

**Rider to Security  
Instrument – LIHTC  
Projects**

U.S. Department of Housing  
and Urban Development  
Office of Housing

OMB Approval No.  
(Exp. //)

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This Rider (“**Rider**”) is attached to and amends the Security Instrument entered into between \_\_\_\_\_ (“**Borrower**”) and \_\_\_\_\_ (“**Lender**”), dated as of \_\_\_\_\_ (“**Security Instrument**”).

To the extent any provisions of this Rider conflict with any provisions in the body of the Security Instrument, the provisions of this Rider shall prevail. Any terms in the body of the Security Instrument not in conflict with the provisions of this Rider remain in full force and effect.

Notwithstanding anything else in the Security Instrument to which this Rider is attached, Lender and Borrower agree as follows:

1. Definitions. The following terms shall be added to Section 1 (Definitions) of the Security Instrument:

- (a) Any capitalized terms not defined in this Rider shall have the meaning given in the body of the Security Instrument.
- (b) “**Equity Investor**” means \_\_\_\_\_.
- (c) “**Borrower’s GP/MM**” means \_\_\_\_\_.

2. Removal of Borrower’s GP/MM.

***[Include this section 2 only if pre-approval of a special limited partner entity as an interim replacement general partner/managing member has been requested and approved. Use in accordance with separately provided guidance on the pre-approval process.]***

Equity Investor may remove the Borrower’s GP/MM in accordance with the terms of the Borrower’s organizational documents, subject to the following conditions:

- (a) Lender and HUD shall receive prior written notice of any such removal and replacement.
- (b) HUD and Lender have approved such organizational documents, including any and all amendments thereto, but only to the extent HUD approval of the Borrower’s organizational documents is required by Program Obligations.

- (c) HUD and Lender have approved the replacement of the Borrower’s GP/MM in accordance with Program Obligations. At Borrower’s request, HUD and Lender have approved [**SPECIAL LIMITED PARTNER ENTITY**] (“Interim Replacement GP/MM”) to act as a temporary replacement general partner/managing member of Borrower, in the event Equity Investor removes Borrower’s GP/MM for cause in accordance with Borrower’s organizational documents. Approval of such Interim Replacement GP/MM is expressly limited to a period of 90 days that commences on the date of such removal, provided that HUD in its sole discretion may extend such 90-day period by an additional 30 days.
- (d) HUD and/or Lender may at any time by written notice to Equity Investor revoke the approvals given in this Section 2 if HUD or Lender becomes aware of any conditions or circumstances that would disqualify or compromise the ability of Interim Replacement GP/MM from acting as an interim general partner/managing member pursuant to Program Obligations.
- (e) After such interim period, any proposed permanent replacement for the Borrower’s GP/MM is subject to HUD’s consent pursuant to Program Obligations, including any applicable procedure for the transfer of physical assets or transfer of ownership interests.

3. Transfer of Equity Investor.

Equity Investor may transfer all or part of its interests in Borrower upon the following conditions:

- (a) HUD approves any transferee in accordance with Program Obligations, provided that if such transferee is a limited liability investor, as such term is defined in Program Obligations, HUD shall receive the same certifications and organizational charts required by Program Obligations for the admission of a limited liability investor at a transaction’s closing.
- (b) HUD and Lender receive prior written notice of such transfer.
- (c) HUD and Lender receive executed copies of (and, to the extent, if at all, required by Program Obligations, have previously approved drafts of), any and all documents necessary to affect such transfer, including any and all amendments to Borrower’s organizational documents.

4. Notice.

- (a) Lender agrees that, as long as Equity Investor is a member or partner of Borrower, Lender shall endeavor as a courtesy to Equity Investor to deliver to Equity Investor a copy of any notice of default that is delivered to Borrower. Equity Investor’s address for such notice purposes is:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Equity Investor may change the address to which notices intended for it are to be directed by means of written notice given to Lender.

(b) Any cure of any default by Borrower offered by Equity Investor shall be treated the same as if offered by Borrower.

5. Communication. Borrower agrees that Lender and/or HUD may communicate directly with Equity Investor, when, in Lender and/or HUD's sole discretion, Lender and/or HUD determine that such communication is in the best interest of the Project.

**BORROWER**

**LENDER**

by: \_\_\_\_\_

by: \_\_\_\_\_