



To: Center City Revenue Finance Corporation (CCRFC) Board of Directors
From: CCRFC Attorney & DMC Staff
Date: November 13, 2018
RE: Proposed Policy Change – Assignment of leasehold interest upon foreclosure

In the event a lender holding a deed of trust or mortgage on the leasehold interest of a PILOT lease shall foreclose thereon or accept an assignment or deed in lieu of foreclosure of the lessee's interest there under, such foreclosure or assignment or deed in lieu thereof shall not be considered an assignment of the PILOT lease by this Corporation and shall not be subject to any consent or approval by this Corporation (to the extent required by the terms of the PILOT lease) nor shall any transfer fee be due and payable in connection therewith, so long as such lender holds the leasehold interest in the PILOT lease for resale and not for investment purposes. In the event a lender has succeeded to the rights of the lessee under the PILOT lease as a result of foreclosure or assignment or deed in lieu thereof, any subsequent assignment of the rights as lessee under the PILOT lease shall be subject to any required consent of this Corporation and the payment of any transfer fees due and payable in connection therewith. For the purposes of these policies, a lender shall be deemed to hold property for investment purposes and not for resale, and a transfer fee shall be due and payable, if it has held property for more than 24 months. Notwithstanding the foregoing, upon request of such lender, which request shall include a certification that such lender (A) is holding the property for resale or assignment and (B) is actively marketing the property using commercially reasonable real estate marketing methods, the Corporation's board of directors may extend the period specified in the foregoing sentence for an additional twelve (12) months to a total period of thirty-six (36) months.

Estoppel Changes:

In the event Agent or any Lender succeeds to the rights of Lessee under the Lease, whether through foreclosure, the acceptance of an assignment or deed in lieu of foreclosure, or any possession, surrender, assignment, judicial action or any other action taken by the trustee under the Leasehold Deed of Trust or by any Lender, Lessor agrees that:

- (i) The Lease shall not terminate and such foreclosure or assignment or deed in lieu thereof shall not be considered an assignment of the Lease and shall not be subject to any consent or approval by the Lessor (to the extent required by the terms of the Lease) nor shall any transfer fee be due and payable in connection therewith, so long as any such Lender holds the leasehold interest in the Lease for resale or assignment and not for investment purposes (however, such Lender may continue to use and operate the Demised Premises) for a period of twenty-four (24) months or less (the "Holding Period"). Upon request of such Lender, which request shall include a certification that such Lender (A) is holding the property for resale

or assignment and (B) is actively marketing the property using commercially reasonable real estate marketing methods, the Lessor's board of directors may extend the Holding Period for an additional twelve (12) months to a total period of thirty-six (36) months. In the event any such Lender shall hold the leasehold interest under the Lease beyond the Holding Period, the assignment of the leasehold interest under the Lease to such Lender shall be subject to the consent of the Lessor and the payment of any transfer fee due and payable in connection therewith.

(ii) Any subsequent assignment by any Lender to any other party shall be subject to any consent required under the Lease and the payment of any transfer fee due and payable in connection therewith.