

MANAGEMENT PLAN

FOR

PUTNAM GARDENS



Equal Housing Opportunity

*Putnam Gardens LLC c/o Putnam Gardens Manager LLC
362 Green Street, Cambridge, MA 02139*

Tel (617) 864-3020 Fax (617) 547-9821 TTY (800) 545-1833 Ext. 112

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OVERVIEW

Putnam Gardens LLC owns the three buildings known as the Putnam Gardens property. Putnam Gardens provides 122 units of housing for families assisted with project-based vouchers provided by the U.S. Department of Housing and Urban Development through its Rental Assistance Demonstration (RAD) program. These 3 three-story masonry buildings which were initially occupied in 1953 and last comprehensively modernized in 1993, now requires a another round of comprehensive modernization. The scope of the upcoming modernization which will begin in January 2015 will include improvements interior and exterior improvements, and building system upgrades. New kitchens (cabinets, appliances, and fixtures) and bathrooms (nex fixtures and finishes), new flooring and painting, replacement of baseboard heating, and insulation of exterior walls will be completed. Building system improvements include fire alarm updates, building sprinkler system installation, heat plant replacement, roof and masonry repairs, new trash collection sheds, and improved lighting. The renovated unit mix of Putnam Gardens will remain: 15 one-bedroom units, 66-two-bedroom units, 29 three-bedroom units, and 12 four-bedroom units. Six units are handicapped accessible and three units are sensory-adapted.

Putnam Gardens Manager LLC its capacity as manager of the Putnam Gardens LLC, is responsible for the management and maintenance of the property including rent-up and marketing, daily operation, maintenance and repairs, budgeting, accounting including rent collection, and resident relations. In administering these services, Putnam Gardens LLC will enter into a management agreement with the Cambridge Housing Authority (CHA) to manage and maintain the property.

I. GENERAL INFORMATION

A. Property

Putnam Gardens LLC owns and manages Putnam Gardens which is located at the intersection of Putnam Avenue, and Magee and Callendar Streets in the Riverside

neighborhood of Cambridge. The Management Office is located at 84 Magee Street. Putnam Gardens is a 122-unit family development that will be preserved and comprehensively modernized via this revitalization project. The site includes a community building which houses the management office and provides a community room for the development, three residential buildings containing the 122-units of housing, and four new trash collection sheds

B. Approach to Management

Putnam Gardens Manager LLC, on behalf of Putnam Gardens LLC (hereinafter “Owner”) will be utilizing the services of CHA as a Managing Agent (hereinafter “Managing Agent”) in the management and maintenance of the Putnam Gardens LLC units. The Managing Agent is authorized to make all decisions on behalf of the Owner as required by the Management Agreement and to ensure the effective and economical management of the Putnam Gardens LLC units.

C. Consultations with Owner

The Managing Agent will consult the Owner before taking action under the following conditions:

1. Any single expenditure in excess of Five Thousand Dollars (\$5,000), not already approved during the budget process.
2. Any withdrawals from the Property’s Operating Reserves, not already approved during the budget process.
3. Before making any substantial capital improvements to the property that are not included and/or approved in the budget.

In the event of an emergency situation, where the Owner cannot be contacted, the Managing Agent will be empowered to take whatever action is necessary to mitigate the

problem. The Owner will be immediately notified of the situation and what actions were taken to abate the problem.

D. Compliance with Local, State and Federal Laws and Regulations

In the operation of the Putnam Gardens LLC program, the Owner, the Managing Agent will comply with pertinent local, state and federal laws, codes, ordinances, regulations and directives, including but not limited to: Section 42 of the Internal Revenue Code of 1986, as amended; the United States Housing Act of 1937 and the Consolidate and Further Continuing Appropriations Act of 2012 (Public Law 112-55) which authorized the Rental Assistance Demonstration (RAD) program, both as amended and affected by the Cambridge Housing Authority's Moving to Work Agreement; Fair Housing Act, 42 U.S.C. 3601-19; Title VI of the Civil Rights Acts of 1964 (Public Law 88-352, 78 Stat. 241); the Age Discrimination Act of 1975, U.S.C. 6101-07; Section 504 of the Rehabilitation Act of 1973; the Americans with Disabilities Act, 42 U.S.C. 12181-89; the Cambridge Housing Authority's Moving to Work Agreement; and all requirements imposed by or pursuant to the applicable Federal and State Regulations issued pursuant to those laws; regulations issued pursuant to Executive Order 11063; and Title VIII of the 1968 Civil Rights Act.

E. Governing Documents and Authorities

The units comprising the Putnam Gardens LLC program have been acquired and revitalized utilizing funds from various sources including but not limited to: LIHTC equity from Wells Fargo Affordable Housing Community Development Corporation; a first mortgage from Citibank NA; a subordinate loan from Citibank NA; an acquisition mortgage provided by Cambridge Housing Authority; and a Cambridge Housing Authority program loan. Consequently, the units are subject to applicable state and federal rules and regulations relative to those programs as well as the terms and conditions outlined in the relevant document associated with those funding sources. All 122 units will be receiving on-going federal project-based voucher subsidies and are subject to applicable federal rules and regulations governing those programs as amended in the applicable statutes and (1) any

regulations issued by HUD for the RAD program, as they become effective, (2) all current requirements in HUD handbooks and guides, notes (including but not limited to, Notice PIH 2012-32 Rev-1 as it may be amended from time to time), and all future updates, changes and amendments thereto, as they become effective, and (3) the RAD Use Agreement to be entered into by the Company, Cambridge Housing Authority, and HUD and the Housing Assistance Payment Contract – Rental Assistance Demonstration (RAD) for the Conversion of Public Housing to Project Based Section 8 by and between the Company and the Cambridge Housing Authority, as amended, all as may be affected by any waivers of such requirements by HUD.

The following chart illustrates the operating subsidy and income requirements for all units:

| Units by Funding Source and Income Targets | RAD PBV Subsidy |
|--|-----------------|
| LIHTC , <30% AMI | 12 |
| LIHTC, <60% AMI | 104 |
| Non-LIHTC, <80% AMI | 6 |
| Total | 122 |

F. Key Contact Persons

The following persons are the key contacts for the various entities involved in the ownership and operation of the Putnam Gardens LLC:

Owner: Putnam Gardens LLC
Putnam Gardens Manager LLC, Managing Member
c/o Essex Street Management, Inc.
362 Green Street, Cambridge, MA 02139
Attn. Clerk
Tel: (617) 864-3020

Managing Agent: Director of Operations
Cambridge Housing Authority
362 Green Street, Cambridge, MA 02139
Tel: (617) 864-3020

II. MANAGEMENT OF PROGRAM

A. Personnel

Services provided by Managing Agent shall comply with Management Agreement executed between the Owner, and be performed in accordance with accepted professional techniques, federal, state and local agency guidelines, and all applicable local, state and federal laws and regulations.

a. Staffing Plan

The CHA's Management Department shall be responsible for the overall administration, management and maintenance of the Putnam Gardens property. Daily property management shall consist of a combination of CHA Property Manager, Assistant Manager, and/or Manager's Aide, who shall be responsible for the day-to-day operations, and shall report directly to the CHA Director or Deputy Director of Operations. The Property Management staff will be trained in all aspects of federal, state and local housing programs, including reporting, accounting, budgeting and enforcing all operational policies and procedures for the programs.

Staff at CHA's Central Office will handle other functions, such as processing rent payments and providing accounting services.

b. Personnel Policy

The Managing Agent shall have written personnel policies and practices that conform to non-discriminatory and equal employment opportunity requirements in its hiring and employment practices. Applicants and employees will not be discriminated against because of age, race, color, creed, national origin, ancestry, disability, sexual orientation, marital status or family status. The Managing Agent shall be committed to a policy to assure equal opportunity in employment, and to take

affirmative action to provide employment opportunities for residents, minority, women, and persons with disabilities.

B. Tenant Selection

a. Affirmative Marketing/Outreach

A marketing plan will be implemented as warranted as needed, and in accordance with the CHA Administrative Plan for Rental Assistance Demonstration (RAD) Developments which is Part II of the Administrative Plan for the Federal Housing Choice Voucher Program, and all applicable laws, regulations and requirements.

b. Resident Selection Plan

Resident selection at Putnam Gardens will comply with the CHA Administrative Plan for Rental Assistance Demonstration (RAD) Developments which is Part II of the Administrative Plan for the Federal Housing Choice Voucher Program, subject to any adjustments required to comply with Section II (B) (c) below and as it may be amended from time to time. The Owner agrees to accept for placement any applicant that is deemed eligible for placement in accordance with the terms of the above-referenced Administrative Plan for RAD Developments

c. Income Eligibility Requirements

No household will be admitted to a unit at Putnam Gardens whose income and assets exceeds applicable limits as specified by the requirements of Section 42 of the Internal Revenue Code, or the Section 8 program, whichever is applicable.

C. Leasing and Lease Enforcement

a. Lease

A lease will be executed between the Owner and each resident household upon occupancy, and a copy of the executed lease/agreement will be kept in the resident folder. The term of the lease/agreement will be for one year which will automatically self renew from year to year unless otherwise terminated in accordance with its terms and conditions. The lease/agreement is to be kept current at all times, reflect the rent being charged and state the conditions of occupancy.

b. Security Deposits

Every new resident will be required to pay a security deposit prior to occupancy in an amount as established by CHA's Security Deposit Policy. Security Deposits will be held by the Managing Agent in a special bank account and will be returned to the resident within 30 days of the termination of his/her tenancy if the apartment is left in a satisfactory condition and full notice was given for termination by the resident plus any accrued interest. The administration of security deposits will be in accordance with CHA's Security Deposit Policy as it may be amended from time to time.

c. Resident Orientation

All new residents will be required to participate in a resident orientation program to familiarize themselves with the policies and procedures of the building within seven days of lease execution. This orientation program will be performed by the Managing Agent or its designee, and will cover the lease; rules and regulations; maintenance/repairs policy; rent collection; housekeeping; and operation of equipment within the apartment.

d. Emergency Procedures

The Managing Agent shall instruct all residents on the proper procedures to follow in the event of a general maintenance, fire or medical emergency.

e. Lease Enforcement

The Managing Agent is responsible for ensuring the full compliance of the terms of the lease by all residents. All provisions of the lease will be thoroughly explained to the resident by the Managing Agent prior to the time leases are signed. The Managing Agent will emphasize voluntary lease compliance.

The Managing Agent will initiate a lawful termination of a tenancy where there is sufficient cause (including, but not limited to, non payment of rent) that a resident has violated a term of his/her lease. The Managing Agent will provide written notice of lease termination in accordance with the provisions of the lease and with any applicable requirements of local law.

f. Termination of Lease

A resident must give 30 days prior written notice of intent to terminate the lease. The Managing Agent may terminate the lease when a resident violates the terms of its lease.

g. Eviction

The Managing Agent shall consult with legal counsel of its choice to bring actions for evictions in the name of the Owner, and to execute notices to vacate and judicial pleadings required by such actions.

h. Unit Inspections

Move-In Inspection: The Managing Agent will conduct a move-in inspection with a new resident prior to the resident signing the lease. The overall condition of the unit and provided equipment shall be adequately documented in an inspection report form, and the inspection report form signed both by the Managing Agent and the resident.

Annual Inspections: The Managing Agent will annually inspect each unit approximately 2 months prior to the lease anniversary date to check on housekeeping, maintenance, and other lease compliance issues.

Move-Out Inspection: When a termination notice is received, the Managing Agent shall conduct a unit inspection with the outgoing resident prior to keys being handed in. The resident shall be notified and charged for any resident caused damages beyond normal wear and tear in accordance with the security deposit law.

Additional Inspections: The Owner or the Managing Agent at its sole discretion may randomly and periodically inspect units when it believes there are reasonable grounds for an inspection, and with proper notice to the resident.

Recordkeeping Requirements: Managing Agent shall keep copies of all unit inspections in both resident and unit files.

i. Parking

Putnam Gardens will have 44 parking spaces for 122 units. There is no fee charged to residents to park on site, and reserved parking spaces are not available. The Manager will follow CHA parking policy. The site will have van

accessible/ADA parking spaces available. Bicycle parking will be provided at the site, with racks located in various locations.

j. Laundry

There is not a common laundry facility at this site. Laundry hook-ups will be provided in every unit, and every unit will be provided with a new energy efficient washer. In the instance, the hook-ups will only allow for a stackable washer and dryer, the unit will be provided with a stackable unit.

k. Pet Policy

Pets will be permitted at Putnam Gardens in accordance with the CHA Pet Policy, as it may be amended from time to time.

D. Rent Collection Policies and Procedures

a. Rent Calculation Methodology

Rent. All new residents will pay rent calculated by the Managing Agent based upon their income in accordance with the CHA's Administrative Plan for RAD developments using the method and income limits established by CHA's MTW Program, and/or IRS Section 42. The Managing Agent will verify income and calculate rent in accordance with CHA's standard practices and procedures.

b. Payment of Rent and Other Charges

Rents. Rents are due and payable on or before the first day of each month. Each month, the Managing Agent will review rent collection activity and issue a notice to terminate tenancy (i.e. fourteen day notices) and a notice to legal to initiate eviction

proceedings as applicable to residents who have not paid their rent and/or fixed monthly service fee.

Maintenance Charges. The Managing Agent shall notify in writing residents when charges for maintenance repair and other services are assessed. These charges shall become due and payable 30 calendar days after the Managing Agent has notified the resident.

Location to Send Payments. All payments must be made by check or money order to Putnam Gardens LLC, and mailed to the Owner at an address established by the Managing Agent prior to their due dates.

c. Rent and Other Charge Arrears

The Managing Agent shall prepare a notice to terminate tenancy (i.e. fourteen day notices) for delivery by a constable to residents who have not paid their rent by the 14th day of the month. If a resident remains in arrears after that period, the Managing Agent will complete a supplemental form and submit it to its legal counsel so it may bring legal action for eviction in accordance with the terms of lease. The Managing Agent will make every effort to secure voluntary compliance by each resident with the terms of his or her lease.

d. Redetermination Of Rent And Family Composition Changes

The income, allowances, and family composition of each household will be redetermined in accordance with the CHA's MTW Rent Simplification Program and the requirements of Section 42 of the Internal Revenue Code. The CHA, in its roles as managing agent, will perform the recertification in accordance with CHA's standard practices and procedures which include third party verifications to verify income, allowances, and expenses.

Increases in rent shall be effective on the scheduled recertification date, with 30 days advance notice, provided the resident has complied with all reporting requirements. Decreases in rent shall take effect on the first day of the month after the month in which the change was reported and verified.

A resident is required to report changes in household composition and income in accordance with CHA's current recertification policy.

Changes to household composition will not be permitted unless a new household member meets the income and resident screening eligibility criteria specified in the CHA Administrative Plan for Rental Assistance Demonstration (RAD) Developments which is Part II of the Administrative Plan for the Federal Housing Choice Voucher Program, and whose addition conforms to the occupancy standards established for the building.

If a family member has vacated the household, documentation must be provided to prove this.

e. Change in Resident's Income Eligibility Status

A resident who at the inception of his/her tenancy is qualified for a low-income housing tax credit unit at Putnam Gardens but who no longer qualifies due to income may remain as agreed by the Owner and in accordance with the requirements of the Internal Revenue Service and in compliance with the property's Affordable Housing Agreements and/or Restrictions

f. Utilities

The Owner provides heat and hot water. Residents are responsible for payment of electricity usage in their apartment including electric cook stoves.

The Managing Agent shall serve as the central management agent for all energy management and conservation tasks for all public housing developments converting under the RAD program. These tasks include energy management services including energy procurement, the sale of energy related attributes, energy reporting, and conservation planning. The Managing Agent, to save operational costs to a property, may procure utilities through a bundling of properties and/or through market procurement.

E. Maintenance and Repair

The Managing Agent shall be responsible for maintenance and repair that include, but are not limited to, general maintenance, trash collection, snow removal, landscaping, procuring and administering ongoing maintenance contracts, extraordinary maintenance, emergency repairs, regular cleaning of common areas and hallways, pest extermination, and other maintenance and repair work as may be necessary to keep the units/buildings in decent, safe and sanitary condition and in a condition at all times acceptable to the Owner. The Managing Agent shall employ maintenance personnel who are knowledgeable about the mechanical and maintenance aspects of property management.

a. Warranty and Preventive Maintenance Procedures

Warranty. The Managing Agent will maintain and exercise all warranties (when warranted) for all equipment, appliances, building components, etc. in existence at the property.

Preventive Maintenance. The Managing Agent will develop a budget and schedule of preventive maintenance activities for mechanical equipment, appliance and general maintenance in accordance with operating procedures and industry standards. A copy of the preventive maintenance schedule shall be provided to the Owner on an annual basis.

The Managing Agent will test and inspect the mechanical equipment and appliances in accordance with preventive maintenance schedule. Improperly installed or inoperative equipment and appliances will be identified and fixed.

b. Maintenance by Outside Contractors

The Managing Agent shall contract with qualified independent contractors for repair beyond the capability of its regular maintenance employees. In all instances, the Agent shall inspect and approve completed work prior to payment.

c. Emergency Maintenance Repairs

The Managing Agent shall receive and service all emergency maintenance repair calls on a twenty-four hour basis. An emergency is defined as a problem that could pose an immediate and serious threat to health or safety of the resident, or to the building. All emergency repairs will be repaired or abated within 24 hours during the workweek and 36 hours during the weekend.

d. Routine and Minor Repairs

The Managing Agent will perform routine and/or minor repairs. Electrical, plumbing and heating repairs, etc., which require the services of a licensed technician, will be made by skilled staff and/or service companies. In all instances, the Managing Agent shall supervise and inspect completed work performed by a licensed technician/service company, prior to any payment for services.

The Managing Agent will ensure that routine and/or minor repairs are completed with reasonable promptness, which typically will not exceed twenty-one days.

e. Major Repairs

The Managing Agent will review unbudgeted major repairs (i.e. extraordinary maintenance) in excess of \$5,000 with the Owner before any work proceeds, emergencies excluded. The Managing Agent shall not make changes, additions, or improvements to the units without the Owner's prior approval.

f. Trash Disposal

Until completion of the new trash collection sheds, residents will dispose of garbage and deposit trash in the trash chute provided on every floor. At After completion of the new trash collection sheds, trash will be collected in those locations. Refuse will be removed from the site by the City of Cambridge.

g. Energy Conservation

The conservation of energy is an ongoing concern. Therefore, the Managing Agent shall utilize as appropriate a preventive maintenance program to keep operations at peak efficiency. The Managing Agent shall instruct residents on the proper use of all appliances and heating and air conditioning to ensure maximum comfort and efficiency.

The Managing Agent shall closely monitor energy consumption and compare it to existing records to determine if excessive energy is being used, and if so, what can be done to remedy the situation.

h. Resident Charges

The Managing Agent shall charge and bill a resident for any misuse or damage to the unit or building caused by the resident or his/her guest. The Managing Agent shall develop an itemized listing of additional resident charges, including charges for lockouts, and provided said listing to residents and Owner on an annual basis.

i. Vacancy Preparation

Prior to a move-out, the Managing Agent will inspect the apartment and identify the cleaning, repairs and painting to be performed prior to reoccupancy. All resident-caused damages will be noted and reported to the Managing Agent for possible charges to the former resident. The Managing Agent will perform the identified work immediately after the unit is vacated so the unit can be readied for reoccupancy to occur within ten (10) business days and vacancy loss can be minimized.

j. Maintenance Records

Repair and maintenance requests will be recorded in a log kept by the Managing Agent with the date of the request, name and apartment number of resident, description of work, date work is scheduled, date of work completion, and cost of labor and materials, as warranted either. Repair and maintenance request will be handled promptly during normal working hours; emergencies will be covered on a twenty-four (24) hour basis.

k. Authorization for Repairs

The Managing Agent is authorized to make purchases or to order repairs up to the amount of \$5,000 (emergencies excepted) unless such items have previously been scheduled as part of the preventive maintenance program or included in the approved budget. Any emergency repairs or repairs as part of the preventive maintenance program will be reported to the Owner as soon as possible thereafter.

l. Procurement Requirements

The Managing Agent, in conformance with the CHA's Procurement Policy as it may be amended from time to time, shall obtain contracts, materials, supplies, utilities, and services for Putnam Gardens LLC units in accordance with all applicable provisions of M.G.L. Chapter 30B; M.G.L. Chapter 30, Section 39M; and M.G.L. Chapter 149 Sections 44 A-J, and the authority granted under the CHA Moving to Work Agreement ("MTW Agreement") with the U.S. Department of Housing and Urban Development, so long as such Agreement is in effect.

F. Resident Relations

a. Tenant Concerns

Residents are encouraged to report any problems, issues or concerns to the Property Manager directly.

b. Resident Orientation

The Managing Agent will provide a detailed orientation to each resident upon move-in. The orientation shall cover the lease, rules and regulations, maintenance/repairs policy, rent collection, housekeeping, and operation of equipment within the apartment.

c. Resident Relocation

In implementing the Putnam Gardens Revitalization, the Managing Agent will follow federal, state, and local laws applicable to any resultant resident relocation, and shall conform to the written relocation plan negotiated and executed.

G. Accounting Policies and Procedures

a. Operating and Capital Budgets

The Owner will approve the Putnam Gardens LLC annual operating and capital budgets. The Managing Agent will prepare and submit draft operating and capital budgets for every fiscal year (which shall operate from January 1 through December 31), and will submit it to the Owner at least sixty (60) days before the beginning of each new fiscal year. The Owner will review and approve the operating and capital budgets, and provide final operating and capital budgets to the Managing Agent on a timely basis. Annual disbursements for each type of operating and capital expense outlined in the budgets shall not exceed the amount authorized therein.

b. Project Account

The Managing Agent will maintain a separate bank account in its name and designated as the “Putnam Gardens LLC Operating Account”. All receipts of the Owner or on behalf of the Owner arising from the operation of the Putnam Gardens LLC shall be deposited by the Managing Agent into the account. The Managing Agent shall have no property interest in the Operating Account. The Project Account shall, at all times, be under the control of the Owner.

All disbursements from the Operating Account shall be governed by the terms of the Management Agreements between the Owner and the Managing Agent and shall not exceed the annual amount authorized by the approved Operating Budget, unless otherwise approved by the Owner. The Managing Agent shall utilize funds from the Operating Account to pay utilities, management and maintenance fees, insurance, mortgage payments, and taxes.

Except as specified above, funds shall be disbursed or transferred from the Operating Account only as the Owner may from time to time direct in writing. In the event that the balance in the Operating Account is at any time insufficient to pay disbursements due and payable, the Managing Agent shall immediately inform the Owner of that fact and the Owner shall then remit to the Managing Agent sufficient funds to cover the deficiency. In no event, shall the Managing Agent be required to use its own funds to pay such disbursements.

c. Internal Controls

The Managing Agent will provide computerized accounting services. The annual operating and capital budgets, carrying charge collections, vacancies, bills, etc. will be entered into the computer at the end of each month. Within twenty (20) working days after the end of each month, reports will be generated and will indicate cumulative expenses to date, as well as total income, so that the project's cash flow can be monitored easily.

H. Records and Reports

a. Resident and Unit Maintenance Records

Resident and unit maintenance records, including all leases, Move-In/Move-Out Inspection forms, and other resident or unit-related items shall be maintained by the Managing Agent, and available for review by the Owner at all reasonable times.

b. Accounting Records

The Managing Agent will maintain the program's financial books, records, and accounts, including rent roll, bank statements, paid invoices with purchase orders, checks and canceled checks and all other financial documents related to the Putnam

Gardens LLC program at its central office, and will make them available for examination by the Owner or those authorized by the Owner at all reasonable times.

c. Reports

General. The Managing Agent will prepare, in a timely fashion, reports as required by the regulatory and funding agencies and Management Agreement, and in conformance with federal, state and local agency requirements. Reports shall include but not be limited to: statement of miscellaneous expenses for reimbursement; occupancy, management, maintenance update reports, financial and accounting reports as necessary and warranted, and all necessary other reports as may be required by regulatory agencies.

Specific Reports. Specific reports shall be prepared and furnished by the Managing Agent to the Owner as follows:

- **Monthly.** By the 20th of each month, monthly reports reporting on (i) an unaudited rent roll for the Project showing rent collections, vacancies, and physical occupancy, (ii) receipts and disbursement during the previous month, (iii) schedule of accounts receivable and payable, and (iv) reconciled bank statements for the Operating Account, Security Deposit Account and the Project Reserve Accounts as of the end of the previous month.
- **Annual.** No later than 60 days after the end of the fiscal, year, draft of the federal tax information and a complete annual financial report for the Project based upon an examination of the books and records of the Owner and including (i) a report containing audited financial statements for the prior fiscal year, including a profit and loss statement, a balance sheet, and a cash flow statement; (ii) an unaudited comparison of the actual results of the operations of the Project during

the prior fiscal year with operating budget for such year; (iii) a report of the occupancy level of the Project; (iv) a statement indicating if there are any operating deficits or anticipated operating deficits, and if so, the manner in which it is anticipated such deficits will be funded; (v) a narrative explaining significant deviations in the operations of the Project from projected operations and outlining and explaining any material or significant occurrences affecting the Project or the Owner; (vi) a report on the use of MBEs and minority workers in the development of the Project and a report on the use of MBEs and the payment of minority worker salaries, wages and benefits in the operation of the Project; and (vii) any other information regarding the Project and its operations during the prior fiscal year reasonably requested by the Owner.

- Final Annual. After approval by the Owner, the final completed reports shall be prepared and certified by the Owner's certified public accountant in accordance with the requirements of the Owner and any directives of the Lenders and in conformity with generally accepted accounting principles applied on a consistent basis.
- Tax Information. The Agent shall, not later than March 1 of every year, cause to be provided to the Owner all necessary tax information required for filing the annual tax return of the Owner. The Owner will respond with comments on such drafts within seven (7) days after receipt. The Agent shall, not later than March 15 of every year, cause to be provided to the Owner the final annual tax information.

d. Audit

The Managing Agent shall cause an annual audited financial statement of the Putnam Gardens LLC operations to be prepared by an independent certified public

accountant acceptable to the Owner, based upon the preparer's examination of the books and records of the Owner and the Managing Agent, and in accordance with Generally Accepted Accounting Principles. The report shall be prepared and shall be certified by the preparer and shall be submitted to the Owner within sixty (60) days after the end of the fiscal year. Compensation for the preparer's services shall be paid out of the Project Account as an expense of the project.