

ASSUMPTION AND LOAN AGREEMENT

THIS AGREEMENT is made this 10th day of February, ¹⁹⁹²~~1991~~, by, between and among the Borough of Gettysburg with offices at Borough Hall, P.O. Box 188, Gettysburg, Pennsylvania, 17325 ("Grantor"); PHEDC Investments, Inc., a Pennsylvania business corporation with offices at 2331 Market Street, Camp Hill, Pennsylvania, 17011 ("Investments"); Gettysburg Scattered Site Associates, a Pennsylvania limited partnership with offices at 2331 Market Street, Camp Hill, Pennsylvania, 17011; and Pennsylvania Housing and Economic Development Corporation, a Pennsylvania nonprofit corporation with offices at 2331 Market Street, Camp Hill, Pennsylvania, 17011 ("PHEDC").

RECITALS

A. Grantor has received a commitment from the Pennsylvania Department of Community Affairs ("DCA") for a grant of One Hundred Fifty Thousand Dollars (\$150,000) (the "Grant") for use in the acquisition, demolition and rehabilitation (the "Project") of certain rental properties in the Borough of Gettysburg specified in Exhibit A attached hereto and made a part hereof ("Properties").

B. PHEDC is a developer of affordable housing for low and moderate income people.

C. DCA granted permission to Grantor to transfer the Grant to PHEDC so that PHEDC could carry out the Project, and by that certain Grant Agreement dated November 29, 1990, Grantor transferred the Grant to PHEDC to carry out the Scope of Services (as defined herein).

D. In order to preserve PHEDC's tax-exempt status under Section 501(c)(3) of the U.S. Internal Revenue Code and in order to enhance the vitality of the Project, by court order of the Court of Common Pleas of Cumberland County, Pennsylvania, dated September 26, 1991, PHEDC transferred all of its assets relating to the Project to Investments, including the right to receive any remaining amounts of the Grant (the "Grant Rights").

E. Investments is the general partner of Gettysburg Scattered Site Associates (hereafter the "Borrower").

G. Investments desires to transfer any remaining Grant Rights to Borrower, and Grantor is willing to consent, on the terms and conditions stated herein, to Borrower's receipt of the Grant Rights, provided that the Grant is converted into a loan as provided herein (the "Loan").

H. Grantor desires to contract with the Borrower to carry out the Project.

NOW, THEREFORE, in consideration of the foregoing and of the promises contained in this Agreement, and intending to be legally bound hereby, the parties do agree to the following:

1. SCOPE OF SERVICES. Borrower shall provide Grantor with the services set forth in the Scope of Services attached hereto as Exhibit B and made a part hereof ("Scope of Services"). Borrower shall comply with the requirements of a certain contract between DCA and Grantor (Contract No. 306-89-0085) ("Contract").

2. ASSIGNMENT OF FUNDS. Investments hereby assigns and transfers to Borrower all of Investments' right, title and interest in and to the Grant Rights (also called the "Funds"). Grantor hereby consents to such assignment and transfer. Borrower hereby accepts such assignment and transfer; shall use said monies to carry out the Scope of Services; and accepts the herein-contained conversion of the Grant into the Loan as provided herein. The Grant Agreement is hereby terminated, and PHEDC and Investments have no further obligations thereunder to Grantor. Borrower hereby agrees to repay, on the terms set forth herein, the lesser of the sum of One Hundred Fifty Thousand Dollars (\$150,000) or Funds actually advanced by Grantor.

3. EFFECTIVE DATES.

3.1 Commencement. This Agreement shall commence immediately upon execution.

3.2 Drawdown of Funds. All funds must have been drawn down from DCA by Grantor prior to June 30, 1991. Borrower must have requested all funds from Grantor sufficiently in advance of such date to allow Grantor to receive the funds from DCA.

3.3 Expiration of Agreement. This agreement shall end on October 17, 1994.

4. USE OF FUNDS.

4.1 Loan to Partnership. Borrower is a partnership organized for the purpose of carrying out the Project and shall use the Funds, or portions thereof, as it deems best, to carry out the Project. The terms of the Loan shall be such as will benefit the Project. If and when the Project is sold and there is cash to repay the Loan, then Borrower will pay the total amount of the principal plus interest thereon at the rate of One Percent (1%) per annum, accruing from the date(s) of advances of the Funds to Borrower, from DCA or its successor agency.

HOWEVER, the foregoing notwithstanding, should the Project be purchased by PHEDC for continued low income use, and to the extent that no cash is available to repay the Loan, then the amount of the Funds advanced and said interest accrued to the date of said purchase shall be continued to be deferred until such time as the Project is sold by PHEDC, and no further interest thereon shall accrue.

4.2 Loan Documents. The loan to the Borrower will be secured by a note and mortgage on the terms as stated in Paragraph 4.1 above.

4.3 Use by Grantee. Paragraph 4.1 notwithstanding, Borrower may use the Funds directly at its discretion in furtherance of the Project.

5. INELIGIBLE COSTS. Should Borrower spend any of the Funds on ineligible costs as determined by the Grantor, Borrower shall reimburse Grantor for these costs.

6. DISBURSEMENT OF FUNDS. Funds shall be disbursed according to procedures to be worked out by Grantor and Borrower, said procedures to be made a part of this Agreement by addendum.

7. REPRESENTATIONS AND WARRANTIES.

7.1 By Borrower. Borrower makes the following representations and warranties:

a. Borrower is a limited partnership and is currently in good standing as a limited partnership in the Commonwealth of Pennsylvania.

b. Borrower has followed proper procedures under its partnership documents in authorizing entering into this Agreement.

c. Borrower commits that it will use the Funds solely for the purpose authorized herein.

7.2 By Grantor. Grantor makes the following representations and warranties:

a. Grantor is duly authorized to enter into this Agreement and to disburse the Funds pursuant to the terms and conditions hereof.

8. COMPLIANCE WITH LAW AND CONTRACT. Borrower shall comply with all federal, state and local laws, ordinances and regulations applicable to the Project, and shall not act or fail

to act in any way which would prevent Grantor from complying with the Contract.

9. NONDISCRIMINATION. During the term of this Agreement:

- (a) Borrower shall not discriminate against any employee, applicant for employment, independent contractor, or any other person because of race, color, religious creed, ancestry, national origin, age, or sex. Borrower shall take affirmative action to ensure that applicants are employed, and that employees or agents are treated during employment, without regard to their race, color, religious creed, handicap, ancestry, national origin, age or sex. Such affirmative action shall include, but is not limited to: employment, upgrading, demotion or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training. Borrower shall post in conspicuous places, available to employees, agents, applicants for employment, and other persons, a notice to be provided by the Grantor setting forth the provisions of this nondiscrimination clause.
- (b) Borrower shall, in advertisement or requests for employment placed by it or on its behalf, state that all qualified applicants will receive consideration for employment without regard to race, color, religious creed, handicap, ancestry, national origin, age, or sex.
- (c) Borrower shall send each labor union or workers' representative with which it has a collective bargaining agreement or other contract or understanding, a notice advising said labor union or workers' representative of its commitment to this nondiscrimination clause. Similar notice shall be sent to every other source of recruitment regularly utilized by Borrower.
- (d) It shall be no defense to a finding of noncompliance with this nondiscrimination clause that Borrower had delegated some of its employment practices to any union, training program, or other source of recruitment which prevents it from meeting its obligations. However, if the evidence indicates that the Borrower was not on notice of the third-party

discrimination or made a good faith effort to correct it, such factor shall be considered in mitigation in determining appropriate sanctions.

- (e) Where the practices of a union or any training program or other source of recruitment will result in the exclusion of minority group persons, so that Borrower will be unable to meet its obligations under this nondiscrimination clause, Borrower then shall employ and fill vacancies through other nondiscrimination employment procedures.
- (f) Borrower shall comply with all state and federal laws prohibiting discrimination in hiring or employment opportunities. In the event of Borrower's noncompliance with the nondiscrimination clause of this Agreement or with any such laws, this Agreement may be terminated or suspended, in whole or in part, and Borrower may declare temporarily ineligible for further Grantor contracts, and other sanctions may be imposed and remedies invoked.
- (g) Borrower shall furnish all necessary employment documents and records to, and permit access to its books, records, and accounts by, Grantor for purposes of investigation to ascertain compliance with the provisions of this clause. If Borrower does not possess documents or records reflecting the necessary information requested, it shall furnish such information on reporting forms supplied by Grantor.
- (h) Borrower shall actively recruit minority and women subcontractors or subcontractors with substantial minority representation among their employees.
- (i) Borrower shall include the provision of this nondiscrimination clause in every subcontract, so that such provision will be binding upon each subcontractor.

10. ACKNOWLEDGEMENT OF ASSISTANCE BY THE COMMONWEALTH OF PENNSYLVANIA.

10.1 Commonwealth Financing. Any publication concerning a project financed by the Commonwealth of Pennsylvania ("Commonwealth") will acknowledge Commonwealth financial assistance as follows:

"This project was financed (in part) by a grant
from the COMMONWEALTH OF PENNSYLVANIA,
DEPARTMENT OF COMMUNITY AFFAIRS"

10.2 Commonwealth and Federal Financing. Any publication concerning a project financed by federal funds received under a grant administered by the Commonwealth will acknowledge Commonwealth grant administration as follows:

"This project was financed (in part) by a grant
from the federal Department of _____, under the
administration of the COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF COMMUNITY AFFAIRS"

Upon written request of Grantor or DCA, signs acknowledging said COMMONWEALTH financial assistance or administrative participation will be erected in the project area as soon as possible after the effective date of this Agreement.

Acknowledgement of COMMONWEALTH financial assistance may be combined with acknowledgment of other funding sources on project signs or in project publications.

11. PREVAILING WAGE RATES. Borrower will abide by federal and state laws concerning prevailing wage rates for laborers and mechanics working on the Project.

12. TERMINATION FOR CAUSE. Grantor may suspend or terminate payments under this Agreement in whole or in part for cause or convenience. Cause shall include, but not be limited to the following: (1) improper use of funds; (2) failure to comply with the terms and conditions of this Agreement; (3) materially misrepresenting any fact pertaining to the Project; (4) debarment by Federal, state or local government agency or department; (5) failure to pay creditors and sub-contractors after receipt of payments(s) pursuant to this Agreement; (6) offering of bribes, threatening or abuse of program participants and/or those administering the Funds; or (7) failure to comply with applicable Federal, state or local requirements.

In the event Grantor shall terminate this Agreement for cause as stated herein, Grantor shall give written notice to Borrower at least five days before the effective date of such termination. In such event, all furnished or unfurnished documents, data, studies and reports prepared by Borrower under this Agreement shall, at the option of Grantor, become its property. Borrower shall be entitled to receive just and equitable compensation for any satisfactory work completed.

Notwithstanding the above, Borrower shall not be relieved of liability to Grantor for damages to Grantor by virtue of any breach of this Agreement by Borrower, and Grantor may withhold

any payments to Borrower for the purpose of set off until such time as the exact amount of damages due Grantor from Borrower is determined.

13. MISCELLANEOUS.

13.1 Governing Law. The provisions of this Agreement shall be construed according to the laws of the Commonwealth of Pennsylvania.

13.2 Severability. In case any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions hereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

13.3 Entire Agreement. This Agreement contains the entire agreement of the parties hereto with respect to the transaction contemplated hereby. No change, modification or waiver of any provision hereof shall be valid unless in writing, and signed by the party to be bound.

13.4 Amendments. This Agreement may be amended only by written addendum signed by Grantor and Borrower and, where its rights or benefits hereunder would thereby be affected or altered, by PHEDC Investments, Inc. also.

13.5 Successors and Assigns. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written above.

ATTEST:

Sara L. Weaver

BOROUGH OF GETTYSBURG

By: Jean E. Simpson

Its: Pres. & Council

ATTEST:

MM - MM

PENNSYLVANIA HOUSING AND
ECONOMIC DEVELOPMENT
CORPORATION, a Pennsylvania
nonprofit corporation

By: William J. Hargis

Its: Chairman

ATTEST:

MM - MM

GETTYSBURG SCATTERED SITE
ASSOCIATES, a limited
partnership

By: PHEDC Investments, Inc.
Its: General Partner

By: B. Kay Brown

Its: General Partner

ATTEST:

MM - MM

PHEDC INVESTMENTS, Inc., a
Pennsylvania business
corporation

By: B. Kay Brown

Its: President

EXHIBIT A
PROJECT PROPERTIES

All those certain lots or parcels of land located in the Borough of Gettysburg, Adams County, Pennsylvania, being and known as:

1. 123 Breckinridge St. (house with two apartments)
2. 123 rear Breckinridge St. (frame house)
3. 123 rear, rear Breckinridge St. (frame house)
4. 127 & 129 Breckinridge St. (duplex)
5. 135 & 137 Breckinridge St. (duplex)
6. 137 rear Breckinridge St. (small frame house)
7. 30 & 32 N. Stratton St. (brich apartment building with four units and one office)
8. 245 S. Washington St. (house with apartments up and down stairs)
9. 249 S. Washington St. (2 story townhouse) — — —
10. 253 S. Washington St. (frame house)
11. 253 rear S. Washington St. (block house)

EXHIBIT B
SCOPE OF SERVICES

Contractor shall perform the following services:

1. Acquire the Properties.
2. Have architectural specifications prepared for the rehabilitation of the properties, including, where necessary, demolition and/or new construction.
3. Prepare bid documents and obtain bids from qualified construction contractors or subcontractors ("Contractor(s)").
4. Enter into a construction contract with the lowest responsible bidding Contractor.
5. Undertake the rehabilitation/demolition/construction of the Properties and monitor the construction process.
6. Obtain necessary occupancy permits for the properties.

ADDENDUM TO LOAN AGREEMENT

This Addendum to Loan Agreement dated November 29, 1990 (the "Loan Agreement") by and between the Borough of Gettysburg ("Lender") and Pennsylvania Housing and Economic Development Corporation, a Pennsylvania nonprofit corporation ("PHEDC"), is made this 10th day of February, 1992, by, between and among Lender, PHEDC, PHEDC Investments, Inc., a Pennsylvania business corporation ("Investments"); and Gettysburg Scattered Site Associates, a limited partnership ("GSSA").

Background

A. Lender and PHEDC entered the Loan Agreement in order for Lender to lend to PHEDC the sum of Forty-Six Thousand Dollars (\$46,000.00) to be used to acquire certain rental properties in the Borough of Gettysburg and to carry out the Scope of Services as defined in the Loan Agreement.

B. The actual amount loaned to PHEDC under the Loan Agreement has changed.

C. Lender and PHEDC desire to modify the repayment period under the Loan Agreement.

D. Pursuant to court order of the Court of Common Pleas of Cumberland County, Pennsylvania, dated September 26, 1991, PHEDC transferred to Investments, inter alia, all PHEDC's right, title, and interest in and to the Loan Agreement and the loan proceeds, and Investments assumed all PHEDC's duties and obligations under the Loan Agreement.

E. Investments desires to transfer all its right, title and interest in and to the Loan Agreement and the loan proceeds to GSSA and GSSA desires to assume all Investments' right, title and interest in and to the Loan Agreement and loan proceeds, and its duties and obligations thereunder.

NOW, THEREFORE, in consideration of the mutual promises herein and in the Loan Agreement, and intending to be legally bound hereby, the parties hereby agree as follows:

1. GSSA is substituted as the Borrower under the Loan Agreement and herein, and PHEDC is released from any duties and obligations under the Loan Agreement.

2. Paragraph 2 of the Loan Agreement is hereby amended to read:

Lender hereby loans to Borrower the sum of Forty-Four Thousand Two Hundred Thirty-Five

Dollars and Sixteen Cents (\$44,235.16)
("Funds") to be used to carry out the Scope
of Services.

3. Paragraph 4.1 of the Loan Agreement is hereby amended
by adding a new sentence that reads:

The repayment of the loan shall begin five
(5) years from the date that construction of
the Project is completed.

4. All other terms and conditions of the Loan Agreement
remain in full force and effect and bind and inure to the
benefit of the Borrower and the Lender, and their respective
successors and assigns.

IN WITNESS WHEREOF, and intending to be legally bound
hereby, the parties have hereunto set their hands as of the day
and year first above written.

ATTEST:

Sara L. Weaver

THE BOROUGH OF GETTYSBURG

By: Jeanne Simpson
Its: Pres. of Council

ATTEST:

My. BM

PHEDC INVESTMENTS, INC., a
Pennsylvania business corporation

By: D. Kay Brown
Its: President

ATTEST:

My. BM

PENNSYLVANIA HOUSING AND ECONOMIC
DEVELOPMENT CORPORATION, a
Pennsylvania nonprofit
corporation

By: William Sturges
Its: Chairman

GETTYSBURG SCATTERED SITE
ASSOCIATES, a Pennsylvania
limited partnership

ATTEST:

By: PHEDC Investments, Inc.
Its: General Partner

My - PHEDC

By: Debra Braun
Its: General Partner

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3.

ADDENDUM TO AND ASSIGNMENT OF LEASE AGREEMENT

THIS ADDENDUM TO AND ASSIGNMENT OF LEASE AGREEMENT ("Agreement") is made this 10th day of FEBRUARY, 1992, by, between and among the Borough of Gettysburg (the "Lessor"); Pennsylvania Housing and Economic Development Corporation, a Pennsylvania non-profit corporation ("PHEDC"); Gettysburg Scattered Site Associates, a Pennsylvania limited partnership ("GSSA") and PHEDC Investments, Inc., a Pennsylvania business corporation ("Investments").

Background

A. Lessor is the owner of a certain tract of improved land located at 30-32 North Stratton Street, Gettysburg, Adams County, Pennsylvania.

B. Pursuant to a Lease Agreement dated May 14, 1990 by and between the Lessor and PHEDC (the "Lease Agreement"), PHEDC was to begin renting said property from the Lessor on or about September 10, 1990.

C. The Lessor and PHEDC desire to make certain changes to the Lease Agreement.

D. Pursuant to a court order dated September 26, 1991 issued by the Court of Common Pleas of Cumberland County, Pennsylvania, all PHEDC's rights, interest, privileges, duties and obligations under the Lease Agreement were transferred to Investments.

E. Investments desires to assign all its rights, interests, privileges, duties and obligations under the Lease Agreement to GSSA.

NOW, THEREFORE, in consideration of the covenants and conditions herein contained, and intending to be legally bound hereby, the parties agree as follows:

1. Investments hereby conveys, transfers and assigns unto GSSA all the rights, interest, privileges, duties and obligations that Investments has as a tenant under the Lease Agreement, and GSSA hereby receives all Investments' rights, interest, privileges, duties and obligations as a tenant under the Lease Agreement.

2. The first sentence of Paragraph 2 of the "Lease Agreement" is hereby amended to state that: The term shall be for a period of fifty-one (51) years, commencing on the date of the initial closing between the Pennsylvania Housing Finance Agency and GSSA concerning the acquisition, demolition and rehabilitation of certain rental properties in the Borough of

Gettysburg, as further described in that certain Limited Partnership Agreement of Gettysburg Scattered Site Associates.

3. The first sentence of Paragraph 3 of the Lease Agreement is hereby amended to state that: Tenant covenants with the Lessor to pay the rental amount of Two Dollars (\$2.00) per year for the term of the lease under the Lease Agreement, payable in advance, without prior demand, abatement, deduction or set-off.

4. All other terms and conditions of the Lease Agreement remain in full force and effect and bind and inure to the benefit of the parties hereto and their respective administrators, executors, successors and assigns.

IN WITNESS WHEREOF, and intending to be legally bound hereby, the parties have duly executed this Addendum and Assignment as of the day and year first above written.

ATTEST:

Sara L. Weaver

THE BOROUGH OF GETTYSBURG

By: Jean E. Simpson

Its: Pres. of Council

ATTEST:

Ben. B. M.

PENNSYLVANIA HOUSING AND ECONOMIC DEVELOPMENT CORPORATION, a Pennsylvania non-profit corporation

By: William Sturge

Its: Chairman

ATTEST:

Phedc Investments, Inc.

GETTYSBURG SCATTERED SITE ASSOCIATES, a Pennsylvania limited partnership

By: PHEDC Investments, Inc.

Its: General Partner

By: John J. Sauer

Its: General Partner

ATTEST:

PHEDC INVESTMENTS, INC., a
Pennsylvania business corporation

My - PM

By: D. L. L. L.

Its: President

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