

RIDER 9 OF 11

RESERVE ACCOUNT

The Deed shall include the following provisions:

The Purchaser will deposit at Closing \$100,000 into a Reserve Fund for Replacement Account ("Reserve Account"). After completion of all repairs, Purchaser will be required to deposit \$30,000 annually into the Reserve Account, payable monthly in an amount of \$2,500 per month, commencing the first day of the first month following completion of all repairs required by Seller on HUD form 9552. If the terms of the sale did not require completion of specific repairs on HUD form 9552, payments must commence the second month the Purchaser vouchers for Section 8 assistance.

Each Reserve Account will be an interest-bearing bank account and fully guaranteed as to the principal by the United States of America. The Reserve Account shall aid in funding extraordinary maintenance and repair and replacement of capital items. Such items include, but are not limited to: appliances, heating and cooling equipment, new floor covering, structural repairs, and roofs.

The Reserve Account shall be subject to the control of HUD and disbursements from such funds may be made only with the prior written consent of HUD, which will not be unreasonably withheld. Purchaser may request the release of funds from the Reserve Account for reimbursement of major capital expenditures.

Within sixty (60) days following the end of each fiscal year, HUD will be furnished with a complete annual financial report including deposits and withdrawals from the Reserve Account based upon an examination of the books and records of the Purchaser prepared in accordance with the requirements of HUD, prepared and certified to by a Certified Public Accountant.

The Purchaser agrees to comply with the HUD's rules and regulations concerning replacement reserves and surplus cash.

The requirements of this rider will terminate if the HAP Contract is terminated or expires and is not renewed or twenty-five (25) years from the date of this deed, whichever occurs first.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Contract of Sale.

PURCHASER _____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT _____