research, reports, software, databases, systems, applications, presentations, textual works, content, or audiovisual materials), either alone or with third parties, at any time during Executive's employment by the Company and within the scope of such employment and with the use of any the Company's resources (" Company Works"), Executive shall promptly and fully disclose same to the Company and hereby irrevocably assigns, transfers and conveys, to the maximum extent permitted by applicable law, all rights and intellectual property rights therein (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) to the Company to the extent ownership of any such rights does not vest originally in the Company.

(ii) Executive shall take all requested actions and execute all requested documents (including any licenses or assignments required by a government contract) at the Company's expense (but without further remuneration) to assist the Company in validating, maintaining, protecting, enforcing, perfecting, recording, patenting or registering any of the Company's rights in the Company Works. If the Company is unable for any other reason, to secure Executive's signature on any document for this purpose, then Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney in fact, to act for and in Executive's behalf and stead to execute any documents and to do all other lawfully permitted acts required in connection with the foregoing.

(iii) The provisions of Section 7 hereof shall survive the termination of Executive's employment for any reason (except as otherwise set forth in Section 7(a)(iii) hereof).

(c) Specific Performance. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of Section 6 or 7 of this Agreement may be inadequate and the Company may suffer irreparable damages as a result of such breach. In recognition of this fact, Executive agrees that, in the event of an actual breach of Section 6 or an actual Material Confidentiality Breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by Section 5(d)(iii) this Agreement (excluding the Accrued Rights) and seek equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

8. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflicts of laws principles thereof. The parties acknowledge that the Company's business activities take place in multiple jurisdictions and that the parties hereby selected the laws of the State of New York in light of such multijurisdictional presence.

(b) Indemnification. Executive shall be indemnified to the fullest extent permitted by law by the Company against any losses, claims, damages, liabilities, and expenses (including attorneys' fees, judgments, fines, penalties and amounts paid in settlement) incurred by or imposed upon Executive by reason of or in connection with any action taken or omitted by Executive arising out of Executive's employment, including in connection with any action, suit or proceeding before any judicial, administrative or legislative body or agency to which Executive may be made a party or otherwise involved or with which it shall be threatened. The right to indemnification granted by this section shall be in addition to any rights to which Executive may otherwise be entitled. The Company shall advance or pay the expenses incurred by Executive in defending or investigating a civil or criminal action, suit or proceeding to the fullest extent permitted by law.

(c) Entire Agreement/Amendments. This Agreement (including, without limitation, the schedules and exhibits attached hereto) and the Equity Grant Agreements contain the entire understanding of the parties with respect to the employment of Executive by the Company. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein or therein. This Agreement (including, without limitation, the schedules and exhibits attached hereto) may not be altered, modified, or amended except by written instrument signed by the parties hereto.

(d) No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(e) Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

(f) Assignment. This Agreement, and all of Executive's rights and duties hereunder, shall not be assignable or delegable by Executive. Any purported assignment or delegation by Executive in violation of the foregoing shall be null and void *ab initio* and of no force and effect. This Agreement may be assigned by the Company to a person or entity which is a successor in interest to substantially all of the business operations of the Company, but only if such person agrees, in writing, to be bound to the terms hereof to the same extent as the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate or successor person or entity.

(g) Set Off; No Mitigation. The Company's obligation to pay or provide Executive payments and benefits in accordance with Sections 3, 4, and 5 hereof shall be subject to set-off, or recoupment of amounts owed by Executive to the Company, its subsidiaries or its direct parent entities. Executive shall not be required to mitigate the amount of any payment provided for pursuant to this Agreement by seeking other employment, and such payments shall not be reduced by any compensation or benefits received from any subsequent employer, self-employment or other endeavor.

(h) Compliance with Section 409A. Notwithstanding anything herein to the contrary, (i) if at the time of Executive's termination of employment with the Company Executive is a "specified employee" as defined in Section 409A of the Code and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the payments to which Executive would otherwise be entitled during the first six months following his termination of employment shall be deferred and accumulated (without any reduction in such payments or benefits ultimately paid or provided to Executive) for a period of six months from the date of termination of employment and paid in a lump sum on the first day of the seventh month following such termination of employment (or, if earlier, the date of Executive's death), and (ii) if any other payments of money or other benefits due to Executive hereunder would cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, determined by the Board, that does not cause such an accelerated or additional tax. Furthermore, the Company intends that this Agreement shall comply with Section 409A and shall be interpreted, operated and administered accordingly. To the extent that reimbursements or other in-kind benefits under this Agreement constitute "nonqualified deferred compensation" for purposes of Section 409A of the Code, (A) all expenses or other reimbursements hereunder shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by Executive, (B) any right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (C) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year.

(i) Attorneys' Fees. The Company shall reimburse Executive for his reasonable attorneys' fees incurred in reviewing and negotiating this Agreement, not to exceed \$12,000.

(j) Successors: Binding Agreement. This Agreement shall inure to the benefit of and be binding upon personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

(k) Notice. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three days after it has been mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below in this Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to the Company:

Invitation Homes L.P.
901 Main Street, Suite #4700
Dallas, TX 75202
Attention: Chairman of the Board and General Counsel

with a copy to:

The Blackstone Group
345 Park Avenue
New York, New York 10154
Attention: William Stein

and:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue,
New York, New York 10017
Attention: Gregory T. Grogan

If to Executive:

To the most recent address of Executive set forth in the personnel records of the Company.

(l) Executive Representation. Executive hereby represents to the Company that the execution and delivery of this Agreement by Executive and the Company and the performance by Executive of Executive's duties hereunder shall not constitute a breach of the terms of any employment agreement or other written or oral agreement(s) or policies to which Executive is a party or otherwise bound, or that may restrict or adversely impact Executive's ability to enter into this Agreement and/or perform Executive's duties hereunder. Executive agrees that the Company is relying on the foregoing representations in entering into this Agreement and the Equity Grant Agreements, and that any breach of the foregoing representations shall constitute dishonesty in the performance of Executive's duties hereunder.

(m) Prior Agreements. This Agreement and the Equity Grant Agreements (including, without limitation, the schedules and exhibits attached hereto and thereto), supersede all prior agreements, term sheets, and understandings (including verbal agreements) between Executive and the Company and/or its affiliates regarding the terms and conditions of Executive's employment with the Company and/or its affiliates (collectively, the "Prior Agreements").

(n) Cooperation. Executive shall provide Executive's reasonable cooperation in connection with any pending claim, litigation, regulatory or administrative proceeding involving the Company (or any appeal from any action or proceeding) arising out of or related to the period when Executive was employed by the Company. In the event that Executive's cooperation is requested after the termination of his employment, the Company shall (i) use its

reasonable efforts to minimize interruptions to his personal and professional schedule and (ii) reimburse Executive for all reasonable and appropriate out-of-pocket expenses actually incurred by him in connection with such cooperation upon reasonable substantiation of such expenses.

(o) Withholding Taxes. The Company may withhold from any amounts payable under this Agreement such Federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

(p) Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

(Remainder of page intentionally left blank.)

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

INVITATION HOMES L.P.

/s/ William J. Stein

By: William J. Stein

Title: Senior Managing Director and Vice President

EXECUTIVE

/s/ John B. Bartling Jr.

John B. Bartling Jr.

RELEASE AND WAIVER OF CLAIMS

This Release and Waiver of Claims (“Release”) is entered into as of this [●] day of _____, 20[-], John B. Bartling Jr. (the “Executive”) and delivered to Invitation Homes L.P. (the “Company”).

The Executive agrees as follows:

1. The employment relationship between the Executive and the Company and its subsidiaries and affiliates, as applicable, terminated on the [●] day of _____, 20[-] (the “Termination Date”) pursuant to Section [5(b)][5(c)][5(d)] of the Employment Agreement between the Company and Executive dated October 11, 2012 (“Employment Agreement”).

2. In consideration of the payments, rights and benefits provided for in Section 5(b)(i)(B); 5(c)(ii)(B), 5(c)(ii)(C); 5(d)(iii)(B) and 5(d)(iii)(C) of the Employment Agreement (“Separation Terms”), the sufficiency of which the Executive hereby acknowledges, the Executive, on behalf of himself and his agents, representatives, attorneys, administrators, heirs, executors and assigns (collectively, the “Employee Releasing Parties”), hereby releases and forever discharges the Company Released Parties (as defined below), from all claims, charges, causes of action, obligations, expenses, damages of any kind (including attorneys’ fees and costs actually incurred) or demands, in law or in equity, whether known or unknown, which may have existed or which may now exist from the beginning of time to the date of this Release, arising from or relating to Executive’s employment or termination from employment with the Company, including a release of any rights or claims the Executive may have under Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended (“ADEA”); the Older Workers Benefit Protection Act; the Americans with Disabilities Act of 1990; the Rehabilitation Act of 1973; the Family and Medical Leave Act of 1993; Section 1981 of the Civil Rights Act of 1866; Section 1985(3) of the Civil Rights Act of 1871; the Employee Retirement Income Security Act of 1974; the Fair Labor Standards Act; any other federal, state or local laws against discrimination; or any other federal, state, or local statute, regulation or common law relating to employment, wages, hours, or any other terms and conditions of employment. This includes a release by the Executive of any and all claims or rights arising under contract (whether written or oral, express or implied), covenant, public policy, tort or otherwise. For purposes hereof, “Company Released Parties” shall mean the Company and any of its past or present employees, agents, insurers, attorneys, administrators, officials, directors, shareholders, divisions, parents, members, subsidiaries, affiliates, predecessors, successors, employee benefit plans, and the sponsors, fiduciaries, or administrators of the Company’s employee benefit plans.

3. The Executive acknowledges that the Executive is waiving and releasing rights that the Executive may have under the ADEA and other federal, state and local statutes contract and the common law and that this Release is knowing and voluntary. The Executive acknowledges that the consideration given for this Release is in addition to anything of value to which the Executive is already entitled. The Executive further acknowledges that the Executive has been advised by this writing that: (i) the Executive should consult with an attorney prior to

executing this Release; (ii) the Executive has up to twenty-one (21) days within which to consider this Release, although the Executive may, at the Executive's discretion, sign and return this Release at an earlier time, in which case the Executive waives all rights to the balance of this twenty-one (21) day review period; and (iii) for a period of 7 days following the execution of this Release in duplicate originals, the Executive may revoke this Release in a writing delivered to the Chairman of the Board of Directors of the Company, and this Release shall not become effective or enforceable until the revocation period has expired.

4. Notwithstanding anything herein to the contrary, this Release does not release the Company Released Parties from (i) any rights or claims that arise after the date of execution by Executive of this Release; (ii) any rights that cannot be waived as a matter of law; (iii) the Executive's right to enforce Section 5 of the Employment Agreement, including the right to receive the Accrued Rights; (iv) the Executive's right to enforce the terms of the Equity Grant Agreements (as defined in the Employment Agreement); (v) any rights of the Executive as a member, partner or other equity holder of the Company or its successors and assigns; or (vi) any rights to indemnification the Executive may have under any indemnity agreement, applicable law, the by-laws, certificate of incorporation, limited partnership agreement, limited liability agreement or other constituent document of the Company or any of its affiliates, or as an insured under any director's and officer's liability insurance policy now or previously in force.

5. The Executive represents and warrants that he has not filed any action, complaint, charge, grievance, arbitration or similar proceeding against the Company Released Parties.

6. This Release is not an admission by the Company Released Parties or the Employee Releasing Parties of any wrongdoing, liability or violation of law.

7. The Executive waives any right to reinstatement or future employment with the Company following the Executive's separation from the Company on the Termination Date.

8. The Executive shall continue to be bound by the restrictive covenants contained in the Employment Agreement.

9. This Release shall be governed by and construed in accordance with the laws of the State of New York, without reference to the principles of conflict of laws.

10. This Release represents the complete agreement between the Executive and the Company concerning the subject matter in this Release and supersedes all prior agreements or understandings, written or oral. This Release may not be amended or modified otherwise than by a written agreement executed by the Executive and the Company or their respective successors and legal representatives.

11. Each of the sections contained in this Release shall be enforceable independently of every other section in this Release, and the invalidity or unenforceability of any section shall not invalidate or render unenforceable any other section contained in this Release.

12. The Executive acknowledges that the Executive has carefully read and understands this Release, that the Executive has the right to consult an attorney with respect to its provisions and that this Release has been entered into knowingly and voluntarily. The Executive acknowledges that no representation, statement, promise, inducement, threat or suggestion has been made by any of the Company Released Parties to influence the Executive to sign this Release except such statements as are expressly set forth herein or in the Employment Agreement.

The parties to this Release have executed this Release as of the day and year first written above.

EXECUTIVE

John B. Bartling Jr.

EMPLOYMENT AGREEMENT
(Dallas Bradford Tanner)

EMPLOYMENT AGREEMENT (the “Agreement”) dated November 9, 2015, by and between Invitation Homes L.P. (the “Company”) and Dallas Bradford Tanner (“Executive”).

WHEREAS, the Executive and the Company entered into an Employment Agreement dated as of October 11, 2012 (the “Prior Agreement”, such date, the “Original Effective Date”), pursuant to which the Executive serves as an employee of the Company and/or one or more of its affiliates;

WHEREAS, the Company desires to continue to employ Executive and to enter into an agreement embodying the terms of such employment;

WHEREAS, Executive desires to continue to be employed and enter into such an agreement;

WHEREAS, the Company and Executive desire to enter into this Agreement embodying the terms of such employment which shall, effective as of the date hereof, replace and supersede the Prior Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein and for other good and valuable consideration, the parties agree as follows:

1. Term of Employment Subject to the provisions of Section 5 of this Agreement, Executive shall continue to be employed by the Company for a period commencing on the date hereof (the “Effective Date”) and ending on the third anniversary of the Effective Date (the “Employment Term”) on the terms and subject to the conditions set forth in this Agreement; provided, however, the Employment Term shall be automatically extended for an additional one-year period commencing with the third anniversary of the Effective Date and, thereafter, on each such successive anniversary of the Effective Date thereafter (each an “Extension Date”), unless the Company or Executive provides the other party hereto 60 days prior written notice before the next Extension Date that the Employment Term shall not be so extended (a “Notice of Non-Renewal”).

2. Position, Duties and Authority.

(a) During the Employment Term, Executive shall serve as Executive Vice President and the Company’s Chief Investment Officer. In such position, Executive shall report directly to, and only to, the Chief Executive Officer of the Company or such other officer identified by the Board of Directors of the Company (the “Board”) from time to time, and shall have such duties, functions, responsibilities and authority as shall be determined from time to time by the Chief Executive Officer or other officer identified by the Chief Executive Officer (subject to Board approval). Effective as of the Effective Date, Executive shall be appointed to serve as a member of the Board without additional compensation. Executive’s principal place of employment shall be Dallas, Texas, and Executive acknowledges that, from time to time, Executive will be required to travel in connection with the performance of his duties.

(b) During the Employment Term, Executive will devote substantially all of his business time and reasonable best efforts (except for permitted vacation periods and reasonable periods of illness or incapacity) to the business and affairs of the Company and will not engage in any other business, profession or occupation for compensation or otherwise which would unreasonably conflict or unreasonably interfere with the rendition of such services either directly or indirectly; provided that nothing herein shall preclude Executive from (i) managing personal and family investments, (ii) providing Schedule A Services to substantially the same extent provided as of the Original Effective Date, or (iii) subject to the prior approval of the Board (such approval not to be unreasonably withheld) (x) accepting appointment to serve on any board of directors or trustees of any business corporation, or (y) serving as an officer or director or otherwise participating in non-profit educational, welfare, social, religious and civil organizations; provided, however, that any such activities as described in (i) and (iii) of the preceding provisions of this paragraph do not materially conflict or materially interfere with the performance and fulfillment of the Executive's duties and responsibilities as an executive or director of the Company in accordance with this Agreement or conflict with Section 6. "Schedule A Services" means those services performed for one or more of the entities set forth on Schedule A hereto (the "Schedule A Entities"); provided, however, that with respect to single family homes, such services shall be limited to managing investments in single family homes in which such entities have a financial interest (the "Permitted Single Family Home Services").

3. Compensation.

(a) Base Salary. During the Employment Term, the Company shall pay Executive a base salary ("Base Salary") at an annual rate of \$450,000 and payable in regular installments in accordance with the Company's usual payment practices. Executive shall be entitled to such increases in Executive's Base Salary, if any, as may be determined from time to time in the sole discretion of the Board, but may not be decreased below any then-current annual base salary amount.

(b) Annual Bonus.

(i) During each fiscal year of the Employment Term, Executive shall be eligible to earn an annual bonus award (an "Annual Bonus"), payable at 125% of then-current Base Salary if target performance objectives are achieved (such amount, the "Target Bonus"), with no Annual Bonus payable if minimum performance objectives are not achieved (provided that the achievement of company-wide performance objectives is determined consistently with the determination for other senior managers at the same level as Executive) and the actual amount determined based on the extent to which performance objectives are achieved, in the sole discretion of the Company. Notwithstanding the foregoing, Executive's actual Annual Bonus paid in respect of the 2015 fiscal year shall be no less than \$450,000, paid in 2016 at such time annual performance bonuses are paid to other senior executives of the Company.

(ii) Without limiting the scope of Section 5(c)(iii) hereof, no Annual Bonus shall be payable in respect of any fiscal year in which Executive's employment is terminated, unless otherwise determined by the Board in its sole discretion.

(c) Equity Arrangements.

(i) The Company will make grants of 850 Class B Units of Invitation Homes 5, L.P., at the time Class B Units are issued to other senior executives of the Company, which will vest on substantially similar terms as Executive's existing equity awards, subject to Executive's continued employment on each applicable vesting date and on such other terms that are set forth in the applicable equity agreements.

(ii) Notwithstanding anything to the contrary set forth in any applicable equity agreement or set forth herein, all Class B Units of the Company, Invitation Homes 2-A L.P., Preeminent Parent L.P., Invitation Homes 3 L.P., Invitation Homes 4 L.P., and Invitation Homes 5 L.P. issued to Executive (or held by a Permitted Transferee (as defined in the applicable equity agreements)) (collectively, the "Incentive Units") shall become vested on the earlier of (A) the vesting schedule as set forth in the applicable equity agreements, or (B) the second anniversary of Effective Date.

4. Benefits.

(a) General. During the Employment Term, Executive shall be entitled to participate in the Company's employee benefit plans as in effect from time to time (collectively "Employee Benefits"), on the same basis as those benefits are generally made available to other senior executives of the Company.

(b) Relocation. The Company shall reimburse reasonable costs of relocation of Executive (and his family) to the Dallas, Texas metropolitan area in accordance with IH's Relocation Assistance Policy, including reimbursement of reasonable and customary purchase costs with respect to Executive's primary residence in the Dallas, Texas metropolitan area, up to an amount equal to 3% of the purchase price.

(c) Other Benefits. Executive will accrue Paid Time Off (PTO) in accordance with the policy set forth in the Company's Associate Handbook, at a rate which is at least as beneficial as that accorded to other similarly situated senior executives. During the Employment Term, the Company shall reimburse Executive for reasonable and necessary business expenses incurred by Executive in the performance of Executive's duties hereunder in accordance with its then prevailing policy for senior executives (which shall include appropriate itemization and substantiation of expenses incurred).

5. Termination. The Employment Term and Executive's employment hereunder may be terminated by either party at any time and for any reason; provided that Executive and the Company will be required to give each other at least 60 days' advance written notice of any termination or resignation of Executive's employment (other than as a result of a termination for Cause or Constructive Termination); and provided, further, that the Company may provide 60 days' of Base Salary in lieu of such notice. Notwithstanding any other provision of this Agreement and except as provided by applicable law, the provisions of this Section 5 and the Promote Agreements shall exclusively govern Executive's rights to payments upon termination of employment with the Company and its affiliates.

(a) By the Company For Cause or By Executive Other Than as a Result of a Constructive Termination.

(i) The Employment Term and Executive's employment hereunder (x) may be terminated by the Company for Cause (as defined below) and (y) shall terminate automatically upon the effective date of Executive's resignation other than as a result of a Constructive Termination (as defined in Section 5(c)(ii)).

(ii) Cause.

(A) For purposes of this Agreement, "Cause" shall mean (1) Executive's continued and willful non-performance of Executive's duties hereunder (other than as a result of total or partial incapacity due to physical or mental illness), which failure is not cured for a period of 10 days following written notice by the Company to Executive describing such failure in reasonable detail, (2) Executive's willful malfeasance or willful misconduct in connection with Executive's duties hereunder, (3) Executive's theft or embezzlement of Company property (unless such theft or embezzlement is de minimis in value), (4) an act or acts on Executive's part constituting any felony under the laws of the United States or any state thereof (other than a vehicular related felony), (5) Executive's breach of Section 6(a)(i) or (ii) of this Agreement, (6) Executive's breach of Section 6(a)(iv) of this Agreement, or (7) Executive's material or willful breach of Section 7 of this Agreement (such breach, a "Material Confidentiality Breach").

(B) Executive's actions or omissions shall not be considered to be "willful" if (x) Executive had a good faith, reasonable belief that such actions or omissions were in the best interests of the Company or (y) in the case of clause (7) of Section 5(a)(ii)(A) of this Agreement, that such actions were not against the best interests of the Company.

(C) The Company shall not terminate Executive's employment pursuant to clauses (2) through (7) of Section 5(a)(ii)(A) of this Agreement unless (1) the Board determines after reasonable investigation to provide written notice to Executive describing in reasonable detail the basis for the Board's decision to terminate Executive's employment (such notice, the "Cause Notice"), (2) Executive (with counsel, at Executive's election) has an opportunity to address the Board for a period of 7 days (the "Hearing Period") following delivery of the Cause Notice, and (3) the Board determines no earlier than 7 days after the expiration of the Hearing Period that Executive has engaged in the conduct set forth in the applicable clause of Section 5(a)(ii)(A) of this Agreement. If the Company terminates Executive's employment for Cause in accordance with this Section 5(a)(ii), the termination shall be effective as of the date on which the Company provided the Cause Notice. Notwithstanding anything herein to the

contrary, the Company may put Executive on administrative leave after delivery of the Cause Notice (during which Executive would be entitled to receive Base Salary, but not function any job duties or responsibilities).

(D) Any dispute arising out of or relating to whether Executive engaged in the conduct set forth in Section 5(a)(ii)(A) of this Agreement or whether the Company complied with the procedures set forth in Section 5(a)(ii)(C) of this Agreement shall be resolved by binding arbitration in accordance with the rules of the AAA Commercial Division; provided that the Company shall have the burden of proving by a preponderance of the evidence that Executive engaged in the conduct described in Section 5(a)(ii)(A) of this Agreement (except the conduct described in clause (4) thereof, which must be proven by clear and convincing evidence); provided that, for the avoidance of doubt, without limiting the Company's duties under Section 5(b)(ii)(C), the Company may take any action to terminate Executive's employment or engage in other remedies available to it without waiting for resolution of any such dispute. If, following a termination of Executive's employment pursuant to Section 5(a)(i)(x) of this Agreement, the arbitrator determines, as applicable, that (I) Executive did not engage in the conduct set forth in Section 5(a)(ii)(A) of this Agreement, or (II) if applicable, the Company did not comply in any material respect with the procedures set forth in Section 5(a)(ii)(C), then the Company shall (x) promptly pay all costs of the arbitration proceeding and reimburse Executive for his reasonable legal fees, and (y) pay to Executive the compensation and benefits that would have been paid or provided if Executive's employment had been terminated by the Company without Cause. Unless prohibited by applicable law, the decision of the arbitrator shall be final and non-appealable.

(iii) If Executive's employment is terminated by the Company for Cause, Executive shall be entitled to receive:

(A) no later than ten (10) days following the date of termination, the then accrued Base Salary through the date of termination;

(B) any Annual Bonus earned, but unpaid, as of the date of termination for the immediately preceding fiscal year, paid in accordance with Section 3(b) (except to the extent payment is otherwise deferred pursuant to any applicable deferred compensation arrangement with the Company, in which case such payment shall be made in accordance with the terms and conditions of such deferred compensation arrangement);

(C) reimbursement, within 60 days following receipt by the Company of Executive's claim for such reimbursement (including appropriate supporting documentation), for any unreimbursed business expenses properly incurred by Executive in accordance with Company policy prior to Executive's termination; provided that such claims for such reimbursement are submitted to the Company within 90 days following the date of Executive's termination of employment; and

(D) such Employee Benefits, if any, to which Executive may be entitled under the employee benefit plans of the Company, payable in accordance with the terms and conditions of such employee benefit plans (the amounts described in clauses (A) through (D) hereof being referred to as the "Accrued Rights").

Following such termination of Executive's employment by the Company for Cause, except as set forth in this Section 5(a)(iii), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(iv) If Executive resigns other than as a result of a Constructive Termination, Executive shall be entitled to receive the Accrued Rights. Following such resignation by Executive other than as a result of a Constructive Termination, except as set forth in this Section 5(a)(iv), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(b) Disability or Death.

(i) The Employment Term and Executive's employment hereunder shall terminate upon Executive's death and may be terminated by the Company if Executive becomes physically or mentally incapacitated and is therefore unable for an aggregate of twelve (12) months in any twenty-four (24) consecutive month period to perform Executive's duties (such incapacity is hereinafter referred to as "Disability"). Any question as to the existence of the Disability of Executive as to which Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to Executive and the Company. If Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third physician who shall make such determination in writing. The determination of Disability made in writing to the Company and Executive shall be final and conclusive for all purposes of the Agreement.

(ii) Upon termination of Executive's employment hereunder for either Disability or death, Executive or Executive's estate (as the case may be) shall be entitled to receive the Accrued Rights and, within 60 days of the applicable termination date, a pro rata portion (based on the number of days Executive is employed during the year of termination) of the greater of (A) Executive's Target Bonus for the year of termination and (B) Executive's Annual Bonus for the year immediately preceding the year of termination. Following Executive's termination of employment due to death or Disability, except as set forth in this Section 5(b)(ii), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(c) By the Company Without Cause or Resignation by Executive as a Result of Constructive Termination.

(i) The Employment Term and Executive's employment hereunder may be terminated by the Company without Cause or by Executive as a result of a Constructive Termination and shall terminate automatically upon the effective date of Executive's resignation other than as a result of a Constructive Termination.

(ii) For purposes of this Agreement, a "Constructive Termination" shall mean any of the foregoing events (other than pursuant to the last sentence of Section 5(a)(ii)(C)): (A) a

material reduction in Executive's Base Salary or Target Bonus opportunity (as a percentage of Base Salary); (B) the failure of the Company to pay or provide or cause to be paid or provided Executive's Base Salary or Annual Bonus when due; (C) delivery by the Company to Executive of a Notice of Non-Renewal; (D) a material and sustained diminution in Executive's authority and duties in the aggregate to a level that is inappropriate for an executive or professional-level position (it being understood that a diminution from one executive position to another materially lower-level executive or professional position shall not constitute a "Constructive Termination"); and/or (E) after such time as Executive has established residence for at least 12 continuous months in one metropolitan area in which his principal place of employment is located, a relocation of Executive's principal place of employment by more than 50 miles more than once in any subsequent 18-month period; provided that any event described in this Section 5(c)(ii) shall not constitute a Constructive Termination unless the Company fails to cure such event within 10 days after receipt from Executive of written notice of the event which otherwise would constitute Constructive Termination; and provided, further, that "Constructive Termination" shall cease to exist for an event on the 90th day following the later of its occurrence or Executive's actual knowledge thereof, unless Executive has given the Board written notice thereof prior to such date.

(iii) If Executive's employment is terminated by the Company without Cause (other than by reason of death or Disability) or Executive resigns as a result of a Constructive Termination, Executive shall be entitled to receive:

(A) the Accrued Rights;

(B) on the 60th day following the date of termination, subject to Executive's continued compliance with Section 6 hereof during the Restricted Period and Executive not having committed a Material Confidentiality Breach, a lump-sum cash payment (the "Severance Payment") equal to the sum of (x) one times the Base Salary, (y) Executive's Annual Bonus for the year immediately preceding the year of termination and (z) a pro rata portion (based on the number of days Executive is employed during the year of termination) of Executive's Annual Bonus for the year immediately preceding the year of termination;

(C) if the termination of employment occurs prior to the third anniversary of the Effective Date, the Company shall reimburse reasonable costs of relocation of Executive (and his family) to a metropolitan area in the continental United States, in such amounts and subject to the terms set forth in the Company's then-current Relocation Assistance Policy, and all such relocation payments and benefits will be fully grossed-up for any applicable income and employment taxes with respect to any reportable income;

(D) notwithstanding any provision of any applicable subscription agreement or award agreement the contrary, if the Employment Term and Executive's employment under the Employment Agreement is terminated by the Company and each of its Affiliates without Cause, any then-unvested Incentive Units will become vested; and

(E) if Executive elects continuation of his medical and dental coverage under COBRA, Executive's coverage and participation under the Company's medical and dental benefit plans in which he was participating immediately prior to termination of employment pursuant to this Section 5(c)(iii) ("Medical and Dental Benefits") shall continue at the same cost to him as the cost for the Medical and Dental Benefits immediately prior to such termination until (i) the expiration of the maximum period for such coverage allowable under COBRA (but no longer than 12 months) or (ii) the date on which Executive receives medical and/or dental coverage from a third party (it being understood that such continuation of coverage may be made by paying Executive a series of monthly payments sufficient, on a grossed up basis, after payment of federal, state and local income taxes, to pay his applicable monthly COBRA premium). Executive may choose to continue his Medical and Dental Benefits under COBRA at his own expense for the balance, if any, of the period required by law.

Following Executive's termination of employment by the Company without Cause (other than by reason of Executive's death or Disability) or by Executive's resignation as a result of a Constructive Termination, except as set forth in this Section 5(c)(iii) and the Promote Agreements, Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(d) Release. Amounts payable to Executive under Section 5(b)(ii) and Section 5(c)(iii)(B) and (C) above are subject to execution and non-revocation of a release of claims by Executive (or, if applicable, Executive's estate), substantially in the form attached hereto as Exhibit I, within forty-five (45) days of the date of termination.

(e) Continued Employment Beyond the Expiration of the Employment Term. Unless the parties otherwise agree in writing and without limiting the scope of Sections 5(c)(ii)(C) and 5(c)(iii) hereof, continuation of Executive's employment with the Company beyond the expiration of the Employment Term following the delivery of a Notice of Non-Renewal shall be deemed an employment at-will and Executive's employment may thereafter be terminated at will by either Executive or the Company; provided that, the provisions of Sections 6, 7 and 8 of this Agreement shall survive any termination of this Agreement resulting from a Notice of Non-Renewal or Executive's termination of employment that occurs after the expiration of the Employment Term. For the avoidance of doubt, no payment shall be required to cause Section 6 to survive a termination of employment during the Employment Term.

(f) Notice of Termination. Any purported termination of employment by the Company or by Executive (other than due to Executive's death) hereunder shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 10 hereof, indicating the specific termination provision in this Agreement relied upon.

(g) Board/Committee Resignation. Upon termination of Executive's employment for any reason, Executive agrees to resign, as of the date of such termination and to the extent applicable, from any board of directors (and any committees thereof) of any of the Company and its affiliates.

(h) Forfeiture. Upon written notice by the Company to Executive that Executive has committed any breach of Section 6 hereof or a Material Confidentiality Breach during the Restricted Period following Executive's termination of employment, Executive shall repay to the Company an amount equal to the after-tax proceeds of any payments made under Section 5(b)(ii) (other than the Accrued Rights) and Section 5(c)(iii)(B) and (C) (the "Severance Clawback Amount"). Any determination under this Section 5 of whether Executive is in compliance with Section 6 hereof or committed a Material Confidentiality Breach shall be determined without regard to whether Section 6 or 7, as applicable, is enforceable under applicable law. Any dispute arising out of or relating to whether Executive has committed a breach of Section 6 hereof or committed a Material Confidentiality Breach shall be resolved by binding arbitration in accordance with the rules of the AAA Commercial Division; provided that the Company shall have the burden of proving by a preponderance of the evidence that Executive engaged in the applicable breach. If the arbitrator determines, as applicable, that Executive did not commit the applicable breach, then (x) the Company shall promptly pay all costs of the arbitration proceeding and reimburse Executive for his reasonable legal fees, and (y) Executive shall have no obligation to repay the Severance Clawback Amount. Unless prohibited by applicable law, the decision of the arbitrator shall be final and non-appealable.

6. Non-Competition.

(a) Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company and its affiliates and accordingly agrees as follows:

(i) During the Employment Term and for a period equal to 12 months following the date Executive ceases to be employed by the Company for any reason (the "Restricted Period"). Executive will not, whether on Executive's own behalf or on behalf of or in conjunction with any person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise whatsoever ("Person"), directly or indirectly solicit or assist in soliciting in competition with the Restricted Group in the Business the business of any then current or prospective client or customer with whom Executive (or his direct reports) had personal contact or dealings on behalf of the Company during the one-year period preceding Executive's termination of employment, unless Executive has (A) provided no less than 30 days advance written assurance on how Confidential Information, Confidential Materials or other intellectual property of the Restricted Group will be protected from use or disclosure, and (B) received written consent from the Company regarding the specific solicitations, engagements, or actions proposed based on such assurance, such consent to be delivered in its sole, good faith discretion (a "Company Confidentiality Consent").

(ii) During the Restricted Period, Executive will not, without receiving a Company Confidentiality Consent, such consent to be delivered in its sole, good faith discretion, directly or indirectly:

(A) acquire any financial interest in one to four unit residential real properties pursuant to a single transaction or series of transactions without the prior written consent of the Company (unless the value of all such properties is less than \$5,000,000;

(B) enter the employ of, or render any services to, (1) a publicly-traded Competitor, or (2) any Core Competitor; or

(C) acquire a 10% or greater financial interest in (1) a publicly-traded Competitor, or (2) any Core Competitor, directly or indirectly, as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant.

(iii) Notwithstanding anything to the contrary in this Agreement, the provisions of this Section 6 shall not restrict (A) ownership of any number of single-family homes for personal use by Executive or up to five additional single-family homes as personal investments or (B) Executive performing the Schedule A Services or having a financial interest in the Schedule A Entities (provided that Executive's activities on behalf of such Schedule A Entities and such Schedule A Entities' activities with respect to single family homes are limited to the Permitted Single Family Home Services).

(iv) During the Restricted Period, Executive will not, whether on Executive's own behalf or on behalf of or in conjunction with any Person, directly or indirectly:

(A) solicit or encourage any employee of the Restricted Group (other than Executive's personal assistant/secretary) to leave the employment of the Restricted Group; or

(B) hire any employee who provided services to the Restricted Group as of the date of Executive's termination of employment with the Company or who left the employment of the Restricted Group within one year prior to the termination of Executive's employment with the Company (other than Executive's personal assistant/secretary) without providing advance written assurance on how Confidential Information, Confidential Materials or other intellectual property of the Restricted Group will be protected from use or disclosure by that Employee, and based on that assurance, obtaining prior written consent from the Company, with such consent to be delivered in its sole, good faith discretion.

This Section 6(a)(iv) shall not apply to the individuals set forth in Schedule B hereto with respect to the Schedule A Entities, provided that the activities of such Schedule A Entities and such individuals are limited to the Schedule A Services.

(v) For purposes of this Agreement:

(A) "Restricted Group" shall mean, collectively, the Company and its subsidiaries.

(B) "Business" shall mean the business of acquiring controlling investments in, owning, developing, leasing, operating or managing one to four unit residential real properties, including single-family homes in planned unit developments and individual single family townhomes and individual residential condominium units in a low-rise or high-rise condominium project, where such properties are located in the United States but excluding, for the avoidance of

doubt, (1) any activities undertaken with the prior written consent of the Board sought in accordance with sub-sections (a)(i) or (a)(ii), and (2) acting as a broker with respect to leasing and sale transactions.

(C) “Competitor” shall mean any Person engaged in the Business in direct competition with the Company and its subsidiaries, but excluding any Person for which less than 10% of its revenue during its most recent fiscal year is derived from activities similar to the Business.

(D) “Core Competitor” shall mean America Home 4 Rent, Colony American Homes Inc., Waypoint Homes, Inc., American Residential Properties, Inc., Silver Bay Realty Trust Corp., and Pretium Partners, LLC (fka Fundamental REO, LLC).

(b) It is expressly understood and agreed that although Executive and the Company consider the restrictions contained in this Section 6 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Agreement is an unenforceable restriction against Executive, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

(c) The period of time during which the provisions of this Section 6 shall be in effect shall be extended by the length of time during which Executive is in breach of the terms hereof as determined by any court of competent jurisdiction on the Company’s application for injunctive relief.

(d) Subject to Section 5(e), the provisions of Section 6 hereof shall survive the termination of Executive’s employment for any reason.

7. Confidentiality; Intellectual Property .

(a) Confidentiality .

(i) Executive will not at any time (whether during or after Executive’s employment with the Company) (x) retain or use for the benefit, purposes or account of Executive or any other Person; or (y) disclose, divulge, reveal, communicate, share, transfer or provide access to any Person outside the Company and its affiliates (other than its professional advisers who are bound by confidentiality obligations, lenders and partners or otherwise in performance of Executive’s duties hereunder), any proprietary and non-public/confidential information (including without limitation trade secrets, know-how, research and development, software, databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, investments, profits, pricing, costs, products, services, vendors, customers, clients, partners, investors, personnel, compensation, recruiting, training, advertising, sales, marketing, promotions, government and regulatory activities and approvals)

concerning the past, current or future business, activities and operations of the Company, its subsidiaries or affiliates (“Confidential Information”) without the prior written authorization of the Board; provided, however, that the conscious awareness of any Confidential Information (as opposed to the physical possession of documentary Confidential Information) by Executive, and Executive’s consideration of such information in connection with his pursuit or evaluation of, involvement with or participation in, any project or activity that is not prohibited by this Agreement shall be deemed not to constitute a breach of Section 7(a)(i)(x) or Section 7(a)(iv)(x) hereof in any manner whatsoever, unless such Executive’s use of such Confidential Information has an objective and detrimental impact on the business of the Company and its subsidiaries.

(ii) “Confidential Information” shall not include any information that is (a) generally known to the industry or the public other than as a result of Executive’s breach of this covenant; (b) made legitimately available to Executive by a third party without breach of any confidentiality obligation of which Executive has knowledge (it being understood that any information made available by an employee, officer or director of the Company and its affiliates shall not be protected by this exclusion); or (c) required by law to be disclosed; provided that with respect to subsection (c) Executive shall give prompt written notice to the Company of such requirement and reasonably cooperate with any attempts by the Company to obtain a protective order or similar treatment.

(iii) Except as required by law, Executive will not disclose to anyone, other than Executive’s family (it being understood that, in this Agreement, the term “family” refers to Executive, Executive’s spouse, minor children, parents and spouse’s parents) and legal or financial advisors, the existence or contents of this Agreement; provided that Executive may disclose to any prospective future employer the provisions of Sections 6 and 7 of this Agreement; provided they agree to maintain the confidentiality of such terms. This Section 7(a)(iii) shall terminate if the Company publicly discloses a copy of this Agreement (or, if the Company publicly discloses summaries or excerpts of this Agreement, to the extent so disclosed).

(iv) Upon termination of Executive’s employment with the Company for any reason, Executive shall (x) except as otherwise provided herein, cease and not thereafter commence use of any Confidential Information or intellectual property (including without limitation, any patent, invention, copyright, trade secret, trademark, trade name, logo, domain name or other source indicator) owned or used by the Company, its subsidiaries or affiliates; (y) immediately destroy, delete, or return to the Company, at the Company’s option and expense, all originals and copies in any form or medium (including memoranda, books, papers, plans, computer files, letters and other data) in Executive’s possession or control (including any of the foregoing stored or located in Executive’s office, home, laptop or other computer, whether or not Company property) that contain Confidential Information, except that Executive may retain only those portions of any personal notes, notebooks and diaries that do not contain any Confidential Information; and (z) notify and reasonably cooperate with the Company regarding the delivery or destruction of any other Confidential Information of which Executive is or becomes aware.

(b) Intellectual Property.

(i) If Executive creates, invents, designs, develops, contributes to or improves any works of authorship, inventions, intellectual property, materials, documents or other work

product (including, without limitation, research, reports, software, databases, systems, applications, presentations, textual works, content, or audiovisual materials), either alone or with third parties, at any time during Executive's employment by the Company and within the scope of such employment and with the use of any the Company's resources (" Company Works "), Executive shall promptly and fully disclose same to the Company and hereby irrevocably assigns, transfers and conveys, to the maximum extent permitted by applicable law, all rights and intellectual property rights therein (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) to the Company to the extent ownership of any such rights does not vest originally in the Company.

(ii) Executive shall take all requested actions and execute all requested documents (including any licenses or assignments required by a government contract) at the Company's expense (but without further remuneration) to assist the Company in validating, maintaining, protecting, enforcing, perfecting, recording, patenting or registering any of the Company's rights in the Company Works. If the Company is unable for any other reason, to secure Executive's signature on any document for this purpose, then Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney in fact, to act for and in Executive's behalf and stead to execute any documents and to do all other lawfully permitted acts required in connection with the foregoing.

(iii) The provisions of Section 7 hereof shall survive the termination of Executive's employment for any reason (except as otherwise set forth in Section 7(a)(iii) hereof).

8. Specific Performance. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of Section 6 or 7 of this Agreement may be inadequate and the Company may suffer irreparable damages as a result of such breach. In recognition of this fact, Executive agrees that, in the event of an actual breach of Section 6 or an actual Material Confidentiality Breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by Section 5(c)(iii) this Agreement (excluding the Accrued Rights) and seek equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

9. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflicts of laws principles thereof. The parties acknowledge that the Company's business activities take place in multiple jurisdictions and that the parties hereby selected the laws of the State of New York in light of such multijurisdictional presence.

(b) Entire Agreement/Amendments. This Agreement (including, without limitation, the schedules and exhibits attached hereto), the Subscription Agreement, the LP Agreement and the Securityholders Agreement contain the entire understanding of the parties with respect to the employment of Executive by the Company. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to

the subject matter herein other than those expressly set forth herein or therein. This Agreement (including, without limitation, the schedules and exhibits attached hereto) may not be altered, modified, or amended except by written instrument signed by the parties hereto.

(c) No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(d) Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

(e) Assignment. This Agreement, and all of Executive's rights and duties hereunder, shall not be assignable or delegable by Executive. Any purported assignment or delegation by Executive in violation of the foregoing shall be null and void *ab initio* and of no force and effect. This Agreement may be assigned by the Company to a person or entity which is a successor in interest to substantially all of the business operations of the Company, but only if such person agrees, in writing, to be bound to the terms hereof to the same extent as the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate or successor person or entity.

(f) Set Off; No Mitigation. The Company's obligation to pay or provide Executive payments and benefits in accordance with Sections 3, 4 and 5 hereof shall be subject to set-off, or recoupment of amounts owed by Executive to the Company, its subsidiaries or its direct parent entities. Executive shall not be required to mitigate the amount of any payment provided for pursuant to this Agreement by seeking other employment, and such payments shall not be reduced by any compensation or benefits received from any subsequent employer, self-employment or other endeavor.

(g) Compliance with IRC Section 409A. Notwithstanding anything herein to the contrary, (i) if at the time of Executive's termination of employment with the Company Executive is a "specified employee" as defined in Section 409A of the Code and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the payments to which Executive would otherwise be entitled during the first six months following his termination of employment shall be deferred and accumulated (without any reduction in such payments or benefits ultimately paid or provided to Executive) for a period of six months from the date of termination of employment and paid in a lump sum on the first day of the seventh month following such termination of employment (or, if earlier, the date of Executive's death), together with interest during such period at a rate computed by adding 2.00% to the Prime Rate as published in the Money Rates section of the Wall Street Journal, or other equivalent publication if the Wall Street Journal no longer publishes such information, on the first publication date of the Wall Street Journal or equivalent publication after the date that such payment would otherwise have been made if not for this provision (provided that if more than one such Prime Rate is published on such date, the highest

of such published rates shall be used) and (ii) if any other payments of money or other benefits due to Executive hereunder would cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, determined by the Board, that does not cause such an accelerated or additional tax. Furthermore, the Company intends that this Agreement shall comply with Section 409A and shall be interpreted, operated and administered accordingly.

(h) Successors: Binding Agreement. This Agreement shall inure to the benefit of and be binding upon personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

(i) Notice. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three days after it has been mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below in this Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to the Company:

Invitation Homes L.P.
1201 Elm Street
Suite 1600
Dallas, TX 75270
Attention: Chairman of the Board and General Counsel

with a copy to:

The Blackstone Group
345 Park Avenue
New York, New York 10154
Attention: William Stein

and:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue,
New York, New York 10017
Attention: Gregory T. Grogan

If to Executive:

To the most recent address of Executive set forth in the personnel records of the Company.

(j) Executive Representation. Executive hereby represents to the Company that the execution and delivery of this Agreement by Executive and the Company and the performance by Executive of Executive's duties hereunder shall not constitute a breach of the terms of any employment agreement or other written or oral agreement(s) or policies to which Executive is a party or otherwise bound, or that may restrict or adversely impact Executive's ability to enter into this Agreement and/or perform Executive's duties hereunder. Executive hereby further represents that Executive is not subject to any restrictions on his ability to solicit, hire or engage any employee or other service-provider. Executive agrees that the Company is relying on the foregoing representations in entering into this Agreement and related equity-based award agreements and that any breach of the foregoing representations shall constitute dishonesty in the performance of Executive's duties hereunder.

(k) Prior Agreements. This Agreement (including, without limitation, the schedules and exhibits attached hereto and thereto), supersede all prior agreements and understandings (including verbal agreements) between Executive and the Company and/or its affiliates regarding the terms and conditions of Executive's employment with the Company and/or its affiliates, including, without limitation, the Prior Agreement, other than, for the avoidance of doubt, any grant agreements, subscription agreements, or other agreements incorporated thereto pursuant to which Executive owns equity interests of the Company or its Affiliates (except to the extent Section 3(c) and Section 5(c)(iii)(D) are applicable to any such equity interests); provided, however, nothing herein shall be determined to negatively affect any existing equity arrangements which have vested as of the Effective Date.

(l) Cooperation. Executive shall provide Executive's reasonable cooperation in connection with any pending claim, litigation, regulatory or administrative proceeding involving the Company (or any appeal from any action or proceeding) arising out of or related to the period when Executive was employed by the Company. In the event that Executive's cooperation is requested after the termination of his employment, the Company shall (i) use its reasonable efforts to minimize interruptions to his personal and professional schedule and (ii) reimburse Executive for all reasonable and appropriate out-of-pocket expenses actually incurred by him in connection with such cooperation upon reasonable substantiation of such expenses.

(m) Withholding Taxes. The Company may withhold from any amounts payable under this Agreement such Federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

(n) Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

(Remainder of page intentionally left blank.)

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

INVITATION HOMES L.P.

/s/ William J. Stein

By: William J. Stein

Title: Senior Managing Director and Vice President

EXECUTIVE

/s/ Dallas Bradford Tanner

Dallas Bradford Tanner

SCHEDULE A BUSINESSES

DBT Enterprises, Inc.

DT3 Management, LLC

KMR Management, Inc.

Arroyo Pacific Partners

Agent 99, LLC

Arizona Sage Investments, LLC

ALTPHX-I, LLC

ALT PHX-I, LLC

Azatlanta-I, LLC

Chandler MHP, LLC

DCT Properties, LLC

KMR Consulting, LLC

EOP Consulting, LLC

HR Opportunity, LLC

DKT Holdings, LLC

Jet Vending, LLC

Pathfinder TRF F, LLC

Pathfinder Total Return Fund, LLC

Peleton, LLC

Slickdd, LLC

Treehouse Residential, LLC

Treehouse Partners, LLC

T&D Investment Company, LLC

TH Homes, LLC

THG Contracting, LLC

THG Property Management, LLC

THG Realty, LLC

TNC Holdings 1, LLC

Treehouse 48th, LLC

Treehouse Bob, LLC

Treehouse Dynamic, LLC

Treehouse Group, LLC

Treehouse Green Valley MHP, LLC

Treehouse Southern Acres MHP, LLC

Treehouse Invest 1, LLC

Treehouse Elmwood MHP, LLC

Treehouse Greentree MHP, LLC

Treehouse La Plata MHP, LLC

Treehouse Tempe MHP, LLC

Treehouse Tempe Office, LLC

Treehouse West Winds MHP, LLC

Treehouse Wishing Well MHP, LLC

Treehouse Invest 2, LLC

Treehouse Cheri Lynn, LLC

Treehouse Fite, LLC

Treehouse Roma Vista, LLC

Treehouse Rose Lane, LLC

Treehouse Valley of the Sun, LLC

Treehouse Out West, LLC

Treehouse Joshua Office MHP, LLC

Treehouse Lazy D, LLC

Treehouse Main, LLC

Treehouse Management Company, LLC

Treehouse Paradise Palms MHP, LLC

Treehouse Verdosso Investment, LLC

Family Trusts :

The Tanner Irrevocable Trust, established December 21, 2000

Lin Irrevocable Trust, established March 1, 2004

Skinni-mini Irrevocable Trust, established December 21, 2000

Moredog Irrevocable Trust, established December 21, 2000

Dallas Tanner Trust, established 1999

M.R. Tanner Family Limited Partnership

The Dallas and Krista Tanner Revocable Living Trust

SCHEDULE B RELATED PERSONS

Marcus Bryant Ridgway

Donald Thomas Stapley

Brad Greiwe

Jonathan Abelman

Nick Gould

Peter Gould

Exhibit I

RELEASE AND WAIVER OF CLAIMS

This Release and Waiver of Claims (“Release”) is entered into as of this [●] day of _____, 20[-], by Dallas Bradford Tanner (the “Executive”) and delivered to Invitation Homes L.P. (the “Company”).

The Executive agrees as follows:

1. The employment relationship between the Executive and the Company and its subsidiaries and affiliates, as applicable, terminated on the [●] day of _____, 20[-] (the “Termination Date”) pursuant to Section [5(b)] [5(c)] of the Employment Agreement between the Company and Executive dated November 9, 2015 (“Employment Agreement”).

2. In consideration of the payments, rights and benefits provided for in Section [5(b)(ii)][5(c)(iii)(B)-(C)] of the Employment Agreement (“Separation Terms”), the sufficiency of which the Executive hereby acknowledges, the Executive, on behalf of himself and his agents, representatives, attorneys, administrators, heirs, executors and assigns (collectively, the “Employee Releasing Parties”), hereby releases and forever discharges the Company Released Parties (as defined below), from all claims, charges, causes of action, obligations, expenses, damages of any kind (including attorneys fees and costs actually incurred) or demands, in law or in equity, whether known or unknown, which may have existed or which may now exist from the beginning of time to the date of this Release, arising from or relating to Executive’s employment or termination from employment with the Company, including a release of any rights or claims the Executive may have under Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended (“ADEA”); the Older Workers Benefit Protection Act; the Americans with Disabilities Act of 1990; the Rehabilitation Act of 1973; the Family and Medical Leave Act of 1993; Section 1981 of the Civil Rights Act of 1866; Section 1985(3) of the Civil Rights Act of 1871; the Employee Retirement Income Security Act of 1974; the Fair Labor Standards Act; any other federal, state or local laws against discrimination; or any other federal, state, or local statute, regulation or common law relating to employment, wages, hours, or any other terms and conditions of employment. This includes a release by the Executive of any and all claims or rights arising under contract (whether written or oral, express or implied), covenant, public policy, tort or otherwise. For purposes hereof, “Company Released Parties” shall mean the Company and any of its past or present employees, agents, insurers, attorneys, administrators, officials, directors, shareholders, divisions, parents, members, subsidiaries, affiliates, predecessors, successors, employee benefit plans, and the sponsors, fiduciaries, or administrators of the Company’s employee benefit plans.

3. The Executive acknowledges that the Executive is waiving and releasing rights that the Executive may have under the ADEA and other federal, state and local statutes contract and the common law and that this Release is knowing and voluntary. The Executive acknowledges that the consideration given for this Release is in addition to anything of value to which the Executive is already entitled. The Executive further acknowledges that the Executive has been advised by this writing that: (i) the Executive should consult with an attorney prior to executing this Release; (ii) the Executive has up to twenty-one (21) days within which to

consider this Release, although the Executive may, at the Executive's discretion, sign and return this Release at an earlier time, in which case the Executive waives all rights to the balance of this twenty-one (21) day review period; and (iii) for a period of 7 days following the execution of this Release in duplicate originals, the Executive may revoke this Release in a writing delivered to the Chairman of the Board of Directors of the Company, and this Release shall not become effective or enforceable until the revocation period has expired.

4. Notwithstanding anything herein to the contrary, this Release does not release the Company Released Parties from (i) any rights or claims that arise after the date of execution by Executive of this Release; (ii) any rights that cannot be waived as a matter of law; (iii) the Executive's right to enforce Section 5 of the Employment Agreement, including the right to receive the Accrued Rights; (iv) the Executive's right to enforce the terms of the Promote Agreements (as defined in the Employment Agreement); (v) any rights of the Executive as a member, partner or other equity holder of the Company or its successors and assigns; or (vi) any rights to indemnification the Executive may have under any indemnity agreement, applicable law, the by-laws, certificate of incorporation, limited partnership agreement, limited liability agreement or other constituent document of the Company or any of its affiliates, or as an insured under any director's and officer's liability insurance policy now or previously in force.

5. The Executive represents and warrants that he has not filed any action, complaint, charge, grievance, arbitration or similar proceeding against the Company Released Parties.

6. This Release is not an admission by the Company Released Parties or the Employee Releasing Parties of any wrongdoing, liability or violation of law.

7. The Executive waives any right to reinstatement or future employment with the Company following the Executive's separation from the Company on the Termination Date.

8. The Executive shall continue to be bound by the restrictive covenants contained in the Employment Agreement.

9. This Release shall be governed by and construed in accordance with the laws of the State of New York, without reference to the principles of conflict of laws.

10. This Release represents the complete agreement between the Executive and the Company concerning the subject matter in this Release and supersedes all prior agreements or understandings, written or oral. This Release may not be amended or modified otherwise than by a written agreement executed by the Executive and the Company or their respective successors and legal representatives.

11. Each of the sections contained in this Release shall be enforceable independently of every other section in this Release, and the invalidity or unenforceability of any section shall not invalidate or render unenforceable any other section contained in this Release.

12. **The Executive acknowledges that the Executive has carefully read and understands this Release, that the Executive has the right to consult an attorney with**

respect to its provisions and that this Release has been entered into knowingly and voluntarily. The Executive acknowledges that no representation, statement, promise, inducement, threat or suggestion has been made by any of the Company Released Parties to influence the Executive to sign this Release except such statements as are expressly set forth herein or in the Employment Agreement.

The parties to this Release have executed this Release as of the day and year first written above.

EXECUTIVE

Dallas Bradford Tanner

EMPLOYMENT AGREEMENT
(Ernest M. Freedman)

EMPLOYMENT AGREEMENT (the “Agreement”) dated September 4, 2015 (the “Effective Date”) by and between THR Property Management L.P. (the “Company”) and Ernest M. Freedman (“Executive”).

The Company desires to employ Executive, or cause Executive to be employed by Invitation Homes L.P., an affiliate of the Company (“IH”) and to enter into an agreement embodying the terms of such employment;

Executive desires to accept such employment and enter into such an agreement;

In consideration of the premises and mutual covenants herein and for other good and valuable consideration, the parties agree as follows:

1. Term of Employment. Subject to the provisions of Section 5 of this Agreement, Executive shall be employed by the Company as soon as reasonably possible but no later than October 26, 2015 (the “Start Date”) and ending on the third anniversary of the Effective Date (the “Employment Term”) on the terms and subject to the conditions set forth in this Agreement; provided, however, the Employment Term shall be automatically extended for an additional one-year period commencing with the third anniversary of the Effective Date and, thereafter, on each such successive anniversary of the Effective Date thereafter (each an “Extension Date”), unless the Company or Executive provides the other party hereto 60 days prior written notice before the next Extension Date that the Employment Term shall not be so extended (a “Notice of Non-Renewal”).

2. Position, Duties and Authority.

(a) Position. During the Employment Term, Executive shall serve as the Company’s Chief Financial Officer and an Executive Vice President of the Company. In such positions, Executive shall report directly to the Chief Executive Officer of the Company and shall have such duties as are reasonably requested by the Chief Executive Officer and the Board of Directors of the Company (the “Board”), consistent with duties customarily performed by a Chief Financial Officer and an Executive Vice President. The positions of Chief Financial Officer and Executive Vice President shall be located at the IH’s national headquarters in Dallas, Texas.

(b) Duties and Authority. During the Employment Term, Executive devote his full business time and reasonable best efforts to the business and affairs of the Company to perform Executive’s duties and will not engage in any other business, profession or occupation for compensation or otherwise which would unreasonably conflict or unreasonably interfere with the rendition of such services either directly or indirectly; provided that nothing herein shall preclude Executive from (i) managing personal and family investments, (ii) subject to the prior approval of the Board (such approval not to be unreasonably withheld), accepting appointment to serve on any board of directors or trustees of any business corporation, or (iii) serving as an officer or director or otherwise participating in non-profit educational, welfare, social, religious and civil organizations; provided, however, that any such activities do not materially conflict or materially interfere with the performance and fulfillment of the Executive’s duties and responsibilities as an executive or director of the Company in accordance with this Agreement or conflict with Section 6.

3. Compensation.

(a) Base Salary. During the Employment Term, the Company shall pay Executive a base salary (“Base Salary”) at an annual rate of \$500,000 and payable in regular installments in accordance with the Company’s usual payment practices. Executive shall be entitled to such increases in Executive’s Base Salary, if any, as may be determined from time to time in the sole discretion of the Board.

(b) Annual Bonus.

(i) During each fiscal year of the Employment Term, Executive shall be eligible to earn an annual bonus award (an “Annual Bonus”) with a target amount equal to 150% of then-current Base Salary, with no Annual Bonus payable if minimum performance objectives are not achieved, and the actual amount determined based on the extent to which performance objectives are achieved, in the sole discretion of the Board. Performance objectives shall consist of Company-wide performance goals and individual performance goals, to be mutually agreed to by the Board and the Executive, and shall be established by the Board and clearly communicated to Executive no later than March 31 of the calendar year to which they relate. Notwithstanding the foregoing, Executive’s actual Annual Bonus paid in respect of the 2015 fiscal year shall be no less than \$400,000, paid in 2016 at such time annual performance bonuses are paid to other senior executives of the Company but in no event later than March 31, 2016 (and regardless of whether any such bonuses are paid to such other senior executives).

(ii) Without limiting the applicability of any provision of Section 5 hereof, no Annual Bonus shall be payable in respect of any fiscal year in which Executive’s employment is terminated, unless otherwise determined by the Board in its sole discretion.

(c) Equity Arrangements.

(i) Initial Equity Grants. Subject to, and contingent upon the occurrence of the Start Date, the Company will cause the Promote Entities (as defined below) to issue equity incentive awards (the “Initial Equity Grants”) to Executive in each of the promote pools that comprise the Company’s equity incentive program as of the Start Date (the “Existing Promote Entities” and, together with any subsequent promote pools, collectively, the “Incentive Plan”). The Initial Equity Grants, taken together with Executive’s subsequent grants under the Incentive Plan (collectively, the “Equity Grants”), shall have a target aggregate exit value equal to approximately \$5,000,000, provided, that the Initial

Equity Grants shall include grants of Class B Units in each of the following Promote Entities:

Promote Entity	Class B Units
Invitation Homes L.P.	70.0
Invitation Homes 2-A L.P.	100.0
Preeminent Parent L.P.	100.0
Invitation Homes 3 L.P.	100.0
Invitation Homes 4 L.P.	100.0

(ii) Additional Equity Grants. The Company will cause each of Invitation Homes 5 L.P. and Invitation Homes 6 L.P. to issue 750.0 Class B Units to Executive at such time as other grants of Class B Units of any such Promote Entity are issued to other senior executives of the Company.

(iii) The Initial Equity Grant and any other equity grants under the Incentive Plan shall be on terms substantially similar to other senior executives of the Company and pursuant to the definitive documentation provided to Executive in connection with entering into this Agreement (the “Equity Grant Agreements”). The “Promote Entities” shall mean the direct or indirect owners of real estate assets managed or serviced by the Company and its affiliates.

4. Benefits.

(a) Employee Benefits. During the Employment Term, after sixty (60) days of employment, Executive shall be entitled to participate in the Company’s and IH’s employee benefit plans (other than annual bonus and incentive plans and severance plans, the benefits for which will be determined instead in accordance with this Agreement) as in effect from time to time, including medical benefits (collectively “Employee Benefits”), on the same basis as those benefits are generally made available to other senior executives of the Company.

(b) Relocation. The Company shall reimburse reasonable costs of relocation of Executive (and his family) to the Dallas, Texas metropolitan area in accordance with IH’s Relocation Assistance Policy, including (i) reimbursement of reasonable and customary closing costs associated with the sale of your current primary residence, including real estate commissions in an amount equal to up to 6% of sale price, and (ii) reimbursement of reasonable and customary purchase costs with respect to Executive’s primary residence in the Dallas, Texas metropolitan area, up to an amount equal to 3% of the purchase price.

(c) Other Benefits. Executive will accrue Paid Time Off (PTO) in accordance with the policy set forth in the Company’s Associate Handbook, at a rate which is currently 200 hours per year. During the Employment Term, the Company shall reimburse Executive for reasonable and necessary business expenses incurred by Executive in the performance of Executive’s duties hereunder in accordance with its then prevailing policy for senior executives (which shall include appropriate itemization and substantiation of expenses incurred).

5. Termination. The Employment Term and Executive's employment hereunder may be terminated by either party at any time and for any reason, provided that Executive and the Company will be required to give each other at least 60 days' advance written notice of any termination or resignation of Executive's employment (other than as a result of a termination for Cause or Constructive Termination), and provided, further, that the Company may provide 60 days of Base Salary in lieu of such notice. Notwithstanding any other provision of this Agreement and except as provided by applicable law, the provisions of this Section 5 and the Equity Grant Agreements shall exclusively govern Executive's rights to payments upon termination of employment with the Company and its affiliates.

(a) By the Company For Cause or By Executive Other Than as a Result of a Constructive Termination.

(i) The Employment Term and Executive's employment hereunder (x) may be terminated by the Company for Cause (as defined below) and (y) shall terminate automatically upon the effective date of Executive's resignation other than as a result of a Constructive Termination (as defined in Section 5(c)(ii)).

(ii) For purposes of this Agreement, "Cause" shall mean (1) Executive's continued and willful non-performance of Executive's duties hereunder (other than as a result of total or partial incapacity due to physical or mental illness), which failure is not cured for a period of 10 days following written notice by the Company to Executive describing such failure in reasonable detail, (2) Executive's willful malfeasance or willful misconduct in connection with Executive's duties hereunder, (3) Executive's theft or embezzlement of Company property (unless such theft or embezzlement is de minimis in value), (4) Executive's indictment for any felony under the laws of the United States or any state thereof (other than a vehicular related felony), (5) Executive's breach of Section 6, or (6) Executive's material or willful breach of Section 7 of this Agreement (such breach, a "Material Confidentiality Breach").

(iii) If Executive's employment is terminated by the Company for Cause or by Executive other than as a result of a Constructive Termination, Executive shall be entitled to receive "Accrued Rights" (collectively, the benefits set forth in subparagraphs (A) through (D)):

(A) no later than ten (10) days following the date of termination, the then accrued Base Salary through the date of termination;

(B) any Annual Bonus (if applicable) earned, but unpaid, as of the date of termination for the immediately preceding fiscal year, paid in accordance with Section 3 (except to the extent payment is otherwise deferred pursuant to any applicable deferred compensation arrangement with the Company, in which case such payment shall be made in accordance with the terms and conditions of such deferred compensation arrangement);

(C) reimbursement, within 60 days following receipt by the Company of Executive's claim for such reimbursement (including appropriate supporting documentation), for any unreimbursed business expenses properly incurred by Executive in accordance with Company policy prior to Executive's termination; provided that such claims for such reimbursement are submitted to the Company within 90 days following the date of Executive's termination of employment;

(D) such Employee Benefits, if any, to which Executive may be entitled under the employee benefit plans of the Company, payable in accordance with the terms and conditions of such employee benefit plans; and

(E) If such termination of employment is by Executive other than as a result of a Constructive Termination and such termination occurs both after a Dissolution and after the first anniversary of the Start Date, Executive will be entitled to receive a cash severance payment (the "Severance Payment"), subject to Executive's continued compliance with Section 6 hereof during the Restricted Period and Executive's continued material compliance with Section 7 hereof during the Restricted Period, on the 60th day following the date of termination in an amount determined as follows:

- (1) If the Equity Grant Value (as defined below) is less than the Minimum Equity Grant Value, then the Severance Payment shall be equal to the amount by which the Minimum Equity Grant Value exceeds the Equity Grant Value, and the Company or one of its affiliates or a designee also shall (unless otherwise agreed by the Company and Executive) purchase, and Executive agrees to sell or cause to be sold, such vested Equity Grants at the Equity Grant Value (less all proceeds previously received in respect of all Equity Grants), with such purchase to occur on a date selected by the Company but no later than six months and one day after the date of termination governed by this Section 5(c), or such later date as is required to comply with any accounting principles such that the equity grants shall not be treated as a "liability award".
- (2) If the Equity Grant Value is equal to or greater than the Minimum Equity Grant Value, then the Company shall cause the issuers of the Equity Grants to make an advance against future proceeds payable in respect of the Equity Grants out of available profits within 60 days of the termination date equal to the Minimum Equity Grant Value, less all proceeds previously received in respect of all Equity Grants (and Executive shall retain the vested Equity Grants, subject to the terms thereof).

- (3) For purposes of determining the Severance Payment, the “Equity Grant Value” is equal to the sum of (x) the fair value as of the date of termination (as reasonably determined by the Board) of the vested portion of the Equity Grants (giving effect to any accelerated vesting in connection with the termination or otherwise) and (y) all proceeds previously received in respect of the Equity Grants; and “Minimum Equity Grant Value” is equal to \$3,500,000

Following such termination of Executive’s employment by the Company for Cause or by Executive other than as a result of a Constructive Termination, except as set forth in this Section 5(a)(iii), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(b) Disability or Death.

(i) The Employment Term and Executive’s employment hereunder shall terminate upon Executive’s death and may be terminated by the Company if Executive becomes physically or mentally incapacitated and is therefore unable for an aggregate of twelve (12) months in any twenty-four (24) consecutive month period to perform Executive’s duties (such incapacity is hereinafter referred to as “Disability”). Any question as to the existence of the Disability of Executive as to which Executive and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to Executive and the Company. If Executive and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two physicians shall select a third physician who shall make such determination in writing. The determination of Disability made in writing to the Company and Executive shall be final and conclusive for all purposes of the Agreement.

(ii) Upon termination of Executive’s employment hereunder for either Disability or death, Executive or Executive’s estate (as the case may be) shall be entitled to receive:

(A) The Accrued Rights;

(B) If such termination for either Disability or death occurs after the first anniversary of the Start Date, Severance Payment, in accordance with (and subject to all provisions of) Section 5(a)(iii)(E), except that in the event of death or disability a dissolution is not necessary to invoke Section 5(a)(iii)(E); and

(C) Within 60 days of the applicable termination date, a pro rata portion (based on the number of days Executive is employed during the year of termination) of the greater of (x) Executive’s target bonus for the year of termination and (y) Executive’s Annual Bonus for the year immediately preceding the year of termination.

(iii) Following Executive's termination of employment due to death or Disability, except as set forth in this Section 5(b), Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(c) By the Company Without Cause or Resignation by Executive as a Result of Constructive Termination.

(i) The Employment Term and Executive's employment hereunder may be terminated by the Company without Cause or by Executive as a result of a Constructive Termination.

(ii) For purposes of this Agreement, a "Constructive Termination" shall mean any of the foregoing events: (A) a material reduction in Executive's Base Salary or target bonus opportunity (as a percentage of Base Salary), except as provided by Section 3 above; (B) the failure of the Company to pay or provide or cause to be paid or provided Executive's Base Salary or Annual Bonus when due; (C) delivery by the Company to Executive of a Notice of Non-Renewal; (D) a material and sustained diminution in Executive's authority and duties; and/or (E) a relocation of Executive's principal place of employment by more than 50 miles; provided that any event described in this Section 5(c)(ii) shall not constitute a Constructive Termination unless the Company fails to cure such event within 10 days after receipt from Executive of written notice of the event which otherwise would constitute Constructive Termination; and provided, further, that "Constructive Termination" shall cease to exist for an event on the 90th day following the later of its occurrence or Executive's actual knowledge thereof, unless Executive has given the Board written notice thereof prior to such date.

(iii) If Executive's employment is terminated by the Company without Cause (other than by reason of death or Disability, or in connection with a Dissolution (as defined below)) or Executive resigns as a result of a Constructive Termination, Executive shall be entitled to receive:

(A) The Accrued Rights;

(B) If Executive elects continuation of his medical and dental coverage under COBRA, Executive's coverage and participation under the Company's and/or IH's medical and dental benefit plans in which he was participating immediately prior to termination of employment pursuant to this 5(c)(iii)(B) ("Medical and Dental Benefits") shall continue at the same cost to him as the cost for the Medical and Dental Benefits immediately prior to such termination until the earlier of (i) the expiration of the maximum period for such coverage allowable under COBRA (but no longer than 12 months) or (ii) the date on which Executive receives medical and/or dental coverage from a third party (it being understood that such continuation of coverage may be made by paying Executive a series of monthly payments sufficient, on a grossed up basis, after payment of federal, state and local income taxes, to pay his applicable monthly COBRA premium) (the "Medical Continuation Benefit"). Executive may choose to continue his Medical and Dental Benefits under COBRA at his own expense for the balance, if any, of the period required by law;

(C) An amount equal to the sum of (x) one times the Base Salary, plus (y) Executive's Annual Bonus for the year immediately preceding the year of termination or, if Executive has not received an Annual Bonus in respect of a full fiscal year, an amount equal to Executive's target Annual Bonus amount;

(D) If such termination by the Company without Cause or by Executive as a result of a Constructive Termination occurs after the first anniversary of the Start Date, the Severance Payment, in accordance with (and subject to all provisions of) Section 5(a)(iii)(E), except that in the event of a termination by the Company without Cause or by Executive as a result of a Constructive Termination a dissolution is not necessary to invoke Section 5(a)(iii)(E); and

(iv) Following Executive's termination of employment by the Company without Cause (other than by reason of Executive's death or Disability, or in connection with a Dissolution) or by Executive's resignation as a result of a Constructive Termination, except as set forth in this Section 5(c) and the Equity Grant Agreements, Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(d) By the Company without Cause in Connection with a Dissolution.

(i) For purposes of this Agreement, a "Dissolution" means a sale of all or substantially all of the assets of, or a liquidation of, the Company, the Promote Entities, and their respective affiliates, or an event or series of events, in each case following which The Blackstone Group L.P. and its affiliates cease to hold any equity interest the Company, the Promote Entities, or any of their affiliates.

(ii) If Executive's employment is terminated by the Company without Cause in connection with a Dissolution (other than by reason of death or Disability), Executive shall be entitled to receive:

(A) The Accrued Rights;

(B) The Medical Continuation Benefit;

(C) An amount equal to the sum of (x) one times the Base Salary, plus (y) Executive's Annual Bonus for the year immediately preceding the year of termination or, if Executive has not received an Annual Bonus in respect of a full fiscal year, an amount equal to Executive's target Annual Bonus amount;

(D) The Severance Payment in accordance with (and subject to all provisions of) Section 5(a)(iii)(E), except that the restriction related to first anniversary date shall not apply; and

(E) The Company shall reimburse reasonable costs of relocation of Executive (and his family) to a location in the United States of Executive's choosing (the "Relocation Destination"), in such amounts and subject to the terms set forth in Exhibit A to this Agreement. All such relocation payments and benefits will be fully grossed-up for any applicable income and employment taxes with respect to any reportable income.

(iii) Following Executive's termination of employment by the Company without Cause in connection with a Dissolution (other than by reason of Executive's death or Disability), except as set forth in this Section 5(d) and the Equity Grant Agreements, Executive shall have no further rights to any compensation or any other benefits under this Agreement.

(e) Release. Amounts payable to Executive under Section 5(a)(iii)(E), Sections 5(b)(ii)(B) and (C), Sections 5(c)(iii)(B), (C), and (D); or Section 5(d)(ii)(B), (C), (D), and (E) above (collectively, the "Conditional Benefits") are subject to execution and non-revocation of a release of claims by Executive (or, if applicable, Executive's estate), substantially in the form attached hereto as Exhibit B, within the applicable time limits set forth in the release.

(f) Continued Employment Beyond the Expiration of the Employment Term. Unless the parties otherwise agree in writing and without limiting the applicability of Sections 5(c)(ii)(C) and 5(c)(iii) hereof, continuation of Executive's employment with the Company beyond the expiration of the Employment Term following the delivery of a Notice of Non-Renewal shall be deemed an employment at-will on terms to be negotiated by the Parties, if any, and Executive's employment may thereafter be terminated at will by either Executive or the Company; provided that, the provisions of Sections 6 and 7 of this Agreement shall survive any termination of this Agreement resulting from a Notice of Non-Renewal or Executive's termination of employment that occurs after the expiration of the Employment Term. For the avoidance of doubt, no payment shall be required to cause Section 6 to survive a termination of employment during the Employment Term.

(g) Notice of Termination. Any purported termination of employment by the Company or by Executive (other than due to Executive's death) hereunder shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 8(j) hereof, indicating the specific termination provision in this Agreement relied upon.

(h) Board/Committee Resignation. Upon termination of Executive's employment for any reason, Executive agrees to resign, as of the date of such termination and to the extent applicable, from any board of directors (and any committees thereof) of any of the Company and its affiliates.

(i) Forfeiture. Upon written notice by the Company to Executive that Executive has committed any breach of Section 6 hereof or a Material Confidentiality Breach during the Restricted Period following Executive's termination of employment, Executive shall repay to the Company an amount equal to the after-tax proceeds of any Conditional Benefits (the "Severance Clawback Amount"). Any determination under this Section 5 of whether Executive is in compliance with Section 6 hereof or committed a Material Confidentiality Breach shall be determined without regard to whether Section 6 or 7, as applicable, is enforceable under applicable law.

6. Non-Competition.

(a) Competitive Activity. Executive acknowledges and recognizes the highly competitive nature of the businesses of the Company, the Promote Entities, and their respective subsidiaries, and accordingly agrees as follows:

(i) During the Employment Term and for a period equal to 12 months following the date Executive ceases to be employed by the Company for any reason (the "Restricted Period"), Executive will not, whether on Executive's own behalf or on behalf of or in conjunction with any person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise whatsoever ("Person"), directly or indirectly solicit or assist in soliciting in competition with the Restricted Group in the Business the business of any then current or prospective client or customer with whom Executive (or his direct reports) had personal contact or dealings on behalf of the Company during the one-year period preceding Executive's termination of employment.

(ii) During the Restricted Period, Executive will not, directly or indirectly:

(A) engage in the Business in any geographical area where the Restricted Group engages in the Business (or has established, during the Employment Term, plans engage in the Business during the Restricted Period);

(B) enter the employ of, or render any services to, a Competitor, except where such employment or services do not relate to the Business; or

(C) acquire a 10% or greater financial interest in a Competitor, directly or indirectly, as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant.

(iii) Notwithstanding anything to the contrary in this Agreement, the provisions of this Section 6 shall not restrict the ownership of any number of single-family homes for personal use by Executive or up to five additional single-family homes as personal investments.

(iv) During the Restricted Period, Executive will not, whether on Executive's own behalf or on behalf of or in conjunction with any Person, directly or indirectly:

(A) solicit or encourage any employee of the Restricted Group (other than Executive's personal assistant/secretary) to leave the employment of the Restricted Group; or

(B) hire any such employee who was employed by the Restricted Group as of the date of Executive's termination of employment with the Company or who left the employment of the Restricted Group within three months prior to the termination of Executive's employment with the Company (other than Executive's personal assistant/secretary).

(v) For purposes of this Agreement:

(A) "Restricted Group" shall mean, collectively, the Company, the Promote Entities, and their respective subsidiaries.

(B) "Business" shall mean the business of acquiring controlling investments in, owning, developing, leasing, operating or managing one to four unit residential real properties, including single-family homes in planned unit developments and individual single family townhomes and individual residential condominium units in a low-rise or high-rise condominium project, where such properties are located in the United States.

(C) "Competitor" shall mean any Person engaged in the Business in direct competition with a member of the Restricted Group, but excluding any Person for which less than 10% of its revenue during its most recent fiscal year is derived from activities similar to the Business.

(b) It is expressly understood and agreed that although Executive and the Company consider the restrictions contained in this Section 6 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Agreement is an unenforceable restriction against Executive, the provisions of this Agreement shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

(c) The period of time during which the provisions of this Section 6 shall be in effect shall be extended by the length of time during which Executive is in breach of the terms hereof as determined by any court of competent jurisdiction on the Company's application for injunctive relief.

(d) Subject to Section 5(h), the provisions of Section 6 hereof shall survive the termination of Executive's employment for any reason.

7. Confidentiality: Intellectual Property.

(a) Confidentiality.

(i) Executive will not at any time (whether during or after Executive's employment with the Company) (x) retain or use for the benefit, purposes or account of Executive or any other Person; or (y) disclose, divulge, reveal, communicate, share, transfer or provide access to any Person outside the Company and its affiliates (other than its professional advisers who are bound by confidentiality obligations, lenders and partners or otherwise in performance of Executive's duties hereunder), any proprietary and non-public/confidential information (including without limitation trade secrets, know-how, research and development, software, databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, investments, profits, pricing, costs, products, services, vendors, customers, clients, partners, investors, personnel, compensation, recruiting, training, advertising, sales, marketing, promotions, government and regulatory activities and approvals) concerning the past, current or future business, activities and operations of the Company, any Promote Entity, or any of their respective subsidiaries or affiliates ("Confidential Information") without the prior written authorization of the Board; provided, however, that the conscious awareness of any Confidential Information (as opposed to the physical possession of documentary Confidential Information) by Executive, and Executive's consideration of such information in connection with his pursuit or evaluation of, involvement with or participation in, any project or activity that is not prohibited by this Agreement shall be deemed not to constitute a breach of Section 7(a)(i)(x) or Section 7(a)(iv)(x) hereof in any manner whatsoever, unless such Executive's use of such Confidential Information has an objective and detrimental impact on the business of the Company and its subsidiaries.

(ii) "Confidential Information" shall not include any information that is (A) generally known to the industry or the public other than as a result of Executive's breach of this covenant; (B) made legitimately available to Executive by a third party without breach of any confidentiality obligation of which Executive has knowledge (it being understood that any information made available by an employee, officer or director of the Company and its affiliates shall not be protected by this exclusion); or (C) required by law to be disclosed; provided that with respect to subsection (C) Executive shall give prompt written notice to the Company of such requirement and reasonably cooperate with any attempts by the Company to obtain a protective order or similar treatment.

(iii) Except as required by law, Executive will not disclose to anyone, other than Executive's family (it being understood that, in this Agreement, the term "family" refers to Executive, Executive's spouse, minor children, parents and spouse's parents) and legal or financial advisors, the existence or contents of this Agreement; provided that Executive may disclose to any prospective future employer the provisions of Sections 6 and 7 of this Agreement; provided they agree to maintain the confidentiality of such terms. This Section 7(a)(iii) shall terminate if the Company publicly discloses a copy of this Agreement (or, if the Company publicly discloses summaries or excerpts of this Agreement, to the extent so disclosed).

(iv) Upon termination of Executive's employment with the Company for any reason, Executive shall (x) except as otherwise provided herein, cease and not thereafter commence use of any Confidential Information or intellectual property (including without limitation, any patent, invention, copyright, trade secret, trademark, trade name, logo, domain name or other source indicator) owned or used by the Company, its subsidiaries or affiliates; (y) immediately destroy, delete, or return to the Company, at the Company's option and expense, all originals and copies in any form or medium (including memoranda, books, papers, plans, computer files, letters and other data) in Executive's possession or control (including any of the foregoing stored or located in Executive's office, home, laptop or other computer, whether or not Company property) that contain Confidential Information, except that Executive may retain documents (1) related to the terms of Executive's employment, (2) related to Executive's Equity Grants, (3) related to amounts due to Executive pursuant to any agreement between Executive and the Company or any of its subsidiaries or affiliates, (4) that Executive reasonably believes (after consultation with counsel) to be required by law, court order or regulatory authority or as needed by Executive's legal, tax or other professional advisors for so long as Executive reasonably believes retention of documents may serve any such purpose or (5) if such documents only contain information that is available to the general public.; and (z) notify and reasonably cooperate with the Company regarding the delivery or destruction of any other Confidential Information of which Executive is or becomes aware.

(b) Intellectual Property.

(i) If Executive creates, invents, designs, develops, contributes to or improves any works of authorship, inventions, intellectual property, materials, documents or other work product (including, without limitation, research, reports, software, databases, systems, applications, presentations, textual works, content, or audiovisual materials), either alone or with third parties, at any time during Executive's employment by the Company and within the scope of such employment and with the use of any the Company's resources (" Company Works"), Executive shall promptly and fully disclose same to the Company and hereby irrevocably assigns, transfers and conveys, to the maximum extent permitted by applicable law, all rights and intellectual property rights therein (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) to the Company to the extent ownership of any such rights does not vest originally in the Company.

(ii) Executive shall take all requested actions and execute all requested documents (including any licenses or assignments required by a government contract) at the Company's expense (but without further remuneration) to assist the Company in validating, maintaining, protecting, enforcing, perfecting, recording, patenting or registering any of the Company's rights in the Company Works. If the Company is unable for any other reason, to secure Executive's signature on any document for this purpose, then Executive

hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as Executive's agent and attorney in fact, to act for and in Executive's behalf and stead to execute any documents and to do all other lawfully permitted acts required in connection with the foregoing.

(iii) The provisions of Section 7 hereof shall survive the termination of Executive's employment for any reason (except as otherwise set forth in Section 7(a)(iii) hereof).

(c) Specific Performance. Executive acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of Section 6 or 7 of this Agreement may be inadequate and the Company may suffer irreparable damages as a result of such breach. In recognition of this fact, Executive agrees that, in the event of an actual breach of Section 6 or an actual Material Confidentiality Breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by Section 5(c)(iii) this Agreement (excluding the Accrued Rights) and seek equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

8. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflicts of laws principles thereof. The parties acknowledge that the Company's business activities take place in multiple jurisdictions and that the parties hereby selected the laws of the State of New York in light of such multijurisdictional presence.

(b) Indemnification. Executive shall be indemnified to the fullest extent permitted by law by the Company against any losses, claims, damages, liabilities, and expenses (including attorneys' fees, judgments, fines, penalties and amounts paid in settlement) incurred by or imposed upon Executive by reason of or in connection with any action taken or omitted by Executive arising out of Executive's employment, including in connection with any action, suit or proceeding before any judicial, administrative or legislative body or agency to which Executive may be made a party or otherwise involved or with which it shall be threatened. The right to indemnification granted by this section shall be in addition to any rights to which Executive may otherwise be entitled. The Company shall advance or pay the expenses incurred by Executive in defending or investigating a civil or criminal action, suit or proceeding to the fullest extent permitted by law.

(c) Entire Agreement/Amendments. This Agreement (including, without limitation, the schedules and exhibits attached hereto) and the Equity Grant Agreements contain the entire understanding of the parties with respect to the employment of Executive by the Company. There are no restrictions, agreements, promises, warranties, covenants or undertakings between the parties with respect to the subject matter herein other than those expressly set forth herein or therein. This Agreement (including, without limitation, the schedules and exhibits attached hereto) may not be altered, modified, or amended except by written instrument signed by the parties hereto.

(d) No Waiver. The failure of a party to insist upon strict adherence to any term of this Agreement on any occasion shall not be considered a waiver of such party's rights or deprive such party of the right thereafter to insist upon strict adherence to that term or any other term of this Agreement.

(e) Severability. In the event that any one or more of the provisions of this Agreement shall be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement shall not be affected thereby.

(f) Assignment. This Agreement, and all of Executive's rights and duties hereunder, shall not be assignable or delegable by Executive. Any purported assignment or delegation by Executive in violation of the foregoing shall be null and void *ab initio* and of no force and effect. This Agreement may be assigned by the Company to a person or entity which is a successor in interest to substantially all of the business operations of the Company, but only if such person agrees, in writing, to be bound to the terms hereof to the same extent as the Company. Upon such assignment, the rights and obligations of the Company hereunder shall become the rights and obligations of such affiliate or successor person or entity.

(g) Set Off; No Mitigation. The Company's obligation to pay or provide Executive payments and benefits in accordance with Sections 3, 4, and 5 hereof shall be subject to set-off, or recoupment of amounts owed by Executive to the Company, its subsidiaries or its direct parent entities. Executive shall not be required to mitigate the amount of any payment provided for pursuant to this Agreement by seeking other employment, and such payments shall not be reduced by any compensation or benefits received from any subsequent employer, self-employment or other endeavor.

(h) Compliance with Section 409A. Notwithstanding anything herein to the contrary, (i) if at the time of Executive's termination of employment with the Company Executive is a "specified employee" as defined in Section 409A of the Code and the deferral of the commencement of any payments or benefits otherwise payable hereunder as a result of such termination of employment is necessary in order to prevent any accelerated or additional tax under Section 409A of the Code, then the payments to which Executive would otherwise be entitled during the first six months following his termination of employment shall be deferred and accumulated (without any reduction in such payments or benefits ultimately paid or provided to Executive) for a period of six months from the date of termination of employment and paid in a lump sum on the first day of the seventh month following such termination of employment (or, if earlier, the date of Executive's death), and (ii) if any other payments of money or other benefits due to Executive hereunder would cause the application of an accelerated or additional tax under Section 409A of the Code, such payments or other benefits shall be deferred if deferral will make such payment or other benefits compliant under Section 409A of the Code, or otherwise such payment or other benefits shall be restructured, to the extent possible, in a manner, determined by the Board, that does not cause such an accelerated or additional tax. Furthermore, the Company intends that this Agreement shall comply with Section 409A and shall be interpreted, operated and administered accordingly. To the extent that reimbursements or other in-kind benefits under this Agreement constitute "nonqualified deferred compensation" for purposes of Section 409A of the Code, (A) all expenses or other reimbursements hereunder shall

be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by Executive, (B) any right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (C) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year.

(i) Successors; Binding Agreement. This Agreement shall inure to the benefit of and be binding upon personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

(j) Notice. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three days after it has been mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth below in this Agreement, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

If to the Company:

THR Property Management L.P.
c/o Invitation Homes L.P.
901 Main Street, Suite #4700
Dallas, TX 75202
Attention: Chairman of the Board and General Counsel

with a copy to:

The Blackstone Group
345 Park Avenue
New York, New York 10154
Attention: William Stein

and:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue,
New York, New York 10017
Attention: Gregory T. Grogan

If to Executive:

To the most recent address of Executive set forth in the personnel records of the Company.

(k) Executive Representation. Executive hereby represents to the Company that the execution and delivery of this Agreement by Executive and the Company and the performance by Executive of Executive's duties hereunder shall not constitute a breach of the terms of any employment agreement or other written or oral agreement(s) or policies to which Executive is a party or otherwise bound, or that may restrict or adversely impact Executive's ability to enter into this Agreement and/or perform Executive's duties hereunder. Executive agrees that the Company is relying on the foregoing representations in entering into this Agreement and the Equity Grant Agreements, and that any breach of the foregoing representations shall constitute dishonesty in the performance of Executive's duties hereunder.

(l) Prior Agreements. This Agreement (including, without limitation, the schedules and exhibits attached hereto and thereto), supersedes all prior agreements, term sheets, and understandings (including verbal agreements) between Executive and the Company and/or its affiliates regarding the terms and conditions of Executive's employment with the Company and/or its affiliates (collectively, the "Prior Agreements").

(m) Cooperation. Executive shall provide Executive's reasonable cooperation in connection with any pending claim, litigation, regulatory or administrative proceeding involving the Company (or any appeal from any action or proceeding) arising out of or related to the period when Executive was employed by the Company. In the event that Executive's cooperation is requested after the termination of his employment, the Company shall (i) use its reasonable efforts to minimize interruptions to his personal and professional schedule and (ii) reimburse Executive for all reasonable and appropriate out-of-pocket expenses actually incurred by him in connection with such cooperation upon reasonable substantiation of such expenses.

(n) Withholding Taxes. The Company may withhold from any amounts payable under this Agreement such Federal, state and local taxes as may be required to be withheld pursuant to any applicable law or regulation.

(o) Counterparts. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

(Remainder of page intentionally left blank.)

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

EXECUTIVE

/s/ Ernest M. Freedman

Ernest M. Freedman

THR PROPERTY MANAGEMENT L.P.

By: THR Property Holdco GP LLC, its general partner

By: /s/ William J. Stein
Name: William J. Stein
Its: Senior Managing Director

Exhibit A

Relocation Assistance

1. Executive will be responsible for submitting an itemized listing, together with receipts and/or documentation for all eligible relocation expenses incurred to the Human Resources Department of the Company.
2. Expenses which are eligible for reimbursement are as follows:
 - The Company will reimburse house hunting expenses for both Executive and spouse or significant other, for a maximum of three trips to the Relocation Destination for an aggregate of six days, including reasonable and customary meals, lodging, travel expenses, mileage and tolls.
 - Temporary lodging expenses in the Relocation Destination for up to 90 days, and a maximum of (4) four return visits to the Dallas metropolitan area during that time.
 - The Company will reimburse the cost of moving the Executive's household goods from the former primary residence to Executive's new primary residence. This program covers the full range of services that are typically offered by the major van lines (e.g., pack/unpack, load, and drive services).
 - The Company will cover mileage and tolls incurred in driving (2) two cars to the Relocation Destination or shipment of (2) two cars if the Relocation Destination is more than 100 miles from Dallas, Texas.
 - Executive will be eligible to receive a Relocation Allowance equal to (3) three week's salary (gross) to help cover miscellaneous expenditures of a general nature (i.e.—babysitting, electrical hook-up, telephone /computer connection, etc.)
 - The Company will reimburse reasonable and customary closing costs incurred in the purchase of Executive's new primary residence in the Relocation Destination, as follows:
 - Acquisition of Primary Residence in Relocation Destination: reasonable and customary purchase costs, up to a maximum of 3% of the purchase price, will be reimbursable.
 - Customary purchase costs include:
 - Loan origination fee and/or discount points
 - An appraisal, credit report, and survey when required
 - Recording of mortgage and deed
 - Title insurance or title guarantee
 - Attorney's fees or title and tax search
 - Inspection and/or assumption fees where applicable

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- Other terms related to the purchase of Executive's primary residences: the home purchased must be Executive's principal place of residence and be a single family dwelling, and under no circumstances will the Company reimburse Executive for any loss of value or equity.
3. Only eligible expenses which are incurred within one year of the Termination Date shall be eligible for reimbursement. Reimbursements will be grossed up for Federal, state, and FICA tax withholding liability.

Exhibit B

Release And Waiver Of Claims

This Release and Waiver of Claims (“Release”) is entered into as of this [•] day of _____, 20[-], Ernest M. Freedman (the “Executive”) and delivered to Invitation Homes L.P. (the “Company”).

The Executive agrees as follows:

1. The employment relationship between the Executive and the Company and its subsidiaries and affiliates, as applicable, terminated on the [•] day of _____, 20[-] (the “Termination Date”) pursuant to Section [5(b)][5(c)] of the Employment Agreement between the Company and Executive dated October 11, 2012 (“Employment Agreement”).
2. In consideration of the payments, rights and benefits provided for in any of Section 5(a)(iii)(E); Sections 5(b)(ii)(B) and (C); Sections 5(c)(iii)(B) and (C); or Section 5(d)(ii)(B), (C), (D), and (E) of the Employment Agreement (“Separation Terms”), the sufficiency of which the Executive hereby acknowledges, the Executive, on behalf of himself and his agents, representatives, attorneys, administrators, heirs, executors and assigns (collectively, the “Employee Releasing Parties”), hereby releases and forever discharges the Company Released Parties (as defined below), from all claims, charges, causes of action, obligations, expenses, damages of any kind (including attorneys’ fees and costs actually incurred) or demands, in law or in equity, whether known or unknown, which may have existed or which may now exist from the beginning of time to the date of this Release, arising from or relating to Executive’s employment or termination from employment with the Company, including a release of any rights or claims the Executive may have under Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended (“ADEA”); the Older Workers Benefit Protection Act; the Americans with Disabilities Act of 1990; the Rehabilitation Act of 1973; the Family and Medical Leave Act of 1993; Section 1981 of the Civil Rights Act of 1866; Section 1985(3) of the Civil Rights Act of 1871; the Employee Retirement Income Security Act of 1974; the Fair Labor Standards Act; any other federal, state or local laws against discrimination; or any other federal, state, or local statute, regulation or common law relating to employment, wages, hours, or any other terms and conditions of employment. This includes a release by the Executive of any and all claims or rights arising under contract (whether written or oral, express or implied), covenant, public policy, tort or otherwise. For purposes hereof, “Company Released Parties” shall mean the Company and any of its past or present employees, agents, insurers, attorneys, administrators, officials, directors, shareholders, divisions, parents, members, subsidiaries, affiliates, predecessors, successors, employee benefit plans, and the sponsors, fiduciaries, or administrators of the Company’s employee benefit plans.
3. The Executive acknowledges that the Executive is waiving and releasing rights that the Executive may have under the ADEA and other federal, state and local statutes contract and the common law and that this Release is knowing and voluntary. The Executive acknowledges that the consideration given for this Release is in addition to anything of value to which the Executive is already entitled. The Executive further acknowledges that the Executive

has been advised by this writing that: (i) the Executive should consult with an attorney prior to executing this Release; (ii) the Executive has up to twenty-one (21) days within which to consider this Release, although the Executive may, at the Executive's discretion, sign and return this Release at an earlier time, in which case the Executive waives all rights to the balance of this twenty-one (21) day review period; and (iii) for a period of 7 days following the execution of this Release in duplicate originals, the Executive may revoke this Release in a writing delivered to the Chairman of the Board of Directors of the Company, and this Release shall not become effective or enforceable until the revocation period has expired.

4. Notwithstanding anything herein to the contrary, this Release does not release the Company Released Parties from (i) any rights or claims that arise after the date of execution by Executive of this Release; (ii) any rights that cannot be waived as a matter of law; (iii) the Executive's right to enforce Section 5 of the Employment Agreement, including the right to receive the Accrued Rights; (iv) the Executive's right to enforce the terms of the Equity Grant Agreements (as defined in the Employment Agreement); (v) any rights of the Executive as a member, partner or other equity holder of the Company or its successors and assigns; or (vi) any rights to indemnification the Executive may have under any indemnity agreement, applicable law, the by-laws, certificate of incorporation, limited partnership agreement, limited liability agreement or other constituent document of the Company or any of its affiliates, or as an insured under any director's and officer's liability insurance policy now or previously in force.

5. The Executive represents and warrants that he has not filed any action, complaint, charge, grievance, arbitration or similar proceeding against the Company Released Parties.

6. This Release is not an admission by the Company Released Parties or the Employee Releasing Parties of any wrongdoing, liability or violation of law.

7. The Executive waives any right to reinstatement or future employment with the Company following the Executive's separation from the Company on the Termination Date.

8. The Executive shall continue to be bound by the restrictive covenants contained in the Employment Agreement.

9. This Release shall be governed by and construed in accordance with the laws of the State of New York, without reference to the principles of conflict of laws.

10. This Release represents the complete agreement between the Executive and the Company concerning the subject matter in this Release and supersedes all prior agreements or understandings, written or oral. This Release may not be amended or modified otherwise than by a written agreement executed by the Executive and the Company or their respective successors and legal representatives.

11. Each of the sections contained in this Release shall be enforceable independently of every other section in this Release, and the invalidity or unenforceability of any section shall not invalidate or render unenforceable any other section contained in this Release.

12. The Executive acknowledges that the Executive has carefully read and understands this Release, that the Executive has the right to consult an attorney with respect to its provisions and that this Release has been entered into knowingly and voluntarily. The Executive acknowledges that no representation, statement, promise, inducement, threat or suggestion has been made by any of the Company Released Parties to influence the Executive to sign this Release except such statements as are expressly set forth herein or in the Employment Agreement.

The parties to this Release have executed this Release as of the day and year first written above.

EXECUTIVE

Ernest M. Freedman

Bonus Award Letter

[Date]

[Name]
[Address]

Dear [Name]:

Invitation Homes 6 L.P. (the “Partnership”), on behalf of its subsidiaries and affiliates (collectively, the “Company”) is pleased to offer you the opportunity to participate in a bonus award program and earn a bonus award equal to \$ (the “Bonus Award”). This Bonus Award Letter (the “Award Letter”) sets forth the terms and conditions of your Bonus Award. Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Partnership’s Amended and Restated Limited Partnership Agreement, dated as of January 5, 2017 (as modified, amended or supplemented from time to time).

1. Eligibility For Award.

(a) Your Bonus Award will vest on the earliest to occur of (i) a Public Offering, (ii) December 31, 2019, or (iii) a Sale Transaction (as defined below) (such date, the “Vesting Date”), subject to your continued employment through the Vesting Date. If your employment is terminated for any reason prior to the Vesting Date or if a Restrictive Covenant Violation occurs at any time prior to payment of the Bonus Award, you will forfeit all rights and entitlements to the Bonus Award otherwise granted hereunder.

(b) The Bonus Award shall be payable in a lump sum cash payment, provided, that the Partnership may, in its sole discretion, elect to deliver a number of Units of the Partnership (or, if applicable, in shares of the IPO Corporation), having a fair market value equal to the Bonus Award, in full satisfaction of the Bonus Award, in each case subject to Section 3 below.

(c) Payment of the Bonus Award described in Section 1(b) shall be made within 30 days following the Vesting Date; provided that, if the Vesting Date occurs pursuant to Section 1(a)(i), the Bonus Award shall be payable on the date that is six months and one day following such Vesting Date.

2. Definitions.

(a) “Public Offering” shall mean a sale of the equity interests of the Partnership (or any security of a subsidiary of the Partnership) to the public in an offering pursuant to an effective registration statement filed with the SEC pursuant to the Securities Act, as then in effect, provided that a Public Offering shall not include an offering made in connection with a business acquisition or combination or an employee benefit plan.

(b) “Restrictive Covenant Violation” means any event that constitutes a breach of any covenant regarding confidentiality, solicitation of employees or customers, protection of trade secrets or confidential information, or non-disparagement entered into by and between you and the Partnership.

(c) “Sale Transaction” shall mean (i) the date of the sale or disposition, in one or a series of related transactions, of all or substantially all of the assets of the Partnership, taken as a whole, to any “person” or “group” (as such terms are defined in Sections 13(d)(3) and 14(d)(2) of the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations promulgated pursuant thereto (the “Exchange Act”) other than BREP IH6 Holdings LLC, a Delaware limited liability company or any of its affiliates (the “Sponsor” and together with its affiliates, the “Sponsor Group”), or (ii) the date on which the Sponsor Group ceases to be the “beneficial owner” (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of at least 15% by vote and value of the outstanding equity capital of the Partnership (or, if applicable, the equivalent equity capital in any successor entity or affiliated entity that becomes the holder of the principal operations of the Partnership and its subsidiaries).

3. Withholding. The Bonus Award will be paid less any applicable federal, municipal, state, local or other surcharge or withholding requirements which may be required to be withheld by the Company pursuant to any applicable law or regulation.

4. Interpretation. The General Partner of the Partnership shall solely be empowered to make all determinations or interpretations contemplated under this Award Letter, which determinations and interpretations shall, if made in good faith, be binding and conclusive on you and the Company.

5. Transferability. None of your rights under this Award Letter may be assigned, transferred, pledged or otherwise disposed of, other than by your will or under the laws of descent and distribution.

6. No Right To Employment or Other Benefits. This Award Letter shall not be construed as giving you the right to be retained in the employ of, or in any consulting relationship to the Partnership or any of its affiliates or subsidiaries. Further, the Company may at any time dismiss you from employment or discontinue any consulting relationship, free from any liability of any claim under this Award Letter. This Award Letter does not confer upon you any rights to receive any additional award, severance or change in control benefits, other than the Bonus Award.

7. No Trust Fund. This Award Letter shall not be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Partnership and any of its affiliates and you or any other person. To the extent that you acquire the right to receive payments from the Company under this Award Letter, such right shall be solely with respect the Company, and shall be no greater than the right of any unsecured general creditor of the Company.

8. Other Plans. Any portion of the Bonus Award that may become payable to you hereunder shall not be taken into account in computing your salary or other compensation for purposes of determining any benefits or compensation payable to you or your beneficiaries or estate under (a) any pension, retirement, life insurance or other benefit arrangement of the Company, or (b) any other agreement between you and the Company.

9. Amendment. This Award Letter may not be amended or modified other than by a written agreement executed by you and the Partnership, nor may any provision hereof be waived other than by a writing executed by you and the Partnership (or its successor).

10. Entire Agreement. This Award Letter and the documents referred to herein or delivered pursuant hereto which form a part hereof contain the entire understanding of the parties with respect to the subject matter hereof and thereof. There are no restrictions, agreements, promises, representations, warranties, covenants or undertakings with respect to the subject matter hereof other than those expressly set forth herein and therein. This Award Letter supersedes all prior agreements and understandings between the parties with respect to such subject matter.

11. Governing Law/Counterparts. The validity, construction, and effect of this Award Letter shall be determined in accordance with the laws of the state of Delaware. This Award Letter may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

[Remainder of page intentionally blank]

Please indicate your agreement to the foregoing by executing this Award Letter where indicated below.

Invitation Homes 6 L.P.

By: _____

Name: _____

Title: _____

[Signature Page to Bonus Award Letter]

Agreed and acknowledged as of this day of , 2017:

Name:

[Signature Page to Bonus Award Letter]

INVITATION HOMES INC.
RESTRICTED STOCK GRANT AND ACKNOWLEDGMENT
(Replacement Award for IH Partnerships – Class B Units)

THIS RESTRICTED STOCK GRANT AND ACKNOWLEDGEMENT (the “Agreement”), is made effective as of the date set forth on the Company signature page (the “Signature Page”) attached hereto (the “Date of Grant”), between Invitation Homes Inc. (together with its successors and assigns, the “Company”), the participant identified on the Signature Page attached hereto (the “Participant”) and each of Invitation Homes Parent L.P. (“IH1”), Invitation Homes 2-A L.P. (“IH2-A”), Preeminent Parent L.P. (“Preeminent Parent” and, together with IH2-A, “IH2”), Invitation Homes 3 Parent L.P. (“IH3”), Invitation Homes 4 Parent L.P. (“IH4”), Invitation Homes 5 Parent L.P. (“IH5”) and Invitation Homes 6 Parent L.P. (“IH6”) (collectively, the “IH Partnerships”).

RECITALS:

WHEREAS, the Participant holds a number of Class B Units (the “Class B Units”) in one or more of the IH Partnerships specified on the Signature Page, which Class B Units are governed by one or more Management Subscription Agreements (collectively, the “Subscription Agreements”);

WHEREAS, all of the Participant’s Class B Units are being cancelled and the Participant is to receive shares of common stock (“Shares”), par value \$0.01, of the Company (the “Common Stock”) in redemption of the Class B Units (the “Redemption”), effective prior to or substantially concurrent with the consummation of the IPO (as defined below) (the date and time that the Redemption is effective, the “Redemption Date”);

WHEREAS, the Company has adopted the Invitation Homes Inc. 2016 Omnibus Incentive Plan (the “Plan”), the terms of which Plan are incorporated herein by reference and made a part of this Agreement, and capitalized terms not otherwise defined herein shall have the same meanings as in the Plan; and

WHEREAS, as of the Redemption Date, the Class B Units will be cancelled and will cease to be issued and outstanding and the Participant shall receive Shares with an equivalent value based on the IPO Price (as defined below), as described herein and otherwise subject to the terms hereof and the Plan.

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties agree as follows:

1. Redemption.

(a) The Shares.

(i) Subject to the terms and conditions of the Plan and the additional terms and conditions set forth in this Agreement and effective as of the Redemption Date, the Company and the IH Partnerships will cause the Class B Units to be cancelled and the

Participant to receive, in redemption, conversion and/or exchange for such cancelled Class B Units, a whole number of vested Shares (the “Vested Shares”) and unvested Shares (the “Unvested Restricted Shares”) determined in the manner provided in Section 1(a)(ii), below. The Compensation Committee of the Board of Directors of the Company (the “Committee”) shall specify on the Signature Page hereto, with respect to:

(A) the Class B Units in IH1, the number of Vested Shares (the “IH1 Vested Shares”) and Unvested Restricted Shares (the “IH1 Unvested Restricted Shares”), and together with the IH1 Vested Shares, the “IH1 Series Restricted Shares”) redeemable, convertible and/or exchangeable for such Class B Units;

(B) the Class B Units in IH2, the number of Vested Shares (the “IH2 Vested Shares”) and Unvested Restricted Shares (the “IH2 Unvested Restricted Shares”), and together with the IH2 Vested Shares, the “IH2 Series Restricted Shares”) redeemable, convertible and/or exchangeable for such Class B Units;

(C) the Class B Units in IH3, the number of Vested Shares (the “IH3 Vested Shares”) and Unvested Restricted Shares (the “IH3 Unvested Restricted Shares”), and together with the IH3 Vested Shares, the “IH3 Series Restricted Shares”) redeemable, convertible and/or exchangeable for such Class B Units;

(D) the Class B Units in IH4, the number of Vested Shares (the “IH4 Vested Shares”) and Unvested Restricted Shares (the “IH4 Unvested Restricted Shares”), and together with the IH4 Vested Shares, the “IH4 Series Restricted Shares”) redeemable, convertible and/or exchangeable for such Class B Units;

(E) the Class B Units in IH5, the number of Vested Shares (the “IH5 Vested Shares”) and Unvested Restricted Shares (the “IH5 Unvested Restricted Shares”), and together with the IH5 Vested Shares, the “IH5 Series Restricted Shares”) redeemable, convertible and/or exchangeable for such Class B Units; and

(F) the Class B Units in IH6, the number of Vested Shares (the “IH6 Vested Shares”) and Unvested Restricted Shares (the “IH6 Unvested Restricted Shares”), and together with the IH6 Vested Shares, the “IH6 Series Restricted Shares”) redeemable, convertible and/or exchangeable for such Class B Units (the IH1 Series Restricted Shares, the IH2 Series Restricted Shares, the IH3 Series Restricted Shares, the IH4 Series Restricted Shares, the IH5 Series Restricted Shares and the IH6 Series Restricted Shares, collectively, the “Restricted Shares”).

(ii) The number of Restricted Shares shall be calculated by the Committee in its sole discretion, such that (x) the intrinsic value of all such Class B Units (calculated based on the price to public at which the Common Stock is sold in the Company’s initial public offering (the “IPO”), and such price, the “IPO Price”), the number of such Shares held by the applicable IH Partnership prior to the Redemption and the relative rights and priorities applicable to the Class B Units under the applicable IH Partnership’s organizational documents immediately prior to the Redemption) is equal to (y) the intrinsic value of all such Shares using the IPO Price, in each case, as calculated by the Committee.

(b) Vesting.

(i) The IH1 Vested Shares, IH2 Vested Shares, IH3 Vested Shares, IH4 Vested Shares, IH5 Vested Shares and IH6 Vested Shares shall not be subject to any vesting conditions.

(ii) The Unvested Restricted Shares shall vest and become Vested Shares, with respect to (i) the IH1 Unvested Restricted Shares, in accordance with Schedule I-A, (ii) the IH2 Unvested Restricted Shares, in accordance with Schedule I-B, (iii) the IH3 Unvested Restricted Shares, in accordance with Schedule I-C, (iv) the IH4 Unvested Restricted Shares, in accordance with Schedule I-D, (v) the IH5 Unvested Restricted Shares, in accordance with Schedule I-E and (vi) the IH6 Unvested Restricted Shares, in accordance with Schedule I-F, in the case of each of Schedules I-A through I-F, as attached hereto.

(iii) If the Participant's employment with the Company and its Subsidiaries is terminated at any time, all Unvested Restricted Shares shall automatically and immediately be forfeited and canceled (after giving effect to any acceleration of vesting or other applicable terms set forth in Schedules I-A through I-F attached hereto). In addition, if (x) the Participant's employment with the Company and its Subsidiaries is terminated by the Company for Cause or (y) the Participant resigns at a time when grounds for a termination of the Participant's employment for Cause existed, in either case, the Participant shall forfeit any Vested Shares for no consideration.

(c) Section 83(b) Election. Within 10 days after the Redemption Date, the Participant shall provide the Company with a copy of a completed election under Section 83(b) of the Code in the form of Exhibit A attached hereto. The Participant shall timely (within 30 days) file (via certified mail, return receipt requested) such election with the Internal Revenue Service, and thereafter shall certify to the Company that the Participant has made such timely filing and furnish a copy of such filing to the Company. The Participant should consult the Participant's tax advisor regarding the consequences of a Section 83(b) election, as well as the receipt, vesting, holding and sale of the Restricted Shares.

(d) Participant acknowledges that the Shares have not been registered under the Securities Act or any other state or foreign securities law, and accordingly, may not be offered, sold or transferred except pursuant to an effective registration statement under the Securities Act or pursuant to an applicable exemption therefrom.

2. Prior Agreements; Restrictive Covenants.

(a) Restrictive Covenants. The Participant acknowledges and recognizes the highly competitive nature of the businesses of the Company and its Affiliates and accordingly reaffirms, in the Participant's capacity as an investor and equityholder in the Company and its Affiliates, the restrictive covenants set forth as an appendix to each applicable Subscription Agreement (the "Restrictive Covenants"), with such changes to conform the Restrictive Covenants to reflect the Redemption and the IPO, including, but not limited to, the definitions of "Restricted Group" and "Business" contained therein. The Participant acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of the Restrictive Covenants would be inadequate and the Company would suffer irreparable damages as a result of such breach or threatened breach. In recognition of this fact, the Participant agrees that, in the event of such a breach or threatened breach, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to cease making any payments or providing any benefit otherwise required by this Agreement or any other agreement between the Company and its Affiliates, on the one hand, and the Participant and the Participant's Affiliates, on the other, and obtain equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available. Notwithstanding the foregoing, if the Participant's principal place of employment when the Class B Units were obtained is located in the State of California, the Restrictive Covenants relating to non-competition shall not apply to the Participant. For the avoidance of doubt, the Restrictive Covenants contained in this Agreement are in addition to, and not in lieu of, any other restrictive covenants or similar covenants or agreements between the Participant and the Company or any of its Affiliates. For purposes of this Agreement, "Restrictive Covenant Violation" means the Participant's breach of any of the Restrictive Covenants or any similar provision applicable to the Participant.

(b) Repayment of Proceeds. In the event of a Restrictive Covenant Violation, a termination of the Participant's employment by the Company for Cause, or if the Company discovers after a termination of the Participant's employment that grounds for a termination of employment with Cause existed at the time of such termination of employment, then the Participant shall be required, in addition to any other remedy available (on a non-exclusive basis), to pay to the Company, within 10 business days of the Company's request to the Participant therefor, an amount equal to the excess, if any, of (i) the aggregate after-tax proceeds (taking into account all amounts of tax that would be recoverable upon a claim of loss for payment of such proceeds in the year of repayment) Participant received upon the sale or other disposition of, or distributions in respect of, (A) prior to the Redemption Date, the Class B Units, and (B) the Shares issued hereunder over (ii) the aggregate Cost of such Shares. For purposes of this Agreement, "Cost" means, in respect of any Share, the amount paid by the Participant for the Class B Units that were exchanged for such Share, as proportionately adjusted for all subsequent distributions on the Shares and other recapitalizations and less the amount of any distributions made with respect to (x) prior to the Redemption Date, the Class B Units or (y) the Share, in each case, pursuant to the applicable IH Partnership's or the Company's organizational documents, as applicable; provided that Cost may not be less than zero. Any reference in this Agreement to grounds existing for a termination of employment, with Cause shall be determined without regard to any notice period, cure period, or other procedural delay or event required prior to a finding of or termination with, Cause

(c) Class B Units. The Participant acknowledges and agrees that any reference to the value of Class B Units in any or all of the IH Partnerships in the Participant's employment

agreement with the Company (or any Affiliate) shall hereafter be deemed to be a reference to the value of the Shares received hereunder for the purposes of calculating the value of any severance or similar amounts payable upon a termination of employment.

3. Book Entry; Certificates. The Company shall recognize the Participant's ownership of Shares through uncertificated book entry. If elected by the Company, certificates evidencing the Shares may be issued by the Company and any such certificates shall be registered in the Participant's name on the stock transfer books of the Company promptly after the date hereof, but shall remain in the physical custody of the Company or its designee at all times prior to the later of (x) the vesting of Unvested Restricted Shares pursuant to this Agreement and (y) the expiration of any transfer restrictions set forth in this Agreement or otherwise applicable to the Shares. As soon as practicable following such time, any certificates for the Shares shall be delivered to the Participant or to the Participant's legal guardian or representative along with the stock powers relating thereto. No certificates shall be issued for fractional Shares. To the extent required by the Company, the Participant shall deliver to the Company a stock power, duly endorsed in blank, relating to the Shares that have not previously vested. However, the Company shall not be liable to the Participant for damages relating to any delays in issuing the certificates (if any) to the Participant, any loss by the Participant of the certificates, or any mistakes or errors in the issuance of the certificates or in the certificates themselves.

4. Rights as a Stockholder. The Participant shall be the record owner of the Shares until or unless such Shares are forfeited pursuant to the terms of this Agreement, and as record owner shall be entitled to all rights of a common stockholder of the Company, including, without limitation, voting rights with respect to the Restricted Shares and rights to dividends or other distributions; provided that the Shares shall be subject to the limitations on transfer and encumbrance set forth in Section 7.

5. Legend. To the extent applicable, all book entries (or certificates, if any) representing the Shares delivered to the Participant as contemplated by Section 3 above shall be subject to the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which such Shares are listed, and any applicable Federal or state laws, and the Company may cause notations to be made next to the book entries (or a legend or legends put on certificates, if any) to make appropriate reference to such restrictions. Any such book entry notations (or legends on certificates, if any) shall include a description to the effect of the restrictions set forth in Sections 1 and 7 hereof and shall be substantially in the form set forth in Section 9(e) of the Plan.

6. No Right to Continued Employment. Neither the Plan nor this Agreement nor the Participant's receipt of the Shares hereunder shall impose any obligation on the Company or any Affiliate to continue the employment or engagement of the Participant. Further, the Company or any Affiliate (as applicable) may at any time terminate the employment or engagement of such Participant, free from any liability or claim under the Plan or this Agreement, except as otherwise expressly provided herein.

7. Assignment Restrictions; Lock-up.

(a) The Unvested Restricted Shares may not, at any time prior to becoming vested pursuant to the terms of this Agreement, be Assigned and any such purported Assignment shall be void and unenforceable against the Company or any Affiliate; provided that the designation of a beneficiary shall not constitute an Assignment. The Participant further hereby agrees that the Participant shall, without further action on the part of the Participant, be bound by the provisions of the lock-up letter executed by the executive officers of the Company to the same extent as if the Participant had directly executed such lock-up letter himself or herself. Such lock-up letter will provide that the Participant shall not, subject to specified exceptions, dispose of or hedge any shares of common stock of the Company or securities convertible into or exchangeable for shares of common stock of the Company during the period from the date of the final prospectus relating to the IPO and continuing through the date 180 days after the date of such prospectus, except with the prior written consent of the representatives of the underwriters for the IPO.

(b) “Assign” or “Assignment” shall mean (in either the noun or the verb form, including with respect to the verb form, all conjugations thereof within their correlative meanings) with respect to any security, the gift, sale, assignment, transfer, pledge, hypothecation or other disposition (whether for or without consideration, whether directly or indirectly, and whether voluntary, involuntary or by operation of law) of such security or any interest therein.

8. Withholding. The Participant may be required to pay to the Company or any Affiliate, and the Company shall have the right and is hereby authorized to withhold, any applicable withholding taxes in respect of the Shares, the grant or vesting of the Shares, or any payment or transfer with respect to the Shares at the minimum applicable statutory rates, and to take such action as may be necessary in the opinion of the Committee to satisfy all obligations for the payment of such withholding taxes.

9. Securities Laws; Cooperation. Upon the vesting of any Unvested Restricted Shares pursuant to Schedules I-A through I-F attached hereto, the Participant will make or enter into such written representations, warranties and agreements as the Committee may reasonably request in order to comply with applicable securities laws, the Plan or this Agreement. Participant further agrees to cooperate with the Company in taking any action reasonably necessary or advisable to consummate the transactions contemplated by this Agreement.

10. Notices. Any notice necessary under this Agreement shall be addressed to the Company in care of its Secretary at the principal executive office of the Company and to the Participant at the address appearing in the personnel records of the Company for such Participant or to either party at such other address as either party hereto may hereafter designate in writing to the other. Any such notice shall be deemed effective upon receipt thereof by the addressee.

11. Choice of Law; Jurisdiction; Venue. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Maryland applicable to contracts made and performed wholly within the State of Maryland, without giving effect to the conflict of laws provisions thereof. Any suit, action or proceeding with respect to this Agreement (or any provision incorporated by reference), or any judgment entered by any court in respect of any thereof, shall be brought in any court of competent jurisdiction in the State of Maryland, and each of the Participant, the Company, and any transferees who hold Shares pursuant to a valid Assignment, hereby submits to the exclusive jurisdiction of such court for the purpose of any such suit, action, proceeding, or judgment. EACH OF THE PARTICIPANT, THE COMPANY, AND

ANY TRANSFEREES WHO HOLD SHARES PURSUANT TO A VALID ASSIGNMENT HEREBY IRREVOCABLY WAIVES (A) ANY OBJECTIONS WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUIT, ACTION, OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT BROUGHT IN ANY COURT OF COMPETENT JURISDICTION IN THE STATE MARYLAND, (B) ANY CLAIM THAT ANY SUCH SUIT, ACTION, OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN ANY INCONVENIENT FORUM AND (C) ANY RIGHT TO A JURY TRIAL.

12. Shares Subject to Plan; Amendment. By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. The Shares granted hereunder are subject to the Plan. The terms and provisions of the Plan, as it may be amended from time to time, are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail. The Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate this Agreement, but no such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination shall materially adversely affect the rights of the Participant hereunder without the consent of the Participant. Notwithstanding anything in this Agreement or the Plan to the contrary, the Company may amend and update the number of Shares in the Schedule set forth on the Signature Page hereto prior to or following the effective date of the IPO based on the IPO Price.

13. Other Awards. Subject to Section 2, this Agreement, together with any other equity grants received in connection with the Redemption and the IPO, are in replacement of, and supersede in all respects, the Class B Units.

14. IH Partnerships. The Participant agrees and acknowledges that, upon consummation of the Redemption, the Participant will (i) hold no Class B Units, (ii) no longer be a limited partner of any of the IH Partnerships and (iii) have no surviving rights under the governing documents of any of the IH Partnerships, except to the extent that the Participant continues to hold Class A Units in any of the IH Partnerships.

[Signatures on next page.]

IN WITNESS WHEREOF, the Participant acknowledges and accepts the terms of this Agreement which shall be effective as of the date set forth on the Signature Page.

Participant

Name:

[*Signature Page - Replacement Award for Class B Units of the IH Partnerships*]

Agreement acknowledged and confirmed:

Dated: _____

INVITATION HOMES L.P.

By: _____
Name:
Title: Authorized Signatory

INVITATION HOMES INC.

By: _____
Name:
Title: Authorized Signatory

INVITATION HOMES 2-A L.P.

By: _____
Name:
Title: Authorized Signatory

PREEMINENT PARENT L.P.

By: _____
Name:
Title: Authorized Signatory

INVITATION HOMES 3 L.P.

By: _____
Name:
Title: Authorized Signatory

INVITATION HOMES 4 L.P.

By: _____
Name:
Title: Authorized Signatory

INVITATION HOMES 5 L.P.

By: _____
Name:
Title: Authorized Signatory

INVITATION HOMES 6 L.P.

By: _____
Name:
Title: Authorized Signatory

Schedule

Name:

Date of Grant:

	<u>Date of Acquisition of Units</u>	<u>Vesting Reference Date</u>	<u>Type</u>	<u>Class B Units</u>		<u>Shares</u>	
				<u>Number of Vested Units</u>	<u>Number of Unvested Units</u>	<u>Number of Vested Shares</u>	<u>Number of Unvested Restricted Shares</u>
<u>IH Partnership</u>							
<u>IH1</u>							
<u>IH2-A</u>							
<u>Preeminent Parent</u>							
<u>IH3</u>							
<u>IH4</u>							
<u>IH5</u>							
<u>IH6</u>							

Schedule I-A
Vesting Terms Applicable to IH1 Series Restricted Shares

[Separately Attached]

Schedule I-B
Vesting Terms Applicable to IH2 Series Restricted Shares

[Separately Attached]

Schedule I-C
Vesting Terms Applicable to IH3 Series Restricted Shares

[Separately Attached]

Schedule I-D
Vesting Terms Applicable to IH4 Series Restricted Shares

[Separately Attached]

Schedule I-E
Vesting Terms Applicable to IH5 Series Restricted Shares

[Separately Attached]

Schedule I-F
Vesting Terms Applicable to IH6 Series Restricted Shares

[Separately Attached]

**AWARD NOTICE
AND
RESTRICTED STOCK UNIT AGREEMENT
(2017 GRANT)**

**INVITATION HOMES INC.
2017 OMNIBUS INCENTIVE PLAN**

The Participant has been granted Restricted Stock Units with the terms set forth in this Award Notice, and subject to the terms and conditions of the Plan and the Restricted Stock Unit Agreement to which this Award Notice is attached. Capitalized terms used and not defined in this Award Notice shall have the meanings set forth in the Restricted Stock Unit Agreement and the Plan, as applicable.

Participant :

Date of Grant :

Restricted Stock Units Granted : RSUs

Vesting Schedule :

One-third of the number of RSUs specified above shall be fully vested as of the closing of the initial public offering (the “IPO”) of shares of Common Stock of the Company, and the remaining two-thirds of the number of RSUs specified above shall vest in equal installments on each of the first two anniversaries of the IPO, subject to the Participant’s continued employment through the applicable vesting date; provided, that if the number of RSUs specified above is not evenly divisible by three, then no fractional units shall vest and the installments shall be as equal as possible with the smaller installments vesting first.

**RESTRICTED STOCK UNIT AGREEMENT
(2017 GRANT)**

**INVITATION HOMES INC.
2017 OMNIBUS INCENTIVE PLAN**

This Restricted Stock Unit Agreement, effective as of the Date of Grant (as defined below), is between Invitation Homes Inc., a Maryland corporation (the “Company”), and the Participant (as defined below).

WHEREAS, the Company has adopted the Invitation Homes Inc. 2017 Omnibus Incentive Plan (as it may be amended, the “Plan”) in order to provide additional incentives to selected officers, employees, consultants and advisors of the Company Group; and

WHEREAS, the Committee (as defined in the Plan) responsible for administration of the Plan has determined to grant RSUs to the Participant as provided herein and the Company and the Participant hereby wish to memorialize the terms and conditions applicable to such RSUs.

NOW, THEREFORE, the parties hereto agree as follows:

1. Definitions. Capitalized terms not otherwise defined herein shall have the same meanings as in the Plan. The following terms shall have the following meanings for purposes of this Agreement:

- (a) “Agreement” shall mean this Restricted Stock Unit Agreement including (unless the context otherwise requires) the Award Notice and Appendix A.
- (b) “Award Notice” shall mean the notice to the Participant.
- (c) “Date of Grant” shall mean the “Date of Grant” listed in the Award Notice.
- (d) “Participant” shall mean the “Participant” listed in the Award Notice.
- (e) “Restrictive Covenant Violation” shall mean the Participant’s breach of the Restrictive Covenants listed on Appendix A or any covenant regarding confidentiality, competitive activity, solicitation of the Company’s vendors, suppliers, customers, or employees, or any similar provision applicable to or agreed to by the Participant.
- (f) “RSUs” shall mean that number of Restricted Stock Units listed in the Award Notice as “Restricted Stock Units Granted.”
- (g) “Shares” shall mean a number of shares of the Company’s Common Stock equal to the number of RSUs.

2. Grant of Units. The Company hereby grants the RSUs to the Participant, each of which represents the right to receive one Share upon vesting of such RSU, subject to and

in accordance with the terms, conditions and restrictions set forth in the Plan, the Award Notice, and this Agreement. By acceptance of the grant of RSUs pursuant to this Agreement, the Participant acknowledges and agrees that the Participant is entitled to no further rights or payments pursuant to the supplemental bonus program described in the letter award notice received from the Company dated on or about October , 2016.

3. RSU Account . The Company shall cause an account (the “Unit Account”) to be established and maintained on the books of the Company to record the number of RSUs credited to the Participant under the terms of this Agreement. The Participant’s interest in the Unit Account shall be that of a general, unsecured creditor of the Company.

4. Vesting; Settlement . The RSUs shall become vested in accordance with the schedule set forth on the Award Notice. The Company shall deliver to the Participant one share of Common Stock for each RSU (as adjusted under the Plan) which becomes vested in a given calendar year, pursuant to Section 12, below, and such vested RSU shall be cancelled upon such delivery, provided, that any RSUs which become vested on or during the six-month period following the IPO shall be settled as soon as practicable (but within 30 days) after the date that is six months and one day following the IPO.

5. Termination of Employment .

(a) In the event that the Participant’s employment or service, as applicable, with the Company Group terminates for any reason, any unvested RSUs shall be forfeited and all of the Participant’s rights hereunder with respect to such unvested RSUs shall cease as of the effective date of termination (the “Termination Date”) (unless otherwise provided for by the Committee in accordance with the Plan).

(b) The Participant’s rights with respect to the RSUs shall not be affected by any change in the nature of the Participant’s employment or service, as applicable, so long as the Participant continues to be an employee or service provider, as applicable, of the Company Group. Whether (and the circumstances under which) the Participant’s employment or service, as applicable, has terminated and the determination of the Termination Date for the purposes of this Agreement shall be determined by the Committee (or, with respect to any Participant who is not a director or “officer” as defined under Rule 16a-1(f) of the Exchange Act, its designee, whose good faith determination shall be final, binding and conclusive; provided, that such designee may not make any such determination with respect to the designee’s own employment for purposes of the RSUs).

6. Dividends . Upon the declaration by the Company of dividends to holders of its Common Stock, the Participant shall be entitled to receive dividend equivalent payments. (“Dividend Equivalents”) in respect of all of such Participant’s RSUs, whether unvested or vested and not yet settled, as of the record date for such dividend. The Dividend Equivalents shall be delivered to the Participant on the regular payment date that such dividend is made to all holders of the Company’s Common Stock and in the same form as are delivered to holders of the Company’s Common Stock (i.e., in either cash or in shares of Common Stock which Common Stock will not be subject to any vesting conditions).

7. Restrictions on Transfer . The Participant may not assign, alienate, pledge, attach, sell or otherwise transfer or encumber the RSUs or the Participant's right under the RSUs to receive Shares, except other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any of its Affiliates; provided, that the designation of a beneficiary (if permitted by the Committee) shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

8. Repayment of Proceeds; Clawback Policy . In the event of a Restrictive Covenant Violation or a termination of the Participant's employment or service, as applicable, by the Company for Cause, or if the Company discovers after a termination of employment or service, as applicable, that grounds for a termination of employment or service, as applicable, for Cause existed at the time of such termination of employment or service, as applicable, then the Participant shall be required, in addition to any other remedy available (on a non-exclusive basis), to pay to the Company, within 10 business days of the Company's request to the Participant therefor, an amount equal to the excess, if any, of the aggregate after-tax proceeds (taking into account all amounts of tax that would be recoverable upon a claim of loss for payment of such proceeds in the year of repayment) the Participant received upon the sale or other disposition of, or distributions in respect of, the RSUs (including any Dividend Equivalents previously paid) and any Shares issued in respect thereof. Any reference in this Agreement to grounds existing for a termination of employment or service, as applicable, with Cause shall be determined without regard to any notice period, cure period, or other procedural delay or event required prior to finding of or termination with, Cause. The RSUs and all proceeds of the RSUs shall be subject to the Company's Clawback Policy, if any, and as in effect from time to time, to the extent the Participant is a director or "officer" as defined under Rule 16a-1(f) of the Exchange Act.

9. No Right to Continued Employment or Engagement . Neither the Plan nor this Agreement nor the Participant's receipt of the RSUs hereunder shall impose any obligation on the Company or any of its Affiliates to continue the employment or engagement of the Participant. Further, the Company or any of its Affiliates (as applicable) may at any time terminate the employment or engagement of the Participant, free from any liability or claim under the Plan or this Agreement, except as otherwise expressly provided herein.

10. No Rights as a Stockholder . The Participant's interest in the RSUs shall not entitle the Participant to any rights as a stockholder of the Company. The Participant shall not be deemed to be the holder of, or have any of the rights and privileges of a stockholder of the Company in respect of, the Shares unless and until such Shares have been issued to the Participant in accordance with Section 12.

11. Adjustments Upon Change in Capitalization . The terms of this Agreement, including the RSUs, the Participant's Unit Account, any Dividend Equivalents, and/or the Shares, shall be subject to adjustment in accordance with Section 14 of the Plan. This paragraph shall also apply with respect to any extraordinary dividend or other extraordinary distribution in respect of the Company's Common Stock (whether in the form of cash or other property).

12. Settlement and Issuance of Shares; Tax Withholding .

(a) The Company shall, as soon as reasonably practicable (and in any event within two and one-half months of the applicable vesting date or such earlier time provided in Section 4), issue the Share underlying such vested RSU to the Participant, free and clear of all restrictions, less a number of Shares equal to or greater in value than the minimum amount necessary to satisfy federal, state, local or foreign withholding tax requirements, if any (but which may in no event be greater than the maximum statutory withholding amounts in the Participant's jurisdiction) (the "Withholding Taxes") in accordance with Section 16(d) of the Plan (except to the extent the Participant shall have a written agreement with the Company or any of its Affiliates under which the Company or an Affiliate of the Company is responsible for payment of taxes with respect to the issuance of the Shares, in which case the full number of Shares shall be issued). To the extent any Withholding Taxes may become due prior to the settlement of any RSUs, the Committee may accelerate the vesting of a number of RSUs equal in value to the Withholding Taxes, the Shares delivered in settlement of such RSUs shall be delivered to the Company, and the number of RSUs so accelerated shall reduce the number of RSUs which would otherwise become vested on the next applicable vesting date. The number of RSUs or Shares equal to the Withholding Taxes shall be determined using the closing price per Share on the New York Stock Exchange (or other principal exchange on which the Shares then trade) on the trading day immediately prior to the date of delivery of the Shares to the Participant or the Company, as applicable, and shall be rounded up to the nearest whole RSU or Share.

(b) The Company shall pay any costs incurred in connection with issuing the Shares. Upon the issuance of the Shares to the Participant, the Participant's Unit Account shall be eliminated. Notwithstanding anything in this Agreement to the contrary, the Company shall have no obligation to issue or transfer the Shares as contemplated by this Agreement unless and until such issuance or transfer shall comply with all relevant provisions of law and the requirements of any stock exchange on which the Company's shares are listed for trading.

13. Award Subject to Plan . By entering into this Agreement, the Participant agrees and acknowledges that the Participant has received and read a copy of the Plan. The RSUs granted hereunder are subject to the Plan. The terms and provisions of the Plan, as it may be amended from time to time, are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

14. Severability . Should any provision of this Agreement be held by a court of competent jurisdiction to be unenforceable or invalid for any reason, the remaining provisions of this Agreement shall not be affected by such holding and shall continue in full force in accordance with their terms.

15. Governing Law; Venue; Language . This Agreement shall be governed by and construed in accordance with the internal laws of the State of Maryland applicable to contracts made and performed wholly within the State of Maryland, without giving effect to the conflict of laws provisions thereof. Any suit, action or proceeding with respect to this Agreement (or any provision incorporated by reference), or any judgment entered by any court in respect

thereof, shall be brought in any court of competent jurisdiction in the State of Maryland, and each of the Participant, the Company, and any transferees who hold RSUs pursuant to a valid assignment, hereby submits to the exclusive jurisdiction of such courts for the purpose of any such suit, action, proceeding, or judgment. Each of the Participant, the Company, and any transferees who hold RSUs pursuant to a valid assignment hereby irrevocably waives (a) any objections which it may now or hereafter have to the laying of the venue of any suit, action, or proceeding arising out of or relating to this Agreement brought in any court of competent jurisdiction in the State of Maryland; (b) any claim that any such suit, action, or proceeding brought in any such court has been brought in any inconvenient forum; and (c) any right to a jury trial. If the Participant has received a copy of this Agreement (or the Plan or any other document related hereto or thereto) translated into a language other than English, such translated copy is qualified in its entirety by reference to the English version thereof, and in the event of any conflict the English version will govern.

16. Successors in Interest . Any successor to the Company shall have the benefits of the Company under, and be entitled to enforce, this Agreement. Likewise, the Participant's legal representative shall have the benefits of the Participant under, and be entitled to enforce, this Agreement. All obligations imposed upon the Participant and all rights granted to the Company under this Agreement shall be final, binding and conclusive upon the Participant's heirs, executors, administrators and successors.

17. Data Privacy Consent .

(a) General. The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in this Agreement and any other RSU grant materials by and among, as applicable, the Participant's employer or contracting party (the "Employer") and the Company for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that the Company may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address and telephone number, work location and phone number, date of birth, social insurance number or other identification number, salary, nationality, job title, hire date, any shares of stock or directorships held in the Company, details of all awards or any other entitlement to shares awarded, cancelled, exercised, vested, unvested or outstanding in the Participant's favor, for the purpose of implementing, administering and managing the Plan ("Personal Data").

(b) Use of Personal Data; Retention. The Participant understands that Personal Data may be transferred to any third parties assisting in the implementation, administration and management of the Plan, now or in the future, that these recipients may be located in the Participant's country or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Participant's country. The Participant understands that the Participant may request a list with the names and addresses of any potential recipients of the Personal Data by contacting the Participant's local human resources representative. The Participant authorizes the recipients to receive, possess, use, retain and transfer the Personal Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that Personal

Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan. The Participant understands that the Participant may, at any time, view Personal Data, request additional information about the storage and processing of Personal Data, require any necessary amendments to Personal Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Participant's local human resources representative.

(c) Withdrawal of Consent. The Participant understands that the Participant is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or if the Participant later seeks to revoke the Participant's consent, the Participant's employment status or service and career with the Employer will not be adversely affected; the only consequence of the Participant's refusing or withdrawing the Participant's consent is that the Company would not be able to grant RSUs or other equity awards to the Participant or administer or maintain such awards. Therefore, the Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of Participant's refusal to consent or withdrawal of consent, the Participant understands that the Participant may contact the Participant's local human resources representative.

18. Restrictive Covenants. The Participant acknowledges and recognizes the highly competitive nature of the businesses of the Company and its Affiliates, that the Participant will be allowed access to confidential and proprietary information (including, but not limited to, trade secrets) about those businesses, as well as access to the prospective and actual customers, suppliers, investors, clients and partners involved in those businesses, and the goodwill associated with the Company and its Affiliates. Participant accordingly agrees to the provisions of Appendix A to this Agreement (the "Restrictive Covenants"). For the avoidance of doubt, the Restrictive Covenants contained in this Agreement are in addition to, and not in lieu of, any other restrictive covenants or similar covenants or agreements between the Participant and the Company or any of its Affiliates.

19. Limitation on Rights; No Right to Future Grants; Extraordinary Item of Compensation. By accepting this Agreement and the grant of the RSUs contemplated hereunder, the Participant expressly acknowledges that (a) the Plan is established voluntarily by the Company, it is discretionary in nature and may be suspended or terminated by the Company at any time, to the extent permitted by the Plan; (b) the grant of RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past; (c) all determinations with respect to future grants of RSUs, if any, including the grant date, the number of Shares granted and the applicable vesting terms, will be at the sole discretion of the Company; (d) the Participant's participation in the Plan is voluntary; (e) the value of the RSUs is an extraordinary item of compensation that is outside the scope of the Participant's employment contract, if any, and nothing can or must automatically be inferred from such employment contract or its consequences; (f) grants of RSUs, and the income and value of same, are not part of normal or expected compensation for any purpose and are not to be used for calculating any severance, resignation, redundancy, end of service payments, bonuses, long-service awards, pension or retirement benefits or similar payments, the Participant waives any claim on such basis, and for the avoidance of doubt, the RSUs shall not constitute an "acquired right" under the

applicable law of any jurisdiction; and (g) the future value of the underlying Shares is unknown and cannot be predicted with certainty. In addition, the Participant understands, acknowledges and agrees that the Participant will have no rights to compensation or damages related to RSU proceeds in consequence of the termination of the Participant's employment for any reason whatsoever and whether or not in breach of contract.

20. Award Administrator . The Company may from time to time designate a third party (an "Award Administrator") to assist the Company in the implementation, administration and management of the Plan and any RSUs granted thereunder, including by sending award notices on behalf of the Company to Participants, and by facilitating through electronic means acceptance of RSU Agreements by Participants.

21. Section 409A of the Code .

(a) This Agreement is intended to comply with the provisions of Section 409A of the Code and the regulations promulgated thereunder. Without limiting the foregoing, the Committee shall have the right to amend the terms and conditions of this Agreement in any respect as may be necessary or appropriate to comply with Section 409A of the Code or any regulations promulgated thereunder, including without limitation by delaying the issuance of the Shares contemplated hereunder.

(b) Notwithstanding any other provision of this Agreement to the contrary, if a Participant is a "specified employee" within the meaning of Section 409A of the Code, no payments in respect of any RSU that is "deferred compensation" subject to Section 409A of the Code and which would otherwise be payable upon the Participant's "separation from service" (as defined in Section 409A of the Code) shall be made to such Participant prior to the date that is six months after the date of the Participant's "separation from service" or, if earlier, the Participant's date of death. Following any applicable six-month delay, all such delayed payments will be paid in a single lump sum on the earliest date permitted under Section 409A of the Code that is also a business day. The Participant is solely responsible and liable for the satisfaction of all taxes and penalties under Section 409A of the Code that may be imposed on or in respect of the Participant in connection with this Agreement, and the Company shall not be liable to any Participant for any payment made under this Plan that is determined to result in an additional tax, penalty or interest under Section 409A of the Code, nor for reporting in good faith any payment made under this Agreement as an amount includible in gross income under Section 409A of the Code. Each payment in a series of payments hereunder shall be deemed to be a separate payment for purposes of Section 409A of the Code.

22. Book Entry Delivery of Shares . Whenever reference in this Agreement is made to the issuance or delivery of certificates representing one or more Shares, the Company may elect to issue or deliver such Shares in book entry form in lieu of certificates.

23. Electronic Delivery and Acceptance . The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

24. Acceptance and Agreement by the Participant . By accepting the RSUs (including through electronic means), the Participant agrees to be bound by the terms, conditions, and restrictions set forth in the Plan, this Agreement, and the Company's policies, as in effect from time to time, relating to the Plan. The Participant's rights under the RSUs will lapse forty-five (45) days from the Date of Grant, and the RSUs will be forfeited on such date if the Participant shall not have accepted this Agreement by such date. For the avoidance of doubt, the Participant's failure to accept this Agreement shall not affect the Participant's continuing obligation under any other agreement between the Company and the Participant.

25. No Advice Regarding Grant . The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant is hereby advised to consult with the Participant's own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

26. Imposition of Other Requirements . The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

27. Waiver . The Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by the Participant or any other participant in the Plan.

28. Counterparts . This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one in the same agreement.

[Signatures follow]

INVITATION HOMES INC.

By: _____

[NAME]

[TITLE]

Acknowledged and Agreed
as of the date first written above:

Participant ES

Participant Signature

[*Signature Page to Restricted Stock Unit Agreement*]

APPENDIX A
Restrictive Covenants

1. Non-Competition; Nonsolicitation .

(a) The Participant acknowledges and recognizes the highly competitive nature of the businesses of the Restricted Group (as defined below) and accordingly agrees as follows:

(i) During the Participant's employment or service, as applicable, and for a period equal to nine months following the date the Participant ceases employment or service, as applicable, for any reason (the "Restricted Period"), the Participant will not, without the prior written consent from the Company regarding the specific solicitations, engagements, or actions proposed, and such consent to be delivered in its sole, good faith discretion, whether on the Participant's own behalf or on behalf of or in conjunction with any person, firm, partnership, joint venture, association, corporation or other business organization, entity or enterprise whatsoever ("Person"), directly or indirectly solicit or assist in soliciting in competition with the Restricted Group in the Business the business of any then current or prospective client or customer with whom the Participant (or the Participant's direct reports) had personal contact or dealings on behalf of the Company and its Subsidiaries during the one-year period preceding the Participant's termination of employment or service, as applicable.

(ii) During the Restricted Period, the Participant will not, without prior written consent from the Company regarding the specific engagement, employment, or investment proposed, and such consent to be delivered in its sole, good faith discretion, directly or indirectly:

(A) engage in the Business in any geographical area that is within 20 miles of any geographical area where the Restricted Group engages in the Business (or has plans to engage in the Business during the Restricted Period);

(B) enter the employ of, or render any services to, a Competitor, except where such employment or services do not relate to the Business; or

(C) acquire a 10% or greater financial interest in a Competitor, directly or indirectly, as an individual, partner, shareholder, officer, director, principal, agent, trustee or consultant.

(iii) Notwithstanding anything to the contrary in this Appendix A, the provisions of this Section 1 shall not restrict ownership of any number of single-family homes for personal use by the Participant or up to five additional single-family homes as personal investments.

(iv) During the Restricted Period, the Participant will not, whether on the Participant's own behalf or on behalf of or in conjunction with any Person, directly or indirectly:

(A) solicit or encourage any employee of the Restricted Group to leave the employment of the Restricted Group; or

(B) hire any employee who provided services to the Restricted Group as of the date of the Participant's termination of employment or service, as applicable, or terminated employment within one year prior to the termination of the Participant's employment or service, as applicable.

(v) For purposes of this Appendix A:

(A) “Business” shall mean the business of acquiring controlling investments in, owning, developing, leasing, operating or managing one to four unit residential real properties, including single-family homes in planned unit developments and individual single family townhomes and individual residential condominium units in a low-rise or high-rise condominium project, where such properties are located in the United States but excluding, for the avoidance of doubt, (1) any activities undertaken with the prior written consent of the Board sought in accordance with sub-sections (a)(i) or (a)(ii), and (2) acting as a broker with respect to leasing and sale transactions.

(B) “Competitor” shall mean any Person engaged in the Business in direct competition with the Company and its Subsidiaries, but excluding any Person for which less than 10% of its revenue during its most recent fiscal year is derived from activities similar to the Business.

(C) “Restricted Group” shall mean, collectively, the Company and its Subsidiaries and Affiliates.

(b) It is expressly understood and agreed that although the Participant and the Restricted Group consider the restrictions contained in this Section 1 to be reasonable, if a final judicial determination is made by a court of competent jurisdiction that the time or territory or any other restriction contained in this Appendix A is an unenforceable restriction against the Participant, the provisions of this Appendix A shall not be rendered void but shall be deemed amended to apply as to such maximum time and territory and to such maximum extent as such court may judicially determine or indicate to be enforceable. Alternatively, if any court of competent jurisdiction finds that any restriction contained in this Appendix A is unenforceable, and such restriction cannot be amended so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

(c) The period of time during which the provisions of this Section 1 shall be in effect shall be extended by the length of time during which the Participant is in breach of the terms hereof as determined by any court of competent jurisdiction on the Company’s application for injunctive relief.

(d) The provisions of this Section 1 shall survive the termination of the Participant's employment or service for any reason

(e) Notwithstanding anything herein to the contrary, Sections 1(a)(i) and 1(a)(ii) shall not apply to the Participant if the Participant's principal place of employment or the state in which the Participant provides services, in each case on the Date of Grant, is located in the State of California.

2. Confidentiality; Intellectual Property .

(a) Confidentiality .

(i) The Participant will not at any time (whether during or after the Participant's employment or engagement, as applicable) (x) retain or use for the benefit, purposes or account of the Participant or any other Person; or (y) disclose, divulge, reveal, communicate, share, transfer or provide access to any Person outside the Company and its Affiliates (other than its professional advisers who are bound by confidentiality obligations, lenders and partners or otherwise in performance of the Participant's employment or engagement duties), any proprietary and non-public/confidential information (including without limitation trade secrets, know-how, research and development, software, databases, inventions, processes, formulae, technology, designs and other intellectual property, information concerning finances, investments, profits, pricing, costs, products, services, vendors, customers, clients, partners, investors, personnel, compensation, recruiting, training, advertising, sales, marketing, promotions, government and regulatory activities and approvals) concerning the past, current or future business, activities and operations of the Restricted Group ("Confidential Information") without the prior written authorization of the board of directors of the Company; provided, however, that the conscious awareness of any Confidential Information (as opposed to the physical possession of documentary Confidential Information) by the Participant, and the Participant's consideration of such information in connection with the Participant's pursuit or evaluation of, involvement with or participation in, any project or activity that is not prohibited by this Appendix A shall be deemed not to constitute a breach of Section 2(a)(i)(x) or Section 2(a)(iv)(x) in any manner whatsoever, unless such Participant's use of such Confidential Information has an objective and detrimental impact on the business of the Company and its Subsidiaries.

(ii) "Confidential Information" shall not include any information that is (x) generally known to the industry or the public other than as a result of the Participant's breach of this covenant; (y) made legitimately available to the Participant by a third party without breach of any confidentiality obligation of which the Participant has knowledge (it being understood that any information made available by an employee, officer or director of the Company Group shall not be protected by this exclusion); or (z) required by law to be disclosed; provided, that with respect to subsection (z) the Participant shall give prompt written notice to the Company of such requirement and reasonably cooperate with any attempts by the Company to obtain a protective order or similar treatment.

(iii) Except as required by law, the Participant will not disclose to anyone, other than the Participant's family (it being understood that, in this Appendix A, the term "family" refers to the Participant, the Participant's spouse, minor children, parents and spouse's parents) and legal or financial advisors, the existence or contents of this Agreement; provided, that the Participant may disclose to any prospective future employer the provisions of Sections 1 and 2 of this Appendix A; provided, further, that any such employer agrees to maintain the confidentiality of such terms. This Section 2(a)(iii) shall terminate if any member of the Company Group publicly discloses a copy of the Restricted Stock Unit Agreement or this Appendix A (or, if any member of the Company Group publicly discloses summaries or excerpts of the Subscription Agreement or this Appendix A, to the extent so disclosed).

(iv) Upon termination of the Participant's employment or service for any reason, the Participant shall (x) except as otherwise provided herein, cease and not thereafter commence use of any Confidential Information or intellectual property (including without limitation, any patent, invention, copyright, trade secret, trademark, trade name, logo, domain name or other source indicator) owned or used by any member of the Restricted Group; (y) immediately destroy, delete, or return to the Company, at the Company's option and expense, all originals and copies in any form or medium (including memoranda, books, papers, plans, computer files, letters and other data) in the Participant's possession or control (including any of the foregoing stored or located in Executive's office, home, laptop or other computer, whether or not Company property) that contain Confidential Information, except that the Participant may retain only those portions of any personal notes, notebooks and diaries that do not contain any Confidential Information; and (z) notify and reasonably cooperate with the Company regarding the delivery or destruction of any other Confidential Information of which the Participant is or becomes aware.

(b) Intellectual Property.

(i) If the Participant creates, invents, designs, develops, contributes to or improves any works of authorship, inventions, intellectual property, materials, documents or other work product (including, without limitation, research, reports, software, databases, systems, applications, presentations, textual works, content, or audiovisual materials), either alone or with third parties, at any time during the Participant's employment or engagement and within the scope of such employment or engagement and with the use of any the Company's resources (the "Company Works"), the Participant shall promptly and fully disclose the same to the Company and hereby irrevocably assigns, transfers and conveys, to the maximum extent permitted by applicable law, all rights and intellectual property rights therein (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) to the Company to the extent ownership of any such rights does not vest originally in the Company.

(ii) The Participant shall take all requested actions and execute all requested documents (including any licenses or assignments required by a government contract) at the Company's expense (but without further remuneration) to assist the Company in

validating, maintaining, protecting, enforcing, perfecting, recording, patenting or registering any of the Company's rights in the Company Works. If the Company is unable for any other reason, to secure the Participant's signature on any document for this purpose, then the Participant hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as the Participant's agent and attorney in fact, to act for and in the Participant's behalf and stead to execute any documents and to do all other lawfully permitted acts required in connection with the foregoing.

(iii) The provisions of Section 2 hereof shall survive the termination of the Participant's employment or engagement, in either case, for any reason.

(d) Protected Rights. Nothing contained in this Agreement or any other plan, policy, agreement, or code of conduct or similar arrangement of the Company Group, limits Participant's ability to (i) disclose any information to governmental agencies or commissions as may be required by law, (ii) file a charge or complaint with, or communicate or cooperate with, any U.S. federal, state, or local governmental agency or commission (a "Governmental Entity"), or otherwise participate in any investigation or proceeding that may be conducted by a Governmental Entity with respect to possible violations of any U.S. federal, state or local law or regulation, or otherwise make disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation, provided that in each case all such charges, complaints, communications and disclosures are consistent with applicable law, or (iii) receive an award from a Governmental Entity for information provided under any whistleblower program, including the Participant's right to seek and obtain a whistleblower award for providing information relating to a possible securities law violation to the Securities and Exchange Commission.

3. Specific Performance . The Participant acknowledges and agrees that the Company's remedies at law for a breach or threatened breach of Section 1 or 2 of this Appendix A may be inadequate and the Company may suffer irreparable damages as a result of such breach. In recognition of this fact, the Participant agrees that, in the event of a Restrictive Covenant Violation, in addition to any remedies at law, the Company, without posting any bond, shall be entitled to seek equitable relief in the form of specific performance, temporary restraining order, temporary or permanent injunction or any other equitable remedy which may then be available.

List of Subsidiaries of Invitation Homes Inc.

At the time of this offering, the following entities will become subsidiaries of Invitation Homes Inc.:

<u>Name</u>	<u>Jurisdiction</u>
2013-1 IH Borrower G.P. LLC	Delaware
2013-1 IH Borrower L.P.	Delaware
2013-1 IH Equity Owner G.P. LLC	Delaware
2013-1 IH Equity Owner L.P.	Delaware
2013-1 IH Property Holdco L.P.	Delaware
2014-2 IH Borrower G.P. LLC	Delaware
2014-2 IH Borrower L.P.	Delaware
2014-2 IH Equity Owner G.P. LLC	Delaware
2014-2 IH Equity Owner L.P.	Delaware
2014-2 IH Property Holdco L.P.	Delaware
2014-3 IH Borrower G.P. LLC	Delaware
2014-3 IH Borrower L.P.	Delaware
2014-3 IH Equity Owner G.P. LLC	Delaware
2014-3 IH Equity Owner L.P.	Delaware
2014-3 IH Property Holdco L.P.	Delaware
2015-1 IH2 Borrower G.P. LLC	Delaware
2015-1 IH2 Borrower L.P.	Delaware
2015-1 IH2 Borrower TRS LLC	Delaware
2015-1 IH2 Equity Owner G.P. LLC	Delaware
2015-1 IH2 Equity Owner L.P.	Delaware
2015-1 IH2 Property Holdco L.P.	Delaware
2015-2 IH2 Borrower G.P. LLC	Delaware
2015-2 IH2 Borrower L.P.	Delaware
2015-2 IH2 Borrower TRS LLC	Delaware
2015-2 IH2 Equity Owner G.P. LLC	Delaware
2015-2 IH2 Equity Owner L.P.	Delaware
2015-2 IH2 Property Holdco L.P.	Delaware
2015-3 IH2 Borrower G.P. LLC	Delaware
2015-3 IH2 Borrower L.P.	Delaware
2015-3 IH2 Borrower TRS LLC	Delaware
2015-3 IH2 Equity Owner G.P. LLC	Delaware
2015-3 IH2 Equity Owner L.P.	Delaware
2015-3 IH2 Property Holdco L.P.	Delaware
2017-1 IH Borrower G.P. LLC	Delaware
2017-1 IH Borrower L.P.	Delaware
2017-1 IH Equity Owner G.P. LLC	Delaware
2017-1 IH Equity Owner L.P.	Delaware
2017-1 IH Property Holdco L.P.	Delaware
IH Asset Receiving G.P. LLC	Delaware

IH Asset Receiving Limited Partnership	Delaware
IH2 Asset Receiving G.P. LLC	Delaware
IH2 Asset Receiving Limited Partnership	Delaware
IH2 Property Borrower L.P.	Delaware
IH2 Property Florida, L.P.	Delaware
IH2 Property Georgia, L.P.	Delaware
IH2 Property GP LLC	Delaware
IH2 Property GP II LLC	Delaware
IH2 Property Guarantor L.P.	Delaware
IH2 Property Holdco GP LLC	Delaware
IH2 Property Holdco L.P.	Delaware
IH2 Property Illinois, L.P.	Delaware
IH2 Property Nevada, L.P.	Delaware
IH2 Property North Carolina, L.P.	Delaware
IH2 Property Phoenix, L.P.	Delaware
IH2 Property TRS LLC	Delaware
IH2 Property TRS 2 L.P.	Delaware
IH2 Property Washington, L.P.	Delaware
IH2 Property West, L.P.	Delaware
IH3 Asset Receiving G.P. LLC	Delaware
IH3 Asset Receiving L.P.	Delaware
IH3 Property Borrower L.P.	Delaware
IH3 Property Florida, L.P.	Delaware
IH3 Property Georgia, L.P.	Delaware
IH3 Property GP LLC	Delaware
IH3 Property Guarantor L.P.	Delaware
IH3 Property Holdco GP LLC	Delaware
IH3 Property Holdco L.P.	Delaware
IH3 Property Illinois, L.P.	Delaware
IH3 Property Level GP LLC	Delaware
IH3 Property Minnesota, L.P.	Delaware
IH3 Property Phoenix, L.P.	Delaware
IH3 Property Nevada, L.P.	Delaware
IH3 Property North Carolina, L.P.	Delaware
IH3 Property Washington, L.P.	Delaware
IH3 Property West, L.P.	Delaware
IH4 Property Borrower L.P.	Delaware
IH4 Property Florida, L.P.	Delaware
IH4 Property Georgia, L.P.	Delaware
IH4 Property GP LLC	Delaware
IH4 Property Guarantor L.P.	Delaware
IH4 Property Holdco GP LLC	Delaware

IH4 Property Holdco L.P.	Delaware
IH4 Property Illinois, L.P.	Delaware
IH4 Property Level GP LLC	Delaware
IH4 Property Minnesota, L.P.	Delaware
IH4 Property Phoenix, L.P.	Delaware
IH4 Property Nevada, L.P.	Delaware
IH4 Property North Carolina, L.P.	Delaware
IH4 Property Washington, L.P.	Delaware
IH4 Property West, L.P.	Delaware
IH5 Property Borrower L.P.	Delaware
IH5 Property Florida, L.P.	Delaware
IH5 Property Georgia, L.P.	Delaware
IH5 Property GP LLC	Delaware
IH5 Property Guarantor L.P.	Delaware
IH5 Property Holdco GP LLC	Delaware
IH5 Property Holdco L.P.	Delaware
IH5 Property Illinois, L.P.	Delaware
IH5 Property Level GP LLC	Delaware
IH5 Property Minnesota, L.P.	Delaware
IH5 Property Nevada, L.P.	Delaware
IH5 Property North Carolina, L.P.	Delaware
IH5 Property Phoenix, L.P.	Delaware
IH5 Property Washington, L.P.	Delaware
IH5 Property West, L.P.	Delaware
IH6 Property Borrower L.P.	Delaware
IH6 Property Florida, L.P.	Delaware
IH6 Property Georgia, L.P.	Delaware
IH6 Property GP LLC	Delaware
IH6 Property Guarantor L.P.	Delaware
IH6 Property Holdco GP LLC	Delaware
IH6 Property Holdco L.P.	Delaware
IH6 Property Illinois, L.P.	Delaware
IH6 Property Level GP LLC	Delaware
IH6 Property Minnesota, L.P.	Delaware
IH6 Property Nevada, L.P.	Delaware
IH6 Property North Carolina, L.P.	Delaware
IH6 Property Phoenix, L.P.	Delaware
IH6 Property Washington, L.P.	Delaware
IH6 Property West, L.P.	Delaware
Invitation Homes 3 GP LLC	Delaware
Invitation Homes 4 GP LLC	Delaware
Invitation Homes 5 GP LLC	Delaware
Invitation Homes 6 GP LLC	Delaware
Invitation Homes 3 L.P.	Delaware

Invitation Homes 4 L.P.	Delaware
Invitation Homes 5 L.P.	Delaware
Invitation Homes 6 L.P.	Delaware
Invitation Homes GP LLC	Delaware
Invitation Homes L.P.	Delaware
Invitation Homes OP GP LLC	Delaware
Invitation Homes Operating Partnership LP	Delaware
Invitation Homes Realty GP LLC	Delaware
Invitation Homes Realty L.P.	Delaware
JA Property L.P.	Delaware
THR Brokerage AZ Inc.	Delaware
THR Brokerage FL Inc.	Delaware
THR Brokerage GA Inc.	Delaware
THR Brokerage IL Inc.	Delaware
THR Brokerage NC Inc.	Delaware
THR Brokerage NV Inc.	Delaware
THR Brokerage WA Inc.	Delaware
THR Brokerage West Inc.	Delaware
THRCA II, L.P.	Delaware
THR California, L.P.	Delaware
THR Contribution L.P.	Delaware
THR Florida, L.P.	Delaware
THR Florida II, L.P.	Delaware
THR Georgia, L.P.	Delaware
THR Georgia II, L.P.	Delaware
THR Lakewood L.P.	Delaware
THR Nevada II, L.P.	Delaware
THR North Carolina II, L.P.	Delaware
THR Phoenix, L.P.	Delaware
THR Phoenix II, L.P.	Delaware
THR Property Borrower L.P.	Delaware
THR Property Borrower II L.P.	Delaware
THR Property GP LLC	Delaware
THR Property GP II LLC	Delaware
THR Property Guarantor L.P.	Delaware
THR Property Guarantor II L.P.	Delaware
THR Property Holdco GP LLC	Delaware
THR Property Holdco GP II LLC	Delaware
THR Property Holdco L.P.	Delaware
THR Property Holdco II L.P.	Delaware
THR Property Illinois, L.P.	Delaware
THR Property Illinois II, L.P.	Delaware
THR Property Management L.P.	Delaware
THR Washington II, L.P.	Delaware

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form S-11 of our report dated October 17, 2016, relating to the combined and consolidated financial statements of Invitation Homes appearing in the Prospectus, which is part of this Registration Statement, and of our report dated October 17, 2016, relating to the financial statement schedule appearing elsewhere in this Registration Statement.

We also consent to the reference to us under the heading “Experts” in such Prospectus.

/s/ Deloitte & Touche LLP

Dallas, TX
January 6, 2017

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Registration Statement on Form S-11 of our report dated November 23, 2016, relating to the balance sheet of Invitation Homes Inc. appearing in the Prospectus, which is part of this Registration Statement, and to the reference to us under the heading “Experts” in such Prospectus.

/s/ Deloitte & Touche LLP

Dallas, TX
January 6, 2017

The undersigned hereby consents to being named in the registration statement on Form S-11 and in all subsequent amendments and post-effective amendments or supplements thereto and in any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act (the "Registration Statement") of Invitation Homes Inc. (the "Company") as an individual to become a director of the Company and to the inclusion of his biographical and other information in the Registration Statement. The undersigned also hereby consents to being named in any registration statement on Form S-8 filed by the Company that incorporates by reference the prospectus forming part of the Registration Statement.

In witness whereof, this consent is signed and dated as of the date set forth below.

Date: January 6, 2017

/s/ Bryce Blair

Bryce Blair

The undersigned hereby consents to being named in the registration statement on Form S-11 and in all subsequent amendments and post-effective amendments or supplements thereto and in any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act (the "Registration Statement") of Invitation Homes Inc. (the "Company") as an individual to become a director of the Company and to the inclusion of his biographical and other information in the Registration Statement. The undersigned also hereby consents to being named in any registration statement on Form S-8 filed by the Company that incorporates by reference the prospectus forming part of the Registration Statement.

In witness whereof, this consent is signed and dated as of the date set forth below.

Date: January 6, 2017

/s/ Kenneth A. Caplan

Kenneth A. Caplan

The undersigned hereby consents to being named in the registration statement on Form S-11 and in all subsequent amendments and post-effective amendments or supplements thereto and in any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act (the "Registration Statement") of Invitation Homes Inc. (the "Company") as an individual to become a director of the Company and to the inclusion of his biographical and other information in the Registration Statement. The undersigned also hereby consents to being named in any registration statement on Form S-8 filed by the Company that incorporates by reference the prospectus forming part of the Registration Statement.

In witness whereof, this consent is signed and dated as of the date set forth below.

Date: January 6, 2017

/s/ Nicholas C. Gould

Nicholas C. Gould

The undersigned hereby consents to being named in the registration statement on Form S-11 and in all subsequent amendments and post-effective amendments or supplements thereto and in any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act (the "Registration Statement") of Invitation Homes Inc. (the "Company") as an individual to become a director of the Company and to the inclusion of his biographical and other information in the Registration Statement. The undersigned also hereby consents to being named in any registration statement on Form S-8 filed by the Company that incorporates by reference the prospectus forming part of the Registration Statement.

In witness whereof, this consent is signed and dated as of the date set forth below.

Date: January 6, 2017

/s/ Jonathan D. Gray

Jonathan D. Gray

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In witness whereof, this consent is signed and dated as of the date set forth below.

Date: January 6, 2017

/s/ Robert G. Harper

Robert G. Harper

The undersigned hereby consents to being named in the registration statement on Form S-11 and in all subsequent amendments and post-effective amendments or supplements thereto and in any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act (the "Registration Statement") of Invitation Homes Inc. (the "Company") as an individual to become a director of the Company and to the inclusion of his biographical and other information in the Registration Statement. The undersigned also hereby consents to being named in any registration statement on Form S-8 filed by the Company that incorporates by reference the prospectus forming part of the Registration Statement.

In witness whereof, this consent is signed and dated as of the date set forth below.

Date: January 6, 2017

/s/ John B. Rhea

John B. Rhea

The undersigned hereby consents to being named in the registration statement on Form S-11 and in all subsequent amendments and post-effective amendments or supplements thereto and in any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act (the "Registration Statement") of Invitation Homes Inc. (the "Company") as an individual to become a director of the Company and to the inclusion of his biographical and other information in the Registration Statement. The undersigned also hereby consents to being named in any registration statement on Form S-8 filed by the Company that incorporates by reference the prospectus forming part of the Registration Statement.

In witness whereof, this consent is signed and dated as of the date set forth below.

Date: January 6, 2017

/s/ David A. Roth

David A. Roth

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In witness whereof, this consent is signed and dated as of the date set forth below.

Date: January 6, 2017

/s/ John G. Schreiber

John G. Schreiber

The undersigned hereby consents to being named in the registration statement on Form S-11 and in all subsequent amendments and post-effective amendments or supplements thereto and in any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act (the "Registration Statement") of Invitation Homes Inc. (the "Company") as an individual to become a director of the Company and to the inclusion of her biographical and other information in the Registration Statement. The undersigned also hereby consents to being named in any registration statement on Form S-8 filed by the Company that incorporates by reference the prospectus forming part of the Registration Statement.

In witness whereof, this consent is signed and dated as of the date set forth below.

Date: January 6, 2017

/s/ Janice L. Sears

Janice L. Sears

The undersigned hereby consents to being named in the registration statement on Form S-11 and in all subsequent amendments and post-effective amendments or supplements thereto and in any registration statement for the same offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act (the "Registration Statement") of Invitation Homes Inc. (the "Company") as an individual to become a director of the Company and to the inclusion of his biographical and other information in the Registration Statement. The undersigned also hereby consents to being named in any registration statement on Form S-8 filed by the Company that incorporates by reference the prospectus forming part of the Registration Statement.

In witness whereof, this consent is signed and dated as of the date set forth below.

Date: January 6, 2017

/s/ William J. Stein

William J. Stein