

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

**REGULATORY AGREEMENT
HOUSING FOR THE ELDERLY - NONPROFIT**
(Section 202 of the Housing Act of 1959)
(Section 8 Housing Assistance Payments Contracts)

Project Number 054-EH048-WDD--L8

Amount of Mortgage Note \$987,100.00

Date 9-1-84

Mortgage Recorded: State S. C.

County Greenville

Date 9-18-84

This Agreement entered into this 1st day of September, 1984, between GA Properties, Inc. whose address is Post Office Box 17007, Greenville, South Carolina, 29606 hereinafter called Mortgagor, and the undersigned Secretary of Housing and Urban Development hereinafter called HUD.

In consideration of the making of the loan by HUD and the disbursement of any part thereof, and in order to comply with the requirements of the Housing Act of 1959, and the Regulations adopted by the Secretary pursuant thereto, the Mortgagor agrees for itself, its successors and assigns, and any owner of the mortgaged property, that in connection with the mortgaged property and the project operated thereon and so long as the loan is outstanding.

- (1) Mortgagor shall promptly make all payments due under the Note and Mortgage.
- (2) (a) Mortgagor will establish and maintain a special fund to be known as the revenue fund account in a bank which is a member of the Federal Deposit Insurance Corporation into which will be deposited (i) the minimum capital investment required pursuant to the Regulations and (ii) all rentals, charges, income and revenue arising from the operation or ownership of the project. Expenditures shall be made from the revenue fund account only in accordance with the operating budget submitted to and approved by HUD.
- (3) On or before the first day of each fiscal year during which the loan is outstanding Mortgagor will submit an operating budget for that fiscal year to HUD. The budget shall include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, taxes and special assessment levies, prorated amounts required for insurance and all other expenses incident to the operation of the project; and shall show the expected revenues to pay such expenses, including annual debt service requirements and reserve fund deposits. The expenses incurred and disbursements shall not exceed the reasonable and necessary amount thereof, and the Mortgagor will not expend any amounts or incur any obligations in excess of the amounts approved in the annual operating budget except upon written certification by the Mortgagor to HUD that such expenses were unanticipated and are necessary and provided further, that nothing in this section shall limit the amount which the Mortgagor may expend from funds obtained from some other source than project revenues or other funds required of the Mortgagor pursuant to this Agreement or the Building Loan Agreement.
- (4) As security for the loan, for the required payments under this Agreement into the reserve fund for replacements, and for all other obligations of the Mortgagor under this Agreement, the Mortgagor hereby assigns, pledges and mortgages to HUD all its rights to the income and charges of whatever sort which it may receive or be entitled to receive from the operation of the mortgaged property, subject, however, to any assignment of rents or project income in the mortgage referred to herein. Until a default occurs under this Agreement, however, permission is granted to Mortgagor to collect and retain under the provisions of this Agreement such rents, profits, income and charges, but upon default this permission is terminated, as to all rents, profits, income and charges due or collected thereafter.
- (5) Mortgagor will establish and maintain a reserve fund for replacements by the allocation to such reserve fund in a separate account in a bank which is insured by the Federal Deposit Insurance Corporation, concurrently with the beginning of payments towards amortization of the principal of the Mortgage held by HUD of an amount equal to \$268.84 per month unless a different date or amount is approved in writing by HUD. Such fund, whether in the form of a cash deposit or invested in obligations of, or fully guaranteed as to principal by, the United States of America shall at all times be subject to the control of HUD. Disbursements from such fund, whether for the purpose of effecting replacement of structural elements, and mechanical equipment of the project or for any other purpose, may be made only after the consent in writing of HUD. In the event of a default in the terms of the mortgage, HUD may demand the full or partial application of the balance in such fund to the amount due on the mortgage debt. The Mortgagor additionally shall deposit into the reserve fund for replacements within 60 days after the end of each fiscal year, any Residual Receipts realized from the operation of the mortgaged property.
- (6) The real property covered by the mortgage and this agreement is described in Schedule A attached hereto.