



MEMORANDUM

TO: Public Works Committee and Administration & Finance Committee

FROM: John F. Stibal, Director, Department of Development

DATE: November 15, 2011

RE: Management & Maintenance Agreements with Beloit Road Senior Apartments, LLC

On tonight's Common Council joint committee agenda is Resolution No. R-2011-0234, a Resolution relative to approving a Management Agreement and Maintenance Agreement with Beloit Road Senior Apartments, LLC for the management and maintenance of the Beloit Road Senior Housing Complex located in the area of W. Beloit Rd. & S. 72 St.

These two (2) agreements would allow for City management and maintenance services to continue for the Beloit Road Senior Housing Complex for the remainder of 2011 and continuing in 2012, even when under new ownership by the LLC (which is partially comprised of the Community Development Authority). The new LLC ownership is expected to take place on November 30, 2011.

All City staff that work on the Beloit Road project will continue to be paid by the City. The new LLC owner will then reimburse the City for all expenses. Attached is a budget spreadsheet comparing private sector expenses for the Beloit Road project vs. the LLC's budget, using City staff for management and maintenance services.

It is currently estimated that the maintenance services provided by the City may exceed the amount budgeted by the owner by approximately \$43,400. The City will need to agree to fund the excess operating costs out of the proceeds paid by the owner to the City from the annual debt service payments currently estimated to be approximately \$192,500.

Please let me know if you have any questions or comments.

West Allis's 2012 Budget

		NOI TOTAL	NOI PUPY	NOI PUPM	
1	Gross Rental Revenue				1
2	Gross Rental Revenue	358,920	7,140	595	2
3	Tenant Assistance Pymts				3
4	Rent - Comm. / SP Claims	-	-	-	4
5	Less Vacancy				5
6	Net Rental Revenue	358,920	6,783	565	6
7	Vacancy Rate				7
8	Interest Income - Operations				8
9	Other Income				9
10	Laundry & Vending				10
11	Tenant Charges				11
12	Misc. Income				12
13	Total Other Income				13
14	Total Revenue	358,920	3,451	288	14
15	Operating Expenses				15
16	Rent Expense				16
17	Advertising Expense	376	376	-	17
18	Other Renting Expense	325	3,325	-	18
19	Administrative Expense				19
20	Office Salaries				20
21	Office Supplies / Office Expense	753	4,753	46	21
22	Admin. Rent - Free Units				22
23	Management Fee				23
24	On-site Manager / Payroll	170	29,170	280	24
25	Admin Payroll Taxes & Benefits	640			25
26	Legal				26
27	Audit Expense & Tax Return	415	1,415	14	27
28	Accounting / Bookkeeping fees & Compliance	445	4,445	43	28
29	Investor Service Fee				29
30	WHEDA Compliance Monitoring Fees				30
31	Bad Debt Expense				31
32	Support Services				32
33	Misc. Admin. including Resident Activities				33
34	Total Administrative	124	57,124	383	34
35	Per Unit Per Month		46		35
36	O&M Expenses				36
37	Operating & Maintenance		154,433	1,485	37
38	Payroll Taxes & Benefits		54,953	528	38
39	Total O&M		209,386		39
40	Per Unit Per Month		168		40
41	Other Expenses				41
42	Insurance	1,500	2,500	24	42
43	Real Estate Taxes	1,000	111,000	1,067	43
44	Utilities	1,500	28,516	274	44
45	Replacement Reserve Deposit	33000	33,000	317	45
46	Total Other Expenses	000	175,016		46
47	Per Unit Per Month		140		47
48					48
49	Total Operating Expenses		\$ 441,526	4,245	49
50	Per Unit Per Month		354	3	50
51	Operating Expenses as % of Revenue		123.0%		51
52	Net Operating Income		(82,606)	(794)	52
53	Debt Service - Mortgage 1		192,537		53
54	Debt Service - Mortgage 2				54
55	Total Debt Service		192,537		55
56					56
57	Cash Flow Before Distributions		(275,143)		57
58	DCR		(0.43)		58

MANAGEMENT AND MAINTENANCE AGREEMENT

This Management Agreement and Maintenance Agreement (hereinafter referred to as "Agreement") is entered into on December 13, 2011, by and between the CITY OF WEST ALLIS, a municipal corporation (the "City") and the COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WEST ALLIS (the "Authority"), a public body, corporate and politic, created and existing under the laws of the State of Wisconsin;

WHEREAS, the City of West Allis and the Authority are desirous of providing affordable housing; and,

WHEREAS, the City of West Allis sold the Beloit Road Senior Apartments properties located at 7205-7333 W. Beloit Rd., 7211-7341 W. Dreyer Pl. and 2521-2529 S. 72 St. (the "Property") to Beloit Road Senior Apartments, LLC (the "Owner"), on December 6, 2011 as part of a Section 42 Tax Credit project; and,

WHEREAS, the Authority is the sole member of Beloit Road Senior Apartments MM, LLC, who is the managing member of and has 0.01% ownership interest in Beloit Road Senior Apartments, LLC; and,

WHEREAS, per the Property Management Agreement between the Authority and Owner, the Authority is to provide several management and maintenance services for the Property; and,

WHEREAS, the Authority has no employees and shall enter into a Management and Maintenance Agreement with the City to utilize City staff to provide such management and maintenance services to the Property; and,

WHEREAS, the City shall be reimbursed by the Owner for all expenses incurred to deliver such management and maintenance services to the Property; and,

WHEREAS, the Authority grants the Director of the Department of Development, or his designee, the responsibility to execute and administer all management and maintenance services for the Property; and,

WHEREAS, the City and Authority agree to comply with all terms and conditions relating to the Property Management Agreement between the Authority and Owner.

NOW, THEREFORE, the parties hereby mutually agree as follows:

1. To provide any and all management and maintenance services identified in the attached "Exhibit A: Property Management Agreement," between the Authority and Owner.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the City and the Authority have caused the Management and Maintenance Agreement to be duly executed the day and year first above written.

In the Presence of:

CITY OF WEST ALLIS

Janette Wardinski

By: Dan Devine (SEAL)
Dan Devine, Mayor

Janette Wardinski

By: Paul M. Ziehler (SEAL)
Paul M. Ziehler
City Administrative Officer, Clerk/Treasurer

In the Presence of:

**COMMUNITY DEVELOPMENT
AUTHORITY OF THE CITY OF
WEST ALLIS**

Barbara J. Burkee

By: Gerald Matter (SEAL)
Gerald Matter, Chairman

Barbara J. Burkee

By: John F. Stibal (SEAL)
John F. Stibal, Executive Director

Exhibit A

PROPERTY MANAGEMENT AGREEMENT

THIS AGREEMENT dated as of December 5, 2011 is by and between BELOIT ROAD SENIOR APARTMENTS, LLC, a Wisconsin limited liability company ("Owner") and COMMUNITY DEVELOPMENT AUTHORITY OF THE CITY OF WEST ALLIS, a Wisconsin municipal corporation ("Manager").

RECITALS

Owner and Manager acknowledge the following:

A. Owner is the owner of an apartment project (the "Project") known as Beloit Road Senior Apartments located at 2521-2529 S. 72nd Street, 7205-7333 West Beloit Road, 7216-7312 West Dreyer Place and 7211-7341 West Dreyer Place (the "Property"). The Property contains one hundred four (104) residential units (each a "Unit" and collectively the "Units").

B. The Property is entitled to receive low-income housing tax credits (the "Tax Credits") under, and must comply with the requirements of, Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"), and any regulations, rulings or policies related thereto (collectively, the "Code Restrictions").

C. One hundred (100) Units (the "Tax Credit Units") are to be established and maintained at all times in compliance with the requirements of Section 42 of the Code and the Code Restrictions and four (4) of the Units will be market rate Units.

D. Owner has received or may receive financing for the Project from the HOME Program, which requires that the Units be managed in accordance with certain restrictions and regulations (the "HOME Restrictions") in addition to those required in order to comply with the provisions of the Code and the Code Restrictions.

E. Owner desires to engage Manager, and Manager desires to accept the engagement from Owner, to manage the Project in accordance with the terms set forth below.

AGREEMENTS

In consideration of the Recitals and the mutual agreements which follow, Owner and Manager agree as follows:

1. Engagement. Owner hereby engages Manager, and Manager hereby accepts the engagement from Owner, as the manager and leasing agent for the entire Property.

Manager shall perform all of its duties under this Agreement in accordance with the terms of this Agreement, the highest professional standards prevailing in the State of Wisconsin and any and all applicable federal, state and local codes, laws, ordinances, rules, regulations and statutes applicable to the Property and Project, including, but not limited to, federal and state fair housing laws (collectively, the "Laws"). In performing such duties,

Manager shall act in a fiduciary capacity with respect to the proper protection of and accounting for the Property and all proceeds therefrom.

Manager shall cooperate with the Owner in complying with the governing documents of owner ("Governing Documents"), including, without limitation, the First Amended and Restated Operating Agreement of Beloit Road Senior Apartments, LLC dated December 5, 2011 (the "Operating Agreement") by and among Beloit Road Senior Apartments MM, LLC, a Wisconsin limited liability company, Boston Capital Corporate Tax Credit Fund XXXV, A Limited Partnership, a Massachusetts limited partnership ("Investment Member") and BCCC, Inc., a Massachusetts corporation (the "Special Member"), the Code, the Code Restrictions and the HOME Restrictions. Manager acknowledges receipt of a copy of the Operating Agreement. Manager shall not knowingly take or fail to take any action inconsistent with the provisions and/or requirements of the Governing Documents, the Code, the Code Restrictions or the HOME Restrictions.

2. Term. The term of this Agreement shall commence on December 5, 2011 and shall terminate on December 31, 2013, provided, however, that the term of this Agreement shall be automatically extended for successive one-year periods unless Manager notifies Owner in writing at least ninety (90) days prior to the expiration of the then current term that it elects to terminate this Agreement at the end of such term or Owner terminates this Agreement. Owner may terminate this Agreement, with cause, upon thirty (30) days' written notice to Manager. Manager acknowledges that cause for termination shall include, but not be limited to, any one of the following: (a) Manager's failure to promptly and competently perform all of Manager's duties under this Agreement, (b) failure of the Property to generate the Tax Credits projected to be generated in any calendar year due to acts or omissions of Manager, (c) Manager's failure to comply with the recordkeeping, tenant qualification or rental requirements of the land use restriction agreement to be recorded against the Property, Section 42 of the Code, the Code Restrictions, and the HOME Restrictions, (d) gross mismanagement of the Property, (e) the dissolution or bankruptcy of Manager, (f) Manager making an assignment for the benefit of its creditors or (g) any intentional misconduct by Manager. Upon termination of this Agreement, Manager shall promptly deliver to Owner all information, books, records, reports, files, keys, computer software, computer disks and other personal property in Manager's possession which relates to the Property.

3. Management Fees. Owner shall pay to Manager a monthly management fee (the "Management Fee") equal to seven percent (7%) of the Gross Rent (as defined below) for the Property collected each month. "Gross Rent" shall equal the sum of (i) all rents, including any rental assistance payments by voucher or otherwise, collected during any month, plus (ii) all parking income collected during any month, plus (iii) late fees and bad check fees collected during any month, plus (iv) any security deposits (or any portions thereof) Manager retains in connection with a tenant failing to pay rent. Gross Rent shall not include any security deposits (or any portions thereof) which are eventually returned to the tenants. Gross Rent shall also not include any common area charges, utility costs, withdrawals from Owner reserves, or real estate taxes paid by a tenant. Manager acknowledges that the Management Fee is intended to cover all of Manager's overhead and that Manager is not entitled to bill the Owner or the Property for any of Manager's overhead expenses. Manager shall collect the Management Fee each month by withdrawing same from the Operating Account (as defined in Paragraph 4(g) below).

4. Rentals of Units. Manager shall use its best efforts to rent each vacant Unit in the Property as soon as possible, subject to requirements of Section 42 of the Code and the Code Restrictions with respect to the Tax Credit Units and the HOME Restrictions with respect to all Units. Manager acknowledges that all of the Tax Credit Units must be rented only to tenants who meet the requirements of Section 42 of the Code and the Code Restrictions and that the rents charged for each Tax Credit Unit may not exceed the maximum rents allowable under Section 42 of the Code and the Code Restrictions for such Unit. Manager acknowledges that all Units must be rented only to tenants who meet the requirements of the HOME Restrictions and that the rents charged for each Unit may not exceed the maximum rents allowable under HOME Restrictions for such Unit. Manager shall deliver to Owner, at least once a year, a written schedule of proposed rents for the Units and shall obtain Owner's written approval thereof prior to effecting a new rent schedule.

Manager shall perform any and all services necessary for or incidental to the rental of the Units, including, but not limited to, the following:

(a) Marketing the Units in accordance with the terms of the approved Annual Plan described in Paragraph 14 below.

(b) Receiving, reviewing and processing all applications for Units. Manager shall maintain a current list of acceptable prospective tenants and shall undertake all arrangements necessary and incidental to the acceptance of rental applications and the execution of leases for the Units. Manager shall personally interview, obtain credit checks and income verifications on and obtain any other necessary information about all prospective tenants. If Manager rejects an application, Manager shall advise the prospective tenant of the reason for rejection in writing.

(c) Obtaining any certifications or other documents necessary to ensure that all of the tenants in the Tax Credit Units comply with any and all of the requirements under Section 42 of the Code and the Code Restrictions and that all of the tenants in all Units comply with any and all requirements under the HOME Restrictions. Manager shall cooperate with the Wisconsin Housing and Economic Development Authority ("WHEDA") and any other third-party designated by Owner with respect to any information WHEDA or such third-party requests in connection with the Tax Credits, the Code, the Code Restrictions and/or the HOME Restrictions, and Manager shall prepare all compliance reports required by WHEDA or any other party. Manager shall electronically submit all compliance reports required by WHEDA. Manager shall obtain income certifications from tenants in the Tax Credit Units prior to execution of any lease and at least once a year thereafter, Manager shall comply with all leasing and other requirements contained in Section 42 of the Code and the Code Restrictions with respect thereto.

(d) Showing Units for rent to all prospective tenants.

(e) Executing all leases of Units on behalf of and as the agent of Owner. Manager shall use only those forms of lease that have been previously approved by Owner in writing and shall not modify or alter the terms of the approved lease form without the prior

written consent of Owner.

(f) Collecting, depositing and disbursing security deposits in accordance with the terms of each lease and any and all Laws. Manager shall deposit all security deposits on behalf of Owner in a separate, interest-bearing trust account at a bank selected by Owner designated of record as the Beloit Road Senior Apartments Security Deposit Account (the "Security Deposit Account") and Owner shall be a signatory on such account. All interest on the Security Deposit Account shall belong to Owner and shall not constitute Gross Rent.

(g) Collecting when due all rents, charges and other amounts receivable on Owner's account in connection with the Property. Manager shall deposit such funds on behalf of Owner in a separate, interest-bearing account at a bank selected by Owner designated of record as the Beloit Road Senior Apartments Operating Account (the "Operating Account") and Owner shall be a signatory on such account.

(h) Inspecting each Unit with a prospective tenant prior to move-in and upon move-out and recording in writing any previous damage to the Unit and any damage occurring during such tenant's occupancy.

(i) Maintaining complete files for each tenant and prospective tenant of the Units (including tenants whose applications were rejected) containing all correspondence, notes and other writings in connection with such parties. All such files shall be maintained throughout the term of this Agreement and delivered to Owner upon termination of this Agreement.

(j) Ensuring that the Property complies with the rental requirements of any loans, grants and programs related to the Property including, without limitation, all requirements relating to the Tax Credits and the HOME Restrictions, and preparing any and all reports in connection therewith.

5. Operating and Security Deposit Accounts. Owner shall have access to any and all funds in both the Operating and Security Deposit Accounts and shall have the right to terminate Manager's authority to draw upon such accounts at any time without cause.

6. Enforcement of Leases. Manager shall actively enforce the terms of each lease for the Property and use its best efforts to ensure that the tenants of the Property are not engaged in unlawful or undesirable activities. Such enforcement shall include, without limitation, charging and collecting any applicable late payment fees, ensuring noise levels in the common areas of the Property are kept at a minimum, handling complaints, evicting tenants (in accordance with the terms of this Agreement and in accordance with any Laws), ensuring there is adequate security in the Property and taking any other actions necessary to ensure the Property is managed in a first-class manner. Manager shall place signs approved by Owner on and in the Property (in locations acceptable to Owner) setting forth Manager's name and address and a telephone number or numbers where Manager can be reached twenty four (24) hours during each day of the year. Manager shall properly assess and collect from each tenant or from such tenant's security deposit the cost of repairing any damages to the Property arising during the tenant's occupancy in accordance with the lease for such tenant. Manager shall, upon prior written notice to and the approval of Owner, commence any actions necessary to lawfully terminate any tenancy under a lease if the tenant fails to comply with the requirements of such

lease. Manager shall consult with legal counsel approved by Owner in connection with such actions and shall keep Owner informed thereof. Any attorneys' fees and other necessary costs incurred in connection with such actions that are approved by Owner shall be paid out of the Operating Account.

7. Maintenance and Repairs. Manager shall maintain the Property at all times in a decent, safe and sanitary condition acceptable to Owner in its reasonable discretion and in accordance with any and all Laws. Such maintenance shall include, but not be limited to, keeping the grounds of the Property free from snow and ice, performing reasonable pest and vermin control on the Property, ensuring garbage is removed from the Property promptly and cleaning, painting and making general repairs to the Property as needed. Manager may charge separate fees for such maintenance and repair services provided the fees are included in the approved Operating Budget. Manager may, with the prior written approval of Owner, which shall not be unreasonably withheld, conditioned or delayed, and subject to the provisions of Paragraphs 9 and 13 below, contract with qualified third parties to perform repairs to and maintenance of the Property which are outside the scope of Manager's abilities. Manager shall ensure that all such contracts not exceed one (1) year, have a thirty (30)-day cancellation clause and any "identity of interest" relationship between Manager and the vendor under such contract must be approved by Owner. Manager shall ensure that all such third parties maintain general Commercial liability insurance in the amount of at least one million dollars (\$1,000,000) or such other amount as Owner requires from time to time. Such approved third parties shall be paid by Manager out of the Operating Account. Manager shall promptly investigate all service requests from tenants, promptly take such action thereon as may be justified and keep records of the same. Manager shall promptly report to Owner all maintenance complaints of a serious nature.

8. Maintenance Supplies. Subject to the provisions of Paragraphs 9 and 13 below, Manager shall purchase all materials, equipment, tools, appliances, supplies and services necessary for proper maintenance or repair of the Property. Manager shall pay for such items from the Operating Account. Manager shall use its reasonable efforts to purchase such items at the lowest available cost without sacrificing quality and shall utilize any material suppliers or vendors designated by Owner.

9. Expense Limitation. Notwithstanding anything to the contrary in this Agreement, and subject to the terms of Paragraph 13 below, Manager shall obtain the prior written approval of Owner, which shall not be unreasonably withheld, conditioned or delayed, prior to making any expenditure which either (i) involves, results in or is reasonably likely to result in funds being withdrawn from any reserve of Owner, and/or (ii) would be in excess of two thousand five hundred dollars (\$2,500) in any one instance in connection with the operation, maintenance or repair of the Property, except for emergency repairs if such repairs are required immediately to prevent danger to persons or damage to property or to avoid suspension of any necessary service to the Property. In the event of emergency repairs, Manager shall notify Owner and Investment Member promptly thereof and in no event later than twenty four (24) hours from the occurrence of the emergency.

10. Utilities. Manager shall make all necessary arrangements to provide for necessary utility services for the Property, including, but not limited to, water, electricity, gas, sewer, telephone and cable television. All utility expenses not paid directly by the tenants of the Property shall be paid out of the Operating Account.

11. Maintenance Personnel. Subject to the terms of Paragraph 13, below, Manager may hire maintenance and janitorial personnel for the Property (each such person, a "Maintenance Person"). The number of Maintenance Persons for the Property and their duties and compensation shall be set forth in detail in the approved Operating Budget. Any Maintenance Person shall be an independent contractor, agent or employee of Manager, and Owner shall have no control over or responsibilities with respect to any Maintenance Person. Manager shall be solely responsible, to the extent required, for providing worker's compensation insurance for any Maintenance Person, for withholding appropriate federal and state income taxes and F.I.C.A. and F.U.T.A. payments from any Maintenance Persons paychecks and for performing any and all other acts required by Manager either as an employer or pursuant to a contract with any Maintenance Person. Manager shall pay any Maintenance Person directly; provided, however, that Manager may withdraw from the Operating Account each month those amounts paid by Manager to any Maintenance Person for services related to the Property to the extent such sums have been previously approved by Owner in the Operating Budget. Manager may also reimburse itself for any sums paid to other independent contractors, agents or employees of Manager to the extent they provide services to the Property, but only if previously approved by Owner in the Operating Budget. Owner acknowledges and agrees that initially, Manager shall have no employees, and that Manager will enter into an agreement with the City of West Allis (the "City") to perform any functions that a Maintenance Person or other employee of Manager would otherwise perform under this Agreement.

12. Operating Account. Subject to the other provisions of this Agreement (including without limitation Paragraphs 9, 11 and 13) and the Governing Documents, Manager shall make monthly disbursements from the Operating Account in the following order of priority:

- (a) First, Manager shall pay all debt service payments on the Property;
- (b) Second, Manager shall pay all real estate and personal property taxes, Special assessments and fire and other hazard insurance premiums related to the Property. Manager shall pay all real estate and personal property taxes and special assessments levied against the Property on any installment basis afforded by the municipality unless otherwise directed by Owner;
- (c) Third, Manager shall pay all operating expenses of the Property including, without limitation, utility costs and maintenance and repair costs;
- (d) Fourth, Manager shall establish and maintain replacement reserves, operating deficit reserves and other reserves for the Property in amounts designated by Owner;
- (e) Fifth, Manager shall pay itself the Management Fee and those approved sums which it has paid to the City, any Maintenance Person(s) or other independent contractors, agents or employees (if any); and
- (f) Sixth, Manager shall distribute the remainder of the Operating Account as requested by Owner, provided however that Manager shall not be obligated to confirm that instructions received by Owner with respect to distributions are in accordance with the Governing Documents and Manager shall be entitled to rely on any notice given by Owner with

respect to such distribution, without the need for any further inquiry into the validity of such request.

All expenses incurred by Manager in accordance with the terms and conditions of this Agreement, except those expenses expressly specified as Manager's expenses, shall be for the account of and on behalf of Owner and shall be paid out of the Operating Account. If the balance in the Operating Account is at any time insufficient to pay disbursements due and payable under this Paragraph 12 (other than fees deferred hereunder), Manager shall promptly inform Owner thereof and Owner shall promptly deposit in the Operating Account sufficient funds to cover such deficiency.

13. Operating Budget. Manager shall prepare and deliver to Owner and the Investment Member, no later than January 15 of every year, a recommended annual operating budget (the "Operating Budget") for the Property for the succeeding calendar year. The Operating Budget shall be in a form reasonably acceptable to Owner, must be approved by Owner and shall include a detailed breakdown of all sources and uses of funds in connection with the Property. The Operating Budget shall also include a separate capital expenditure budget for the Property. Notwithstanding anything to the contrary in this Agreement, Manager shall make no expenditures in excess of the amounts set forth in the approved Operating Budget, for each line item of operation expense, without the prior written approval of Owner, which shall not be unreasonably withheld, conditioned or delayed, unless such expenses are emergency expenses described in Paragraph 9 above. Manager shall deliver to Owner the Operating Budget for the succeeding calendar year even if Manager elects to terminate this Agreement in accordance with Paragraph 2 and will not be managing the Property during such succeeding year.

14. Annual Plan. Manager shall deliver to Owner and the Investment Member, no later than January 15 of each year, a recommended annual marketing, management and security plan (the "Annual Plan") for the Property for the succeeding calendar year, which shall be in accordance with the provisions of the Code, the Code Restrictions and the HOME Restrictions. The Annual Plan shall set forth Manager's proposed strategy for marketing and managing the Property and ensuring the safety of the Property and its tenants. The Annual Plan shall also suggest ways to reduce the annual operating expenses and, to the extent necessary, ways to improve the occupancy rate of the Property. The Annual Plan shall be in writing, shall be detailed and thorough and must be approved by Owner in writing prior to Manager implementing same. Manager shall deliver to Owner and the Investment Member the Annual Plan for the succeeding calendar year even if Manager elects to terminate this Agreement in accordance with Paragraph 2 and will not be managing the Property during such succeeding year.

15. Information, Records and Reports. Manager shall make available to Owner at all times all information, records and reports in connection with the Property prepared by or in the possession of Manager, and shall promptly furnish to Owner any other information and/or reports regarding the Property requested by Owner and/or Investment Member. Manager shall prepare and deliver to Owner monthly reports in form reasonably satisfactory to Owner including, without limitation, a statement of income and expenses and accounts receivable and payable for the preceding month, an itemized list of all delinquent rents as of the tenth (10th) day of the current month, a report on any actions taken by Manager with respect to such delinquent rents, a narrative of any unusual actions taken or emergencies responded to, a statement indicating how Manager calculated the Management Fee for the previous month, and a full

report of any accidents, claims and potential claims for the previous month. Manager shall submit each monthly report on or before the fifteenth (15th) day of each month (or, if the 15th day of the month falls on a holiday or weekend, on the first business day thereafter). Manager shall cause a year-end report for the Property to be prepared for each calendar year (and delivered to Owner no later than February 28 of the immediately succeeding calendar year) summarizing total rents received, total expenses, net operating income, net cash flow and any and all such other information regarding the Property as requested by Owner. Such year-end reports shall be prepared by Manager and shall be audited, if requested, by a certified public accountant selected by Owner. The cost of such audit shall be paid out of the Operating Account.

16. Fidelity Bond. Manager shall, at its sole expense, furnish and maintain for the duration for this Agreement, plus an additional sixty (60) days after its expiration or termination, a fidelity bond in favor of Owner, in an amount not less than the sum of (a) six (6) months' potential maximum gross rents for the Property. Such fidelity bond shall be in a form and with a company acceptable to Owner and Investment Member and shall cover Manager and all of Manager's employees, if any, and if required by Owner a written provision that Owner shall be given at least thirty (30) days prior written notice of cancellation. Notwithstanding the foregoing, Manager may, in lieu of such fidelity bond, furnish, at its sole expense, insurance protecting Owner against any theft, dishonesty or negligence by any of Manager's employees, which insurance shall be in an amount and with an insurance company acceptable to Owner and Investment Member. If Manager provides any such insurance, Manager shall deliver a certificate of insurance to Owner, which certificate shall provide that Owner shall be given at least thirty (30) days prior written notice of any amendment to or cancellation of such insurance.

17. Indemnification. Manager shall, at its sole cost and expense, indemnify and hold Owner harmless from and against any and all costs, claims, damages, expenses, losses, liabilities, fines, penalties or suits, including, but not limited to, recapture of all or any part of the Tax Credits and reasonable attorney's fees, (collectively, the "Costs") arising out of or resulting from (a) Manager failing to perform in accordance with the terms of this Agreement, (b) all or any portion of the Tax Credit Units being or becoming ineligible to receive any or all of the Tax Credits as a result of tenants residing in the Tax Credit Units who fail to meet any of the requirements under Section 42 of the Code or the Code Restrictions, or (c) violation of any of the HOME Restrictions resulting from tenants residing in the Units who fail to meet any of the requirements of the HOME Restrictions, unless, in the case of both (b) and/or (c) such failure is the result of fraudulent or incorrect information provided by a tenant or applicant, which fraudulent or incorrect information was not, and could not have been, discoverable or preventable by the use of commercially reasonable standards of care by Manager. Owner shall, at its sole cost and expense, indemnify and hold Manager harmless from all claims and suits in connection with the Property provided that such claims and suits are attributable to bodily injury, sickness, disease or death, or injury to or destruction of personal property, but only to the extent such claims and suits are caused by the negligent acts or omissions of Owner.

18. Independent Contractor. This Agreement is not one of general agency by Manager for Owner, but one in which Manager is engaged as an independent contractor. Manager consequently has only a limited agency as specifically set forth in this Agreement.

19. Insurance. Owner shall obtain insurance coverage on the Property in amounts and

with insurance companies satisfactory to Owner and Investment Member. Owner shall provide copies of all of such policies to Manager. Manager shall be named as an additional insured on any comprehensive liability coverage for the Property. Manager shall have no liability, and Owner shall, at its sole cost and expense, indemnify and hold Manager harmless from all claims and suits in connection with the Property to the extent that such claims and suits are covered or which could have been covered by any insurance which Owner carries or was required to maintain in connection with the Property, and without any adjustment made to such indemnification obligation for any deductibles which Owner has paid or would have had to pay under such insurance. Manager shall investigate and promptly furnish to Owner full written reports of all accidents, claims and potential claims for damages relating to the Property and shall cooperate fully with and provide any information requested by any of Owner's insurers. Manager shall, at its own expense, obtain and deliver to Owner upon execution of this Agreement an insurance policy acceptable to Owner providing coverage over all of Manager's contractual liabilities under this Agreement including, without limitation, Manager's indemnification obligations under Paragraph 17. Such insurance policy shall be written on the occurrence basis in an amount of at least one million dollars (\$1,000,000) and shall contain a provision that the policy may not be amended or canceled without first providing thirty (30) days' written notice to Owner, or such other terms as Owner may require. Manager shall also maintain, at its sole expense, worker's compensation and errors and omissions insurance in amounts required by law, if any, in the former case, and reasonably acceptable to Owner in the latter case.

20. Semi-Annual Inspections. Manager shall perform a detailed inspection of the Property during the month of January and during the month of July of each year and shall promptly provide Owner with a written report detailing the results of each such inspection. As part of such inspection, Manager shall note the condition of the Property, alert the Owner to any needed repairs or maintenance, identify ways to improve the efficiency of the Property and perform such other reviews as may be reasonably required by Owner. If requested by Owner, Manager shall undertake such semi-annual inspections in the presence of a representative designated by Owner.

21. Notices. Any notices to be given under this Agreement shall be addressed as follows:

If to Owner:

Beloit Road Senior Apartments, LLC
7525 West Greenfield Avenue
West Allis, WI 53214

If to Manager:

Community Development Authority of the City of West Allis
7525 West Greenfield Avenue
West Allis, WI 53214

If to Investment Member:

Boston Capital Corporate Tax Credit Fund XXXV, A Limited Partnership
1 Boston Place, 21st Floor
Boston, MA 02108

And a copy to:
Douglas W. Clapp, Esq.
Holland & Knight LLP
10 St. James Avenue
Boston, MA 02116

21. Assignment. This Agreement is personal to Manager. Manager shall not assign this Agreement or subcontract the performance of its duties hereunder without Owner's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. Any assignment or subcontracting without such consent shall be void.

22. Entire Agreement. This Agreement contains the entire understandings and agreements between Owner and Manager and supersedes all prior agreements, whether written or oral.

23. Amendments and Binding Effect. This Agreement may be amended only by a writing signed by all of the parties hereto and shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

24. Third Party Beneficiary. The parties agree that the Investment Member and the Special Member shall be deemed third party beneficiaries hereof.

25. Addendum. The attached Addendum to Management Agreement is incorporated into this Agreement and made a part hereof.

26. Counterparts. This Agreement may be signed in counterparts.

[Signature Pages Follow]

In Witness Whereof, the parties have executed this Agreement as of the date first set forth above.

OWNER:

BELOIT ROAD SENIOR APARTMENTS, LLC

BY BELOIT ROAD SENIOR APARTMENTS MM,
LLC, its managing member

BY COMMUNITY DEVELOPMENT
AUTHORITY OF THE CITY OF WEST
ALLIS, its sole member

BY John P. Stibel
Its Executive Director

MANAGER

COMMUNITY DEVELOPMENT AUTHORITY OF THE
CITY OF WEST ALLIS

BY John P. Stibel
Its Executive Director