
2019 Federal Low Income Housing Tax Credit Program

Application For Reservation

Deadline for Submission

9% Competitive Credits

Applications Must Be Received At VHDA No Later Than **2:00 PM**
Richmond, VA Time On **March 14, 2019**

Tax Exempt Bonds

Applications should be received at VHDA at least one month before the bonds are *priced* (if bonds issued by VHDA), or 75 days before the bonds are *issued* (if bonds are not issued by VHDA)



Virginia Housing Development Authority
601 South Belvidere Street
Richmond, Virginia 23220-6500

INSTRUCTIONS FOR THE VIRGINIA 2019 LIHTC APPLICATION FOR RESERVATION

This application was prepared using Excel, Microsoft Office 2016. Please note that using the active Excel workbook does not eliminate the need to submit the required PDF of the signed hardcopy of the application and related documentation. A more detailed explanation of application submission requirements is provided below and in the Application Manual.

An electronic copy of your completed application is a mandatory submission item.

Applications For 9% Competitive Credits

Applicants should submit an electronic copy of the application package prior to the application deadline, which is **2:00 PM** Richmond Virginia time on **March 14, 2019**. Failure to submit an electronic copy of the application by the deadline will cause the application to be disqualified.

Please Note:

Applicants should submit all application materials in electronic format only.

There should be distinct files which should include the following:

- 1. Application For Reservation – the active Microsoft Excel workbook**
- 2. A PDF file which includes the following:**
 - Application For Reservation – Signed version of hardcopy
 - All application attachments (i.e. tab documents, excluding market study and plans & specs)
- 3. Market Study – PDF or Microsoft Word format**
- 4. Plans - PDF or other readable electronic format**
- 5. Specifications - PDF or other readable electronic format (may be combined into the same file as the plans if necessary)**
- 6. Unit-By-Unit work write up (rehab only) - PDF or other readable electronic format**

IMPORTANT:

VHDA can accept files via our work center site Procorem or on flash/thumb drives. Contact Hope Rutter for access to Procorem.

Do not submit any application materials to any email address unless specifically requested by the VHDA LIHTC Allocation Department staff.

Disclaimer:

VHDA assumes no responsibility for any problems incurred in using this spreadsheet or for the accuracy of calculations. Check your application for correctness and completeness before submitting the application to VHDA.

Entering Data:

Enter numbers or text as appropriate in the blank spaces highlighted in yellow. Cells have been formatted as appropriate for the data expected. All other cells are protected and will not allow changes.

Please Note:

VERY IMPORTANT! : Do not use the copy/cut/paste functions within this document. Pasting fields will corrupt the application and may result in penalties. You may use links to other cells or other documents but do not paste data from one document or field to another.

Some fields provide a dropdown of options to select from, indicated by a down arrow that appears when the cell is selected. Click on the arrow to select a value within the dropdown for these fields.

The spreadsheet contains multiple error checks to assist in identifying potential mistakes in the application. These may appear as data is entered but are dependent on values entered later in the application. Do not be concerned with these messages until all data within the application has been entered.

Also note that some cells contain error messages such as “#DIV/0!” as you begin. These warnings will disappear as the numbers necessary for the calculation are entered.

Assistance:

If you have any questions, please contact the VHDA LIHTC Allocation Department. Please note that we cannot release the copy protection password.

VHDA LIHTC Allocation Staff Contact Information

Name	Email	Phone Number
JD Bondurant	john david.bondurant@vhda.com	(804) 343-5725
Hope Coleman Rutter	hope.rutter@vhda.com	(804) 343-5574
Sheila Stone	sheila.stone@vhda.com	(804) 343-5582
Stephanie Flanders	stephanie.flanders@vhda.com	(804) 343-5939
Pamela Freeth	pamela.freeth@vhda.com	(804) 343-5563
Jovan Burton	jovan.burton@vhda.com	(804) 343-5518

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2019 Low-Income Housing Tax Credit Application For Reservation

Please indicate if the following items are included with your application by putting an 'X' in the appropriate boxes. Your assistance in organizing the submission in the following order, and actually using tabs to mark them as shown, will facilitate review of your application. Please note that all mandatory items must be included for the application to be processed. The inclusion of other items may increase the number of points for which you are eligible under VHDA's point system of ranking applications, and may assist VHDA in its determination of the appropriate amount of credits that may be reserved for the development.

- | | |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | \$1,000 Application Fee (MANDATORY) |
| <input checked="" type="checkbox"/> | Electronic Copy of the Microsoft Excel Based Application (MANDATORY) |
| <input checked="" type="checkbox"/> | Scanned Copy of the Signed Tax Credit Application with Attachments (excluding market study and plans & specifications) (MANDATORY) |
| <input checked="" type="checkbox"/> | Electronic Copy of the Market Study (MANDATORY - Application will be disqualified if study is not submitted with application) |
| <input checked="" type="checkbox"/> | Electronic Copy of the Plans (MANDATORY) |
| <input checked="" type="checkbox"/> | Electronic Copy of the Specifications (MANDATORY) |
| <input type="checkbox"/> | Electronic Copy of the Physical Needs Assessment (MANDATORY if rehab) |
| <input type="checkbox"/> | Electronic Copy of Appraisal (MANDATORY if acquisition credits requested) |
| <input type="checkbox"/> | Electronic Copy of Environmental Site Assessment (Phase I) (MANDATORY if 4% credits requested) |
| <input checked="" type="checkbox"/> | Tab A: Partnership or Operating Agreement, including chart of ownership structure with percentage of interests (MANDATORY) |
| <input checked="" type="checkbox"/> | Tab B: Virginia State Corporation Commission Certification (MANDATORY) |
| <input checked="" type="checkbox"/> | Tab C: Principal's Previous Participation Certification (MANDATORY) |
| <input checked="" type="checkbox"/> | Tab D: List of LIHTC Developments (Schedule A) (MANDATORY) |
| <input checked="" type="checkbox"/> | Tab E: Site Control Documentation & Most Recent Real Estate Tax Assessment (MANDATORY) |
| <input checked="" type="checkbox"/> | Tab F: Architect's Certification and RESNET Rater Certification (MANDATORY) |
| <input checked="" type="checkbox"/> | Tab G: Zoning Certification Letter (MANDATORY) |
| <input checked="" type="checkbox"/> | Tab H: Attorney's Opinion (MANDATORY) |
| <input type="checkbox"/> | Tab I: Nonprofit Questionnaire (MANDATORY for points or pool) |
- The following documents need not be submitted unless requested by VHDA:
- | | |
|--|--|
| -Nonprofit Articles of Incorporation | -IRS Documentation of Nonprofit Status |
| -Joint Venture Agreement (if applicable) | -For-profit Consulting Agreement (if applicable) |
- | | |
|-------------------------------------|--|
| <input checked="" type="checkbox"/> | Tab J: Relocation Plan (MANDATORY, if tenants are displaced) |
| <input type="checkbox"/> | Tab K: Documentation of Development Location: |
| <input checked="" type="checkbox"/> | K.1 Revitalization Area Certification |
| <input checked="" type="checkbox"/> | K.2 Location Map |
| <input type="checkbox"/> | K.3 Surveyor's Certification of Proximity To Public Transportation |
| <input type="checkbox"/> | Tab L: PHA / Section 8 Notification Letter |
| <input checked="" type="checkbox"/> | Tab M: Locality CEO Response Letter |
| <input type="checkbox"/> | Tab N: Homeownership Plan |
| <input type="checkbox"/> | Tab O: Plan of Development Certification Letter |
| <input checked="" type="checkbox"/> | Tab P: Developer Experience documentation and Partnership agreements |
| <input checked="" type="checkbox"/> | Tab Q: Documentation of Rental Assistance, Tax Abatement and/or existing RD or HUD Property |
| <input checked="" type="checkbox"/> | Tab R: Documentation of Operating Budget and Utility Allowances |
| <input type="checkbox"/> | Tab S: Supportive Housing Certification |
| <input checked="" type="checkbox"/> | Tab T: Funding Documentation |
| <input type="checkbox"/> | Tab U: Documentation to Request Exception to Restriction-Pools With Little/No Increase in Rent Burdened Population |
| <input checked="" type="checkbox"/> | Tab V: Nonprofit or LHA Purchase Option or Right of First Refusal |
| <input type="checkbox"/> | Tab W: (Reserved) |
| <input checked="" type="checkbox"/> | Tab X: Marketing Plan for units meeting accessibility requirements of HUD section 504 |

2019 Low-Income Housing Tax Credit Application For Reservation

VHDA TRACKING NUMBER

2019-C-10

A. GENERAL INFORMATION ABOUT PROPOSED DEVELOPMENT

Application Date: 3/4/2019

1. Development Name: White Marsh Pointe (FKA Parker Riddick)

2. Address (line 1): 5 Stacey Drive
 Address (line 2): _____
 City: Suffolk State: VA Zip: 23434

3. If complete address is not available, provide longitude and latitude coordinates (x,y) from a location on site that your surveyor deems appropriate. Longitude: 00.00000 Latitude: 00.00000
 (Only necessary if street address or street intersections are not available.)

4. The Circuit Court Clerk's office in which the deed to the development is or will be recorded:
 City/County of Suffolk City

5. The site overlaps one or more jurisdictional boundaries..... FALSE
 If true, what other City/County is the site located in besides response to #4?.....▶ _____

6. Development is located in the census tract of: 756.01

7. Development is located in a **Qualified Census Tract**..... TRUE

8. Development is located in a **Difficult Development Area**..... FALSE

9. Development is located in a **Revitalization Area based on QCT** TRUE

10. Development is located in a **Revitalization Area designated by resolution** TRUE

11. Development is located in an **Opportunity Zone** (with a binding commitment for funding)..... FALSE

(If 9, 10 or 11 are True, **Action:** Provide required form in **TAB K1**)

12. Development is located in a census tract with a poverty rate of.....	3%	10%	12%
	<u>FALSE</u>	<u>FALSE</u>	<u>FALSE</u>

Enter only Numeric Values below:

13. Congressional District: 4
 Planning District: 20
 State Senate District: 18
 State House District: 77

Click on the following link for assistance in determining the districts related to this development:

[Link to VHDA's HOME - Select Virginia LIHTC Reference Map](#)

14. **ACTION:** Provide Location Map (**TAB K2**)

15. Development Description: In the space provided below, give a brief description of the proposed development

This development will involve the demolition of all of the existing improvements of Parker Riddick Apartments and new construction of 93 affordable units in 5 residential buildings and a community building. The redevelopment will have 17 1BR units, 56 2BR units and 20 3BR units. All ground floor units will have Universal Design and the site will provide 6 UFAS units, including 2 AV units. Under the Sec. 18 program, SRHA will issue Tenant Protection Vouchers (TPVs) that will allow the relocation of the residents off-site. SRHA will provide 93 Project Based Vouchers from its HCV pool and original residents will have the first option to return to the property upon completion.

A. GENERAL INFORMATION ABOUT PROPOSED DEVELOPMENT

Application Date:

3/4/2019

16. Local Needs and Support

- a. Provide the name and the address of the chief executive officer (City Manager, Town Manager, or County Administrator of the political jurisdiction in which the development will be located:

Chief Executive Officer's Name: Patrick Roberts
 Chief Executive Officer's Title: City Manager Phone: (757) 514-4012
 Street Address: 442 W. Washington St.
 City: Suffolk State: VA Zip: 23434

Name and title of local official you have discussed this project with who could answer questions for the local CEO: Donna Coleman, Zoning Administrator

- b. If the development overlaps another jurisdiction, please fill in the following:

Chief Executive Officer's Name: _____
 Chief Executive Officer's Title: _____ Phone: _____
 Street Address: _____
 City: _____ State: _____ Zip: _____

Name and title of local official you have discussed this project with who could answer questions for the local CEO: _____

ACTION: Provide Locality Notification Letter at **Tab M** if applicable.

B. RESERVATION REQUEST INFORMATION

1. Requesting Credits From:

a. If requesting 9% Credits, select credit pool:

Local Housing Authority Pool

or

b. If requesting Tax Exempt Bonds, select development type:

2. Type(s) of Allocation/Allocation Year

Carryforward Allocation

Definitions of types:

a. **Regular Allocation** means all of the buildings in the development are expected to be placed in service this calendar year, 2019.

b. **Carryforward Allocation** means all of the buildings in the development are expected to be placed in service within two years after the end of this calendar year, 2019, but the owner will have more than 10% basis in development before the end of twelve months following allocation of credits. For those buildings, the owner requests a carryforward allocation of 2019 credits pursuant to Section 42(h)(1)(E).

3. Select Building Allocation type:

New Construction

Note regarding Type = Acquisition and Rehabilitation: Even if you acquired a building this year and "placed it in service" for the purpose of the acquisition credit, you cannot receive its acquisition 8609 form until the rehab 8609 is issued for that building.

4. Is this an additional allocation for a development that has buildings not yet placed in service?

FALSE

5. Planned Combined 9% and 4% Developments

TRUE

A site plan has been submitted with this application indicating two developments on the same or contiguous site. One development relates to this 9% allocation request and the remaining development will be a 4% tax exempt bond application. (25, 35 or 45 pts)

a. Has the developer met with VHDA regarding the 4% tax exempt bond deal?

TRUE

b. List below the number of units planned for each allocation request. This stated count cannot be changed or 9% Credits will be cancelled.

Total Units within 9% allocation request?	93
Total Units within 4% Tax Exempt allocation Request?	113
Total Units:	206

% of units in 4% Tax Exempt Allocation Request: 54.85%

6. Extended Use Restriction

Note: Each recipient of an allocation of credits will be required to record an **Extended Use Agreement** as required by the IRC governing the use of the development for low-income housing for at least 30 years. Applicant waives the right to pursue a Qualified Contract.

Must Select One: 30

Definition of selection:

Development will be subject to the standard extended use agreement of 15 extended use period (after the mandatory 15-year compliance period.)

C. OWNERSHIP INFORMATION

NOTE: VHDA may allocate credits only to the tax-paying entity which owns the development at the time of the allocation. The term "Owner" herein refers to that entity. Please fill in the legal name of the owner. The ownership entity must be formed prior to submitting this application. Any transfer, direct or indirect, of partnership interests (except those involving the admission of limited partners) prior to the placed-in-service date of the proposed development shall be prohibited, unless the transfer is consented to by VHDA in its sole discretion. **IMPORTANT: The Owner name listed on this page must exactly match the owner name listed on the Virginia State Corporation Commission Certification.**

1. Owner Information:

Must be an individual or legally formed entity.

Owner Name: White Marsh Pointe Apartments, L.P.

Developer Name: TCG Development Advisors

Contact: M/M ▶ Mr. First: Peter MI: Last: Behringer

Address: 348 Thompson Creek mall, Suite 357

City: Stevensville St. ▶ MD Zip: 21666

Phone: (301) 807-5244 Ext. Fax: (410) 643-5342

Email address: behringer@tcgdevelopment.com

Federal I.D. No. 83-3551975 (If not available, obtain prior to Carryover Allocation.)

Select type of entity: ▶ Limited Partnership Formation State: ▶ VA

Additional Contact: Please Provide Name, Email and Phone number.
Lysandra Shaw, lmshaw@suffolkra.org, 757 925-6412

- ACTION:** a. Provide Owner's organizational documents (e.g. Partnership agreements) **(Mandatory TAB A)**
 b. Provide Certification from Virginia State Corporation Commission **(Mandatory TAB B)**

2. Principal(s) of the General Partner: List names of individuals and ownership interest.

<u>Names **</u>	<u>Phone</u>	<u>Type Ownership</u>	<u>% Ownership</u>
<u>Tracey Snipes, Executive Director of SRHA</u>	<u>(757) 539-2100</u>	<u>General Partner</u>	<u>51.000%</u>
<u>Peter Behringer, Manager, TCG Dev. Advisors, Mgr.</u>	<u>(301) 807-5244</u>	<u>General Partner</u>	<u>49.000%</u>
			<u>0.000%</u>
			<u>0.000%</u>
			<u>0.000%</u>
			<u>0.000%</u>
			<u>0.000%</u>

The above should include 100% of the GP or LLC member interest.

****** These should be the names of individuals who make up the General Partnership, not simply the names of entities which may comprise those components.

C. OWNERSHIP INFORMATION

- ACTION:**
- a. Provide Principals' Previous Participation Certification (**Mandatory TAB C**)
 - b. Provide a chart of ownership structure (Org Chart) and a list of all LIHTC Developments within the last 15 years. (**Mandatory at TABS A/D**)

3. Developer Experience: Provide evidence that the principal or principals of the controlling general partner or managing member for the proposed development have developed:

a. as a controlling general partner or managing member, (i) at least three tax credit developments that contain at least three times the number of housing units in the proposed development or (ii) at least six tax credit developments. **TRUE**

Action: Must be included on VHDA Experienced LIHTC Developer List or provide copies of 8609s, partnership agreements and organizational charts (**Tab P**)

b. at least three deals as principal and have at \$500,000 in liquid assets..... **FALSE**

Action: Must be included on the VHDA Experienced LIHTC Developer List or provide Audited Financial Statements and copies of 8609s (**Tab P**)

c. The development's principal(s), as a group or individually, have developed as controlling general partner or managing member, at least one tax credit development that contains at least the same number of units of this proposed development (can include Market units). **FALSE**

Action: Must provide copies of 8609s and partnership agreements (**Tab P**)

D. SITE CONTROL

NOTE: Site control by the Owner identified herein is a mandatory precondition of review of this application. Documentary evidence in the form of either a deed, option, purchase contract or lease for a term longer than the period of time the property will be subject to occupancy restrictions must be included herewith. (For 9% Competitive Credits - An option or contract must extend beyond the application deadline by a minimum of four months.)

Warning: Site control by an entity other than the Owner, even if it is a closely related party, is not sufficient. Anticipated future transfers to the Owner are not sufficient. The Owner, as identified previously, must have site control at the time this Application is submitted.

NOTE: If the Owner receives a reservation of credits, the property must be titled in the name of or leased by (pursuant to a long-term lease) the Owner before the allocation of credits is made.

Contact VHDA before submitting this application if there are any questions about this requirement.

1. Type of Site Control by Owner:

Applicant controls site by (select one and provide documentation - **Mandatory TAB E**)

Select Type: Option

Expiration Date: 12/31/2019

In the Option or Purchase contract - Any contract for the acquisition of a site with an existing residential property may not require an empty building as a condition of such contract, unless relocation assistance is provided to displaced households, if any, at such level required by VHDA. See QAP for further details.

FALSE There is more than one site for development and more than one form of site control.

(If **True**, provide documentation for each site specifying number of existing buildings on the site (if any), type of control of each site, and applicable expiration date of stated site control. A site control document is required for each site (**Tab E**).

2. Timing of Acquisition by Owner:

Only one of the following statement should be True.

a. FALSE Owner already controls site by either deed or long-term lease.

b. TRUE Owner is to acquire property by deed (or lease for period no shorter than period property will be subject to occupancy restrictions) no later than..... 12/31/2019 .

c. FALSE There is more than one site for development and more than one expected date of acquisition by Owner.

(If c is **True**, provide documentation for each site specifying number of existing buildings on the site, if any, and expected date of acquisition of each site by Owner (**Tab E**).

D. SITE CONTROL

3. Seller Information:

Name: Suffolk Redevelopment and Housing Authority

Address: 530 E. Pinner St.

City: Suffolk St.: VA Zip: 23434

Contact Person: Lysandra Shaw Phone: (757) 925-6412

There is an identity of interest between the seller and the owner/applicant..... TRUE

If above statement is **TRUE**, complete the following:

Principal(s) involved (e.g. general partners, controlling shareholders, etc.)

<u>Names</u>	<u>Phone</u>	<u>Type Ownership</u>	<u>% Ownership</u>
Tracey Snipes, Exec. Director of SRHA	(757) 539-2100	Fee Simple	100.00%
Tracey Snipes, WMP. Apts GP, LLC	(757) 539-2100	General Partner	0.01%
Tracey Snipes, Exec. Director of SRHA	(757) 539-2100	Limited Partner	99.99%
			0.00%
			0.00%
			0.00%
			0.00%

2019 Low-Income Housing Tax Credit Application For Reservation

E. DEVELOPMENT TEAM INFORMATION

Complete the following as applicable to your development team. Provide Contact and Firm Name.

- | | | | |
|--------------------------|---|---------------------------|-------------------------------|
| 1. Tax Attorney: | <u>Delphine Carnes</u> | This is a Related Entity. | <u>FALSE</u> |
| Firm Name: | <u>Crenshaw Ware & Martin</u> | | |
| Address: | <u>150 West Main St., Suite 1500, Norfolk, VA 23510</u> | | |
| Email: | <u>dcarnes@cwm-law.com</u> | Phone: | <u>(757) 623-3000</u> |
| 2. Tax Accountant: | <u>William Sherbert</u> | This is a Related Entity. | <u>FALSE</u> |
| Firm Name: | <u>Sherbert Associates</u> | | |
| Address: | <u>13777 Ballantyne Corporate Place, Suite 325, Charlotte, NC 28277</u> | | |
| Email: | <u>bsherbert@sherbertgroup.com</u> | Phone: | <u>(704) 926-8170</u> |
| 3. Consultant: | <u></u> | This is a Related Entity. | <u>FALSE</u> |
| Firm Name: | <u></u> | Role: | <u></u> |
| Address: | <u></u> | | |
| Email: | <u></u> | Phone: | <u></u> |
| 4. Management Entity: | <u>Wayne Redding</u> | This is a Related Entity. | <u>FALSE</u> |
| Firm Name: | <u>Vista Capital Management Group</u> | | |
| Address: | <u>207 Whitsett St. Greenville, SC 29601</u> | | |
| Email: | <u>wredding@vistacm.com</u> | Phone: | <u>(864) 404-3510</u> |
| 5. Contractor: | <u>Millard Stallings</u> | This is a Related Entity. | <u>FALSE</u> |
| Firm Name: | <u>Mutual Builders, Inc.</u> | | |
| Address: | <u>121 N. 4th St. Smithfield, NC 27577</u> | | |
| Email: | <u>millard@mutualbuildersinc.com</u> | Phone: | <u>(919) 934-0882</u> |
| 6. Architect: | <u>John Crouse</u> | This is a Related Entity. | <u>FALSE</u> |
| Firm Name: | <u>Saunders & Crouse Architects</u> | | |
| Address: | <u>222 Central Parke Ave., Suite 1610, Virginia Beach, VA 23462</u> | | |
| Email: | <u>jcrouse@saunderscrousearchitects.com</u> | Phone: | <u>(757) 351-4548</u> |
| 7. Real Estate Attorney: | <u>Delphine Carnes</u> | This is a Related Entity. | <u>FALSE</u> |
| Firm Name: | <u>Crenshaw Ware & Martin</u> | | |
| Address: | <u>150 West Main St. Suite 1500, Norfolk, VA 23510</u> | | |
| Email: | <u>dcarnes@cwm-law.com</u> | Phone: | <u>(757) 623-3000</u> |
| 8. Mortgage Banker: | <u>Margaret Allen</u> | This is a Related Entity. | <u>FALSE</u> |
| Firm Name: | <u>AGM Financial Services</u> | | |
| Address: | <u>20 South Charles St. Baltimore, MD 21201</u> | | |
| Email: | <u>mallen@agmfinancial.com</u> | Phone: | <u>(443) 573-2045</u> |
| 9. Other: | <u>Peter Behringer</u> | This is a Related Entity. | <u>FALSE</u> |
| Firm Name: | <u>TCG Development Advisors</u> | Role: | <u>Co-Developer with SRHA</u> |
| Address: | <u>348 Thompson Creek Mall, Suite 357 Stevensville, MD 21666</u> | | |
| Email: | <u>behringer@tcgdevelopment.com</u> | Phone: | <u>(301) 807-5244</u> |

F. REHAB INFORMATION

1. Acquisition Credit Information

- a. Credits are being requested for existing buildings being acquired for development..... **FALSE**
If no credits are being requested for existing buildings acquired for the development, skip this tab.
- b. This development has received a previous allocation of credits..... **FALSE**
 If so, in what year did this development receive credits?
- c. The development is listed on the RD 515 Rehabilitation Priority List?..... **FALSE**
- d. This development is an existing RD or HUD S8/236 development..... **FALSE**
Action: (If True, provide required form in **TAB Q**)

Note: If there is an identity of interest between the applicant and the seller in this proposal, and the applicant is seeking points in this category, then the applicant must either waive their rights to the developer's fee or other fees associated with acquisition, or obtain a waiver of this requirement from VHDA prior to application submission to receive these points.

- i. Applicant agrees to waive all rights to any developer's fee or other fees associated with acquisition..... **TRUE**
- ii. Applicant has obtained a waiver of this requirement from VHDA prior to the application submission deadline..... **FALSE**

2. Ten-Year Rule For Acquisition Credits

- a. All buildings satisfy the 10-year look-back rule of IRC Section 42 (d)(2)(B), including the 10% basis/\$15,000 rehab costs (\$10,000 for Tax Exempt Bonds) per unit requirement..... **FALSE**
- b. All buildings qualify for an exception to the 10-year rule under IRC Section 42(d)(2)(D)(i),..... **FALSE**
 - i. Subsection (I)..... **FALSE**
 - ii. Subsection (II)..... **FALSE**
 - iii. Subsection (III)..... **FALSE**
 - iv. Subsection (IV)..... **FALSE**
 - v. Subsection (V)..... **FALSE**
- c. The 10-year rule in IRC Section 42 (d)(2)(B) for all buildings does not apply pursuant to IRC Section 42(d)(6)..... **FALSE**
- d. There are different circumstances for different buildings..... **FALSE**
Action: (If True, provide an explanation for each building in Tab K)

F. REHAB INFORMATION

3. Rehabilitation Credit Information

- a. Credits are being requested for rehabilitation expenditures..... **FALSE**
If no credits are being requested for rehabilitation expenditures, go on to Part 4
- b. **Minimum Expenditure Requirements**
 - i. All buildings in the development satisfy the rehab costs per unit requirement of IRS Section 42(e)(3)(A)(ii)..... **FALSE**
 - ii. All buildings in the development qualify for the IRC Section 42(e)(3)(B) exception to the 10% basis requirement (4% credit only)..... **FALSE**
 - iii. All buildings in the development qualify for the IRC Section 42(f)(5)(B)(ii)(II) exception..... **FALSE**
 - iv. There are different circumstances for different buildings..... **FALSE**
Action: (If True, provide an explanation for each building in Tab K)

4. Request For Exception

- a. The proposed new construction development (including adaptive reuse and rehabilitation that creates additional rental space) is subject to an assessment of up to minus 20 points for being located in a pool identified by the Authority as a pool with little or no increase in rent burdened population..... **FALSE**
- b. Applicant seeks an exception to this restriction in accordance with one of the following provisions under 13VAC10-180-60:
 - i. Proposed development is specialized housing designed to meet special needs that cannot readily be addressed utilizing existing residential structures..... **FALSE**
 - ii. Proposed development is designed to serve as a replacement for housing being demolished through redevelopment..... **FALSE**
 - iii. Proposed development is housing that is an integral part of a neighborhood revitalization project sponsored by a local housing authority..... **FALSE**

Action: If any of 4(b) responses are true, provide documentation at Tab U.

G. NONPROFIT INVOLVEMENT

Applications for 9% Credits - Section must be completed in order to compete in the Non Profit tax credit pool.

All Applicants - Section must be completed to obtain points for nonprofit involvement.

1. Tax Credit Nonprofit Pool Applicants: To qualify for the nonprofit pool, an organization (described in IRC Section 501(c)(3) or 501(c)(4) and exempt from taxation under IRC Section 501(a)) should answer the following questions as TRUE:

- FALSE a. Be authorized to do business in Virginia.
FALSE b. Be substantially based or active in the community of the development.
FALSE c. Materially participate in the development and operation of the development throughout the compliance period...
FALSE d. Own, either directly or through a partnership or limited liability company, 100% of the general partnership or managing member interest.
FALSE e. Not be affiliated with or controlled by a for-profit organization.
FALSE f. Not have been formed for the principal purpose of competition in the Non Profit Pool.
FALSE g. Not have any staff member, officer or member of the board of directors materially participate, directly or indirectly, in the proposed development as a for profit entity.

2. All Applicants: To qualify for points under the ranking system, the nonprofit's involvement need not necessarily satisfy all of the requirements for participation in the nonprofit tax credit pool.

A. Nonprofit Involvement (All Applicants)

There is nonprofit involvement in this development..... FALSE (If false, go on to part III.)

Action: If there is nonprofit involvement, provide completed Non Profit Questionnaire (Mandatory TAB I).

B. Type of involvement:

Nonprofit meets eligibility requirement for points only, not pool..... FALSE

or

Nonprofit meets eligibility requirements for nonprofit pool and points..... FALSE

C. Identity of Nonprofit (All nonprofit applicants):

The nonprofit organization involved in this development is: [Yellow box]

Name: [Yellow box] (Please fit NP name within available space)

Contact Person: [Yellow box]

Street Address: [Yellow box]

City: [Yellow box] State: [Yellow box] Zip: [Yellow box]

Phone: [Yellow box] Extension: [Yellow box] Contact Email: [Yellow box]

G. NONPROFIT INVOLVEMENT

D. Percentage of Nonprofit Ownership (All nonprofit applicants):

Specify the nonprofit entity's percentage ownership of the general partnership interest: 0.0%

3. Nonprofit/Local Housing Authority Purchase Option/Right of First Refusal

A. TRUE After the mandatory 15-year compliance period, a qualified nonprofit or local housing authority will have the option to purchase or the right of first refusal to acquire the development for a price not to exceed the outstanding debt and exit taxes. Such debt must be limited to the original mortgage(s) unless any refinancing is approved by the nonprofit.

Action: Provide Option or Right of First Refusal in Recordable Form **(TAB V)**
Provide Nonprofit Questionnaire (if applicable) **(TAB I)**

Name of qualified nonprofit:

or indicate true if Local Housing Authority TRUE
Name of Local Housing Authority Suffolk Redevelopment and Housing Authority

2. FALSE A qualified nonprofit or local housing authority submits a homeownership plan committing to sell the units in the development after the mandatory 15-year compliance period to tenants whose incomes shall not exceed the applicable income limit at the time of their initial occupancy.

Action: Provide Homeownership Plan **(TAB N)**

H. STRUCTURE AND UNITS INFORMATION

1. General Information

a. Total number of all units in development	93	bedrooms	219
Total number of rental units in development	93	bedrooms	219
Number of low-income rental units	93	bedrooms	219
Percentage of rental units designated low-income	100.00%		
b. Number of new units:.....	93	bedrooms	219
Number of adaptive reuse units:	0	bedrooms	0
Number of rehab units:.....	0	bedrooms	0
c. If any, indicate number of planned exempt units (included in total of all units in development).....			0
d. Total Floor Area For The Entire Development.....		110,982.00	(Sq. ft.)
e. Unheated Floor Area (i.e. Breezeways, Balconies, Storage).....		18,579.00	(Sq. ft.)
f. Nonresidential Commercial Floor Area (Not eligible for funding).....		0.00	
g. Total Usable Residential Heated Area.....		92,403.00	(Sq. ft.)
h. Percentage of Net Rentable Square Feet Deemed To Be New Rental Space		100.00%	
i. Exact area of site in acres	8.790		
j. Locality has approved a final site plan or plan of development..... If True , Provide required documentation (TAB O).		FALSE	
k. Requirement as of 2016: Site must be properly zoned for proposed development. ACTION: Provide required zoning documentation (MANDATORY TAB G)			
l. Development is eligible for Historic Rehab credits.....		FALSE	

Definition:

The structure is historic, by virtue of being listed individually in the National Register of Historic Places, or due to its location in a registered historic district and certified by the Secretary of the Interior as being of historical significance to the district, and the rehabilitation will be completed in such a manner as to be eligible for historic rehabilitation tax credits.

H. STRUCTURE AND UNITS INFORMATION

2. UNIT MIX

a. Specify the average size and number per unit type (as indicated in the Architect's Certification):

Note: Average sq foot should include the prorata of common space.

Unit Type	Average Sq Foot		# of LIHTC Units	Total Rental Units
Supportive Housing	0.00	SF	0	0
1 Story Eff - Elderly	0.00	SF	0	0
1 Story 1BR - Elderly	0.00	SF	0	0
1 Story 2BR - Elderly	0.00	SF	0	0
Eff - Elderly	0.00	SF	0	0
1BR Elderly	0.00	SF	0	0
2BR Elderly	0.00	SF	0	0
Eff - Garden	0.00	SF	0	0
1BR Garden	753.57	SF	17	17
2BR Garden	1009.21	SF	56	56
3BR Garden	1153.83	SF	20	20
4BR Garden	0.00	SF	0	0
2+ Story 2BR Townhouse	0.00	SF	0	0
2+ Story 3BR Townhouse	0.00	SF	0	0
2+ Story 4BR Townhouse	0.00	SF	0	0
			93	93

Note: Please be sure to enter the values in the appropriate unit category. If not, errors will occur on the self scoresheet.

3. Structures

a. Number of Buildings (containing rental units)..... 5

b. Age of Structure:..... 0 years

c. Number of stories:..... 3

d. The development is a scattered site development..... FALSE

e. Commercial Area Intended Use: Not Applicable

f. Project consists primarily of : **(Only One Option Below Can Be True)**

- i. Low Rise Building(s) - (1-5 stories with any structural elements made of wood)..... TRUE
- ii. Mid Rise Building(s) - (5-7 stories with no structural elements made of wood)..... FALSE
- iii. High Rise Building(s) - (8 or more stories with no structural elements made of wood)..... FALSE

H. STRUCTURE AND UNITS INFORMATION

g. Indicate **True** for all development's structural features that apply:

i. Row House/Townhouse	<u>FALSE</u>	v. Detached Single-family	<u>FALSE</u>
ii. Garden Apartments	<u>TRUE</u>	vi. Detached Two-family	<u>FALSE</u>
iii. Slab on Grade	<u>TRUE</u>	vii. Basement	<u>FALSE</u>
iv. Crawl space	<u>FALSE</u>		

h. Development contains an elevator(s). FALSE

If true, # of Elevators. 0

Elevator Type (if known)

i. Roof Type ▶ Pitched

j. Construction Type ▶ Frame

k. Primary Exterior Finish ▶ Brick

4. Site Amenities (indicate all proposed)

a. Business Center.....	<u>FALSE</u>	f. Limited Access.....	<u>FALSE</u>
b. Covered Parking.....	<u>FALSE</u>	g. Playground.....	<u>TRUE</u>
c. Exercise Room.....	<u>FALSE</u>	h. Pool.....	<u>FALSE</u>
d. Gated access to Site.....	<u>FALSE</u>	i. Rental Office.....	<u>TRUE</u>
e. Laundry facilities.....	<u>TRUE</u>	j. Sports Activity Court..	<u>FALSE</u>
		k. Other:	<u>Large Green Space</u>

l. Describe Community Facilities: Comm. Bldg. w/Leasing Office, Meeting Space, Maintenance Facility

m. Number of Proposed Parking Spaces..... 121

Parking is shared with another entity FALSE

n. Development located within 1/2 mile of an existing commuter rail, light rail or subway station or 1/4 mile from existing public bus stop. FALSE

If **True**, Provide required documentation (**TAB K3**).

H. STRUCTURE AND UNITS INFORMATION

5. Plans and Specifications

- a. **Minimum submission requirements for all properties (new construction, rehabilitation and adaptive reuse):**
 - i. A location map with development clearly defined.
 - ii. Sketch plan of the site showing overall dimensions of all building(s), major site elements (e.g., parking lots and location of existing utilities, and water, sewer, electric, gas in the streets adjacent to the site). Contour lines and elevations are not required.
 - iii. Sketch plans of all building(s) reflecting overall dimensions of:
 - a. Typical floor plan(s) showing apartment types and placement
 - b. Ground floor plan(s) showing common areas
 - c. Sketch floor plan(s) of typical dwelling unit(s)
 - d. Typical wall section(s) showing footing, foundation, wall and floor structure
Notes must indicate basic materials in structure, floor and exterior finish.

- b. The following are due at reservation for Tax Exempt 4% Applications and at allocation for 9% Applications.
 - i. Phase I environmental assessment.
 - ii. Physical needs assessment for any rehab only development.

NOTE: All developments must meet VHDA's **Minimum Design and Construction Requirements**. By signing and submitting the Application for Reservation of LIHTC, the applicant certifies that the proposed project budget, plans & specifications and work write-ups incorporate all necessary elements to fulfill these requirements.

6. Market Study Data:

Obtain the following information from the **Market Study** conducted in connection with this tax credit application:

Project Wide Capture Rate - LIHTC Units	4.60%
Project Wide Capture Rate - Market Units	N/A
Project Wide Capture Rate - All Units	4.60%
Project Wide Absorption Period (Months)	3 Months

J. ENHANCEMENTS

Each development must meet the following baseline energy performance standard applicable to the development's construction category.

- a. **New Construction:** must meet all criteria for EPA EnergyStar certification.
- b. **Rehabilitation:** renovation must result in at least a 30% performance increase or score an 80 or lower on the HERS Index.
- c. **Adaptive Reuse:** must score a 95 or lower on the HERS Index.

Certification and HERS Index score must be verified by a third-party, independent, non-affiliated, certified RESNET home energy rater.

Indicate **True** for the following items that apply to the proposed development:

ACTION: Provide Architect Certification (**Mandatory**) and documents related to following items if applicable (**TAB F**)

1. For any development, upon completion of construction/rehabilitation:

- TRUE a. A community/meeting room with a minimum of 749 square feet is provided.
- 85.00% b. Percentage of brick or other similar low-maintenance material approved by the Authority covering the exterior walls. Community buildings are to be included in percentage calculations.
- TRUE c. Water expense is sub-metered (the tenant will pay monthly or bi-monthly bill).
- TRUE d. Each bathroom contains only of WaterSense labeled faucets, toilets and showerheads.
- TRUE e. Each unit is provided with the necessary infrastructure for high-speed internet/broadband service.
- TRUE f. Free WiFi access will be provided in community room for resident only usage.
- FALSE g. Each unit is provided free individual high speed internet access.
- or
- TRUE h. Each unit is provided free individual WiFi access.
- FALSE i. Full bath fans are wired to primary light with delayed timer or has continuous exhaust by ERV/DOAS.
- or
- TRUE j. Full bath fans are equipped with a humidistat.
- TRUE k. Cooking surfaces are equipped with fire prevention features
- or
- FALSE l. Cooking surfaces are equipped with fire suppression features.
- FALSE m. Rehab only: Each unit has dedicated space, drain and electrical hook-ups to accept a permanently installed dehumidification system.
- or
- TRUE n. All Construction types: each unit is equipped with a permanent dehumidification system.
- TRUE o. All interior doors within units are solid core.
- TRUE p. At minimum, one USB charging port in each kitchen, living room and all bedrooms.
- TRUE q. All kitchen light fixtures are LED and meet MDCR lighting guidelines.
- TRUE r. Each unit has a shelf or ledge outside the primary entry door located in an interior hallway.
- TRUE s. New construction only: Each unit to have balcony or patio with a minimum depth of 5 feet clear from face of building and a minimum size of 30 square feet.

For all developments exclusively serving elderly tenants upon completion of construction/rehabilitation:

J. ENHANCEMENTS

- FALSE a. All cooking ranges have front controls.
- FALSE b. Bathrooms have an independent or supplemental heat source.
- FALSE c. All entrance doors have two eye viewers, one at 42" inches and the other at standard height.

2. Green Certification

- a. Applicant agrees to meet the base line energy performance standard applicable to the development's construction category as listed above.

The applicant will also obtain one of the following:

- | | | | |
|--------------------------------|--|--------------------------------|--|
| <input type="checkbox"/> FALSE | Earthcraft Gold or higher certification | <input type="checkbox"/> TRUE | National Green Building Standard (NGBS) certification of Silver or higher. |
| <input type="checkbox"/> FALSE | U.S. Green Building Council LEED certification | <input type="checkbox"/> FALSE | Enterprise Green Communities (EGC) Certification |

If Green Certification is selected, no points will be awarded for d. Watersense Bathroom fixtures above.

Action: If seeking any points associated Green certification, provide appropriate documentation at TAB F.

- b. Applicant will pursue one of the following certifications to be awarded points on a future development application. (Failure to reach this goal will not result in a penalty.)

- | | | | |
|--------------------------------|-------------------------------------|--------------------------------|-------------------------|
| <input type="checkbox"/> FALSE | Zero Energy Ready Home Requirements | <input type="checkbox"/> FALSE | Passive House Standards |
|--------------------------------|-------------------------------------|--------------------------------|-------------------------|

3. Universal Design - Units Meeting Universal Design Standards (units must be shown on Plans)

- TRUE a. Architect of record certifies that units will be constructed to meet VHDA's Universal Design standards.
- b. Number of Rental Units constructed to meet VHDA's Universal Design standards:
 % of Total Rental Units

- 4. FALSE Market-rate units' amenities are substantially equivalent to those of the low income units.

If not, please explain:

No Market Units Contemplated

I. UTILITIES

1. Describe the Heating/AC System:

Split System Electric Heat Pump

2. Services Included:

Utilities	Type of Utility (Gas, Electric, Oil, etc.)	Utilities ▶ Paid by:	Enter Allowances by Bedroom Size				
			0-bdr	1-bdr	2-bdr	3-bdr	4-br
Heating	Electric	Tenant	0	66	76	83	0
Air Conditioning	Electric	Tenant	0	0	0	0	0
Cooking	Electric	Tenant	0	0	0	0	0
Lighting	Electric	Tenant	0	0	0	0	0
Hot Water	Electric	Tenant	0	0	0	0	0
Water	Includes Sewer	Tenant	0	80	118	155	0
Sewer		Owner	0	0	0	0	0
Trash		Owner	0	0	0	0	0
Total utility allowance for costs paid by tenant			\$0	\$146	\$194	\$238	\$0

3. The following sources were used for Utility Allowance Calculation (Provide documentation **TAB R**).

- a. FALSE HUD
- b. FALSE Utility Company (Estimate)
- c. FALSE Utility Company (Actual Survey)
- d. FALSE Local PHA
- e. TRUE Other: ProCraft Inspection Services

Warning: The VHDA housing choice voucher program utility schedule shown on VHDA.com should not be used unless directed to do so by the local housing authority.

K. SPECIAL HOUSING NEEDS

NOTE: Any Applicant commits to providing first preference to members of targeted populations having state rental assistance and will not impose any eligibility requirements or lease terms for such individuals that are more restrictive than its standard requirements and terms, the terms of the MOU establishing the target population, or the eligibility requirements for the state rental assistance.

1. **Accessibility:** Indicate **True** for the following point categories, as appropriate.

Action: Provide appropriate documentation (**Tab X**)

TRUE

a. Any development in which (i) the greater of 5 units or 10% of units will be assisted by HUD project-based vouchers (as evidenced by the submission of a letter satisfactory to the Authority from an authorized public housing authority (PHA) that the development meets all prerequisites for such assistance), or another form of documented and binding federal project-based rent subsidies in order to ensure occupancy by extremely low-income persons. Locality project based rental subsidy meets the definition of state project based rental subsidy;

(ii) will conform to HUD regulations interpreting the accessibility requirements of section 504 of the Rehabilitation Act; and be actively marketed to persons with disabilities as defined in the Fair Housing Act in accordance with a plan submitted as part of the application for credits.

(iii) above must include roll-in showers, roll under sinks and front control ranges, unless agreed to by the Authority prior to the applicant's submission of its application.

Documentation from source of assistance must be provided with the application.

Note: Subsidies may apply to any units, not only those built to satisfy Section 504.

(60 points)

FALSE

b. Any development in which the greater of 5 units or 10% of the units (i) have rents within HUD's Housing Choice Voucher ("HCV") payment standard; (ii) conform to HUD regulations interpreting the accessibility requirements of section 504 of the Rehabilitation Act; and (iii) are actively marketed to persons with disabilities as defined in the Fair Housing Act in accordance with a plan submitted as part of the application for credits (30 points)

FALSE

c. Any development in which 5% of the units (i) conform to HUD regulations interpreting the accessibility requirements of section 504 of the Rehabilitation Act and (ii) are actively marketed to persons with disabilities as defined in the Fair Housing Act in accordance with a plan submitted as part of this application for credits. (15 points)

For items a,b or c, all common space must also conform to HUD regulations interpreting the accessibility Rehabilitation Act.

K. SPECIAL HOUSING NEEDS

2. Special Housing Needs/Leasing Preference:

a. If not general population, select applicable special population:

- FALSE Elderly (as defined by the United States Fair Housing Act.)
- FALSE Persons with Disabilities (must meet the requirements of the Federal Americans with Disabilities Act) - Accessible Supportive Housing Pool only
- FALSE Supportive Housing (as described in the Tax Credit Manual)

Action: Provide Permanent Supportive Housing Certification (**Tab S**)

b. The development has existing tenants and a relocation plan has been developed..... **TRUE**

(If **True**, VHDA policy requires that the impact of economic and/or physical displacement on those tenants be minimized, in which Owners agree to abide by the Authority's Relocation Guidelines for LIHTC properties.)

Action: Provide Relocation Plan (**Mandatory if tenants are displaced - Tab J**)

3. Leasing Preferences

a. Will leasing preference be given to applicants on a public housing waiting list and/or Section 8 waiting list? select: **Yes**

Organization which holds such waiting list: **Suffolk Redevelopment and Housing Authority**

Contact person: **Lysandra Shaw**

Title: **Director of Development**

Phone Number **(757) 925-6412**

Action: Provide required notification documentation (**TAB L**)

b. Leasing preference will be given to individuals and families with children..... **TRUE**

(Less than or equal to 20% of the units must have of 1 or less bedrooms).

c. Specify the number of low-income units that will serve individuals and families with children by providing three or more bedrooms: **20**

% of total Low Income Units **22%**

NOTE: Development must utilize a **VHDA Certified Management Agent**. Proof of management certification must be provided before 8609s are issued.

K. SPECIAL HOUSING NEEDS

4. Rental Assistance

a. Some of the low-income units do or will receive rental assistance..... TRUE

b. Indicate True if rental assistance will be available from the following

- TRUE Rental Assistance Demonstration (RAD) or other PHA conversion to based rental assistance.
- FALSE Section 8 New Construction Substantial Rehabilitation
- FALSE Section 8 Moderate Rehabilitation
- FALSE Section 8 Certificates
- TRUE Section 8 Project Based Assistance
- FALSE RD 515 Rental Assistance
- FALSE Section 8 Vouchers
- FALSE State Assistance
- FALSE Other: _____

c. The Project Based vouchers above are applicable to the 30% units seeking points. n FALSE

i. If True above, how many of the 30% units will not have project based vouchers? _____

d. Number of units receiving assistance:	<u>93</u>
How many years in rental assistance contract?	<u>20.00</u>
Expiration date of contract:	<u>9/30/2039</u>
There is an Option to Renew.....	<u>TRUE</u>

Action: Contract or other agreement provided **(TAB Q)**.

L. UNIT DETAILS

1. Set-Aside Election:

UNITS SELECTED IN INCOME AND RENT DETERMINE POINTS FOR THE BONUS POINT CATEGORY

Note: In order to qualify for any tax credits, a development must meet one of two minimum threshold occupancy tests. Either (i) at least 20% of the units must be rent-restricted and occupied by persons whose incomes are 50% or less of the area median income adjusted for family size (this is called the 20/50 test) or (ii) at least 40% of the units must be rent-restricted and occupied by persons whose incomes are 60% or less of the area median income adjusted for family size (this is called the 40/60 test), all as described in Section 42 of the IRC. Rent-and income-restricted units are known as low-income units. If you have more low-income units than required, you qualify for more credits. If you serve lower incomes than required, you receive more points under the ranking system.

a. Units Provided Per Household Type:

Income Levels		
# of Units	% of Units	
0	0.00%	20% Area Median
0	0.00%	30% Area Median
10	10.75%	40% Area Median
46	49.46%	50% Area Median
37	39.78%	60% Area Median
0	0.00%	70% Area Median
0	0.00%	80% Area Median
0	0.00%	Market Units
93	99.99%	Total

Rent Levels		
# of Units	% of Units	
0	0.00%	20% Area Median
0	0.00%	30% Area Median
10	10.75%	40% Area Median
46	49.46%	50% Area Median
37	39.78%	60% Area Median
0	0.00%	70% Area Median
0	0.00%	80% Area Median
0	0.00%	Market Units
93	99.99%	Total

- b. The development plans to utilize income averaging..... **FALSE**
 If above is true, should the points based on the units assigned to the levels above **be waived** and therefore not required for compliance?
 20-30% Levels **FALSE** 40% Levels **FALSE** 50% Levels **FALSE**

2. Unit Detail

FOR YOUR CONVENIENCE, COPY AND PASTE IS ALLOWED WITHIN UNIT MIX GRID

In the following grid, add a row for each unique unit type planned within the development. Enter the appropriate data for both tax credit and market rate units.

	Unit Type (Select One)	Rent Target (Select One)	Number of Units	Number of Units 504 compliant	Net Rentable Square Feet	Monthly Rent Per Unit	Total Monthly Rent
Mix 1	1 BR - 1 Bath	40% AMI	2		650.00	\$800.00	\$1,600
Mix 2	1 BR - 1 Bath	50% AMI	12	1	650.00	\$800.00	\$9,600
Mix 3	1 BR - 1 Bath	60% AMI	3		650.00	\$800.00	\$2,400
Mix 4	2 BR - 2 Bath	40% AMI	6	1	863.00	\$847.00	\$5,082
Mix 5	2 BR - 2 Bath	50% AMI	24	2	863.00	\$847.00	\$20,328
Mix 6	2 BR - 2 Bath	60% AMI	26	2	863.00	\$847.00	\$22,022
Mix 7	3 BR - 2 Bath	40% AMI	2	2	989.00	\$1,221.00	\$2,442
Mix 8	3 BR - 2 Bath	50% AMI	10		989.00	\$1,221.00	\$12,210
Mix 9	3 BR - 2 Bath	60% AMI	8	2	989.00	\$1,221.00	\$9,768
Mix 10							\$0
Mix 11							\$0
Mix 12							\$0
Mix 13							\$0
Mix 14							\$0
Mix 15							\$0
Mix 16							\$0
Mix 17							\$0
Mix 18							\$0
Mix 19							\$0
Mix 20							\$0
Mix 21							\$0
Mix 22							\$0

L. UNIT DETAILS

Mix 23								\$0
Mix 24								\$0
Mix 25								\$0
Mix 26								\$0
Mix 27								\$0
Mix 28								\$0
Mix 29								\$0
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Mix 79								\$0
Mix 80								\$0
Mix 81								\$0

L. UNIT DETAILS

Mix 82							\$0
Mix 83							\$0
Mix 84							\$0
Mix 85							\$0
Mix 86							\$0
Mix 87							\$0
Mix 88							\$0
Mix 89							\$0
Mix 90							\$0
Mix 91							\$0
Mix 92							\$0
Mix 93							\$0
Mix 94							\$0
Mix 95							\$0
Mix 96							\$0
Mix 97							\$0
Mix 98							\$0
Mix 99							\$0
Mix 100							\$0
TOTALS			93	10	7,506.00	\$8,604	\$85,452

Total Units	93	Net Rentable SF:	TC Units	79,158.00
			MKT Units	0.00
			Total NR SF:	79,158.00

Floor Space Fraction (to 7 decimals)	100.00000%
---	-------------------

M. OPERATING EXPENSES

			Use Whole Numbers Only!
Administrative:			
1. Advertising/Marketing			\$2,000
2. Office Salaries			\$75,000
3. Office Supplies			\$2,300
4. Office/Model Apartment	(type _____)		\$0
5. Management Fee			\$61,996
<u>6.45%</u> of EGI	<u>\$666.62</u>	Per Unit	
6. Manager Salaries			\$15,000
7. Staff Unit (s)	(type _____)		\$0
8. Legal			\$4,000
9. Auditing			\$3,000
10. Bookkeeping/Accounting Fees			\$0
11. Telephone & Answering Service			\$7,000
12. Tax Credit Monitoring Fee			\$2,520
13. Miscellaneous Administrative			\$5,000
Total Administrative			\$177,816
Utilities			
14. Fuel Oil			\$0
15. Electricity			\$12,230
16. Water			\$4,650
17. Gas			\$0
18. Sewer			\$5,115
Total Utility			\$21,995
Operating:			
19. Janitor/Cleaning Payroll			\$15,000
20. Janitor/Cleaning Supplies			\$500
21. Janitor/Cleaning Contract			\$0
22. Exterminating			\$6,000
23. Trash Removal			\$11,000
24. Security Payroll/Contract			\$10,000
25. Grounds Payroll			\$0
26. Grounds Supplies			\$0
27. Grounds Contract			\$10,000
28. Maintenance/Repairs Payroll			\$40,000
29. Repairs/Material			\$24,847
30. Repairs Contract			\$7,000
31. Elevator Maintenance/Contract			\$0
32. Heating/Cooling Repairs & Maintenance			\$2,000
33. Pool Maintenance/Contract/Staff			\$0
34. Snow Removal			\$0
35. Decorating/Payroll/Contract			\$15,000
36. Decorating Supplies			\$0
37. Miscellaneous			\$9,000
Totals Operating & Maintenance			\$150,347

M. OPERATING EXPENSES

Taxes & Insurance

38. Real Estate Taxes	\$0
39. Payroll Taxes	\$5,000
40. Miscellaneous Taxes/Licenses/Permits	\$0
41. Property & Liability Insurance	\$25,344
42. Fidelity Bond	\$0
43. Workman's Compensation	\$2,500
44. Health Insurance & Employee Benefits	\$38,000
45. Other Insurance	\$0
Total Taxes & Insurance	\$70,844

Total Operating Expense	\$421,002
--------------------------------	------------------

Total Operating Expenses Per Unit	\$4,527	C. Total Operating Expenses as % of EGI	43.78%
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Replacement Reserves (Total # Units X \$300 or \$250 New Const. Elderly Minimum)	\$27,900
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Total Expenses	\$448,902
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ACTION: Provide Documentation of Operating Budget at **Tab R** if applicable.

2019 Low-Income Housing Tax Credit Application For Reservation

N. PROJECT SCHEDULE

ACTIVITY	ACTUAL OR ANTICIPATED DATE	NAME OF RESPONSIBLE PERSON
1. SITE		
a. Option/Contract	2/15/2019	Lysandra Shaw
b. Site Acquisition	11/1/2019	Lysandra Shaw
c. Zoning Approval	1/2/2019	Lysandra Shaw
d. Site Plan Approval	6/1/2019	Lysandra Shaw
2. Financing		
a. Construction Loan		
i. Loan Application	12/1/2018	Peter Behringer
ii. Conditional Commitment	1/31/2019	Peter Behringer
iii. Firm Commitment	6/1/2019	Peter Behringer
b. Permanent Loan - First Lien		
i. Loan Application	12/1/2018	Peter Behringer
ii. Conditional Commitment	1/31/2019	Peter Behringer
iii. Firm Commitment	6/1/2019	Peter Behringer
c. Permanent Loan-Second Lien		
i. Loan Application	12/1/2018	Peter Behringer
ii. Conditional Commitment	1/31/2019	Peter Behringer
iii. Firm Commitment	6/1/2019	Peter Behringer
d. Other Loans & Grants		
i. Type & Source, List		
ii. Application		
iii. Award/Commitment		
2. Formation of Owner	2/15/2019	Lysandra Shaw
3. IRS Approval of Nonprofit Status	N/A	
4. Closing and Transfer of Property to Owner	11/1/2019	Peter Behringer
5. Plans and Specifications, Working Drawings	7/1/2019	Peter Behringer
6. Building Permit Issued by Local Government	10/15/2019	Peter Behringer
7. Start Construction	12/1/2019	Peter Behringer
8. Begin Lease-up	6/1/2020	Lysandra Shaw
9. Complete Construction	12/1/2020	Peter Behringer
10. Complete Lease-Up	3/1/2021	Lysandra Shaw
11. Credit Placed in Service Date	3/1/2021	Peter Behringer

2019 Low-Income Housing Tax Credit Application For Reservation

O. PROJECT BUDGET - HARD COSTS

Cost/Basis/Maximum Allowable Credit

Complete cost column and basis column(s) as appropriate

Note: Attorney must opine, among other things, as to correctness of the inclusion of each cost item in eligible basis, type of credit and numerical calculations included in Project Budget.

Item	(A) Cost	Amount of Cost up to 100% Includable in Eligible Basis--Use Applicable Column(s):		
		"30% Present Value Credit"		(D)
		(B) Acquisition	(C) Rehab/ New Construction	"70 % Present Value Credit"
1. Contractor Cost				
a. Unit Structures (New)	8,876,390	0	0	8,876,390
b. Unit Structures (Rehab)	0	0	0	0
c. Non Residential Structures	0	0	0	0
d. Commercial Space Costs	0	0	0	0
e. Structured Parking Garage	0	0	0	0
Total Structure	8,876,390	0	0	8,876,390
f. Earthwork	275,000	0	0	275,000
g. Site Utilities	1,190,000	0	0	1,190,000
h. Roads & Walks	656,500	0	0	656,500
i. Site Improvements	353,500	0	0	353,500
j. Lawns & Planting	55,000	0	0	55,000
k. Engineering	0	0	0	0
l. Off-Site Improvements	0	0	0	0
m. Site Environmental Mitigation	0	0	0	0
n. Demolition	1,548,908	0	0	0
o. Site Work	0	0	0	0
p. Other Site work	0	0	0	0
Total Land Improvements	4,078,908	0	0	2,530,000
Total Structure and Land	12,955,298	0	0	11,406,390
q. General Requirements	777,318	0	0	777,318
r. Builder's Overhead (2.0% Contract)	259,106	0	0	259,106
s. Builder's Profit (6.0% Contract)	777,318	0	0	777,318
t. Bonds	0	0	0	0
u. Building Permits	0	0	0	0
v. Special Construction	0	0	0	0
w. Special Equipment	0	0	0	0
x. Other 1:	0	0	0	0
y. Other 2:	0	0	0	0
z. Other 3:	0	0	0	0
Contractor Costs	\$14,769,040	\$0	\$0	\$13,220,132

O. PROJECT BUDGET - OWNER COSTS

MUST USE WHOLE NUMBERS ONLY!

Item	(A) Cost	Amount of Cost up to 100% Includable in Eligible Basis--Use Applicable Column(s):		
		"30% Present Value Credit"		(D)
		(B) Acquisition	(C) Rehab/ New Construction	"70 % Present Value Credit"
2. Owner Costs				
a. Building Permit	46,500	0	0	46,500
b. Architecture/Engineering Design Fee \$2,462 /Unit)	229,000	0	0	229,000
c. Architecture Supervision Fee \$584 /Unit)	54,300	0	0	54,300
d. Tap Fees	0	0	0	0
e. Environmental	15,000	0	0	15,000
f. Soil Borings	10,000	0	0	10,000
g. EarthCraft/LEED	31,200	0	0	31,200
h. Appraisal	15,000	0	0	15,000
i. Market Study	4,600	0	0	4,600
j. Site Engineering / Survey	137,500	0	0	137,500
k. Construction/Development Mgt	0	0	0	0
l. Structural/Mechanical Study	0	0	0	0
m. Construction Loan Origination Fee	61,005	0	0	61,005
n. Construction Interest (5.1% for 18 months)	337,365	0	0	204,919
o. Taxes During Construction	0	0	0	0
p. Insurance During Construction	75,100	0	0	75,100
q. Permanent Loan Fee (1.5%)	110,245	0	0	0
r. Other Permanent Loan Fees	0	0	0	0
s. Letter of Credit	294,000	0	0	294,000
t. Cost Certification Fee	20,000	0	0	20,000
u. Accounting	0	0	0	0
v. Title and Recording	45,000	0	0	27,000
w. Legal Fees for Closing	163,500	0	0	122,625
x. Mortgage Banker	0	0	0	0
y. Tax Credit Fee	71,000			
z. Tenant Relocation	0	0	0	0
aa. Fixtures, Furnitures and Equipment	50,000	0	0	50,000
ab. Organization Costs	1,500	0	0	1,500
ac. Operating Reserve	436,108	0	0	0
ad. Contingency	661,007	0	0	661,007
ae. Security	0	0	0	0
af. Utilities	0	0	0	0
(1) Other* specify: FHA MIP	36,750	0	0	36,750
(2) Other* specify: Sec. 18 Cap. Needs Assmnt	10,000	0	0	10,000
(3) Other* specify: Syndication Cost	30,000	0	0	0
(4) Other* specify: Rent Up Cost	78,871	0	0	78,871
(5) Other * specify: Pmt. & Performance Bond	154,300	0	0	154,300
(6) Other* specify: Lender Due Diligence	21,000	0	0	17,500

O. PROJECT BUDGET - OWNER COSTS

(7) Other* specify: FHA Intl. Op. Deficit Allow.	167,865	0	0	0
(8) Other* specify:	0	0	0	0
(9) Other* specify:	0	0	0	0
(10) Other* specify:	0	0	0	0
Owner Costs Subtotal (Sum 2A..2(10))	\$3,367,716	\$0	\$0	\$2,357,677
Subtotal 1 + 2 (Owner + Contractor Costs)	\$18,136,756	\$0	\$0	\$15,577,809
3. Developer's Fees	1,992,540	0	0	1,992,540
4. Owner's Acquisition Costs				
Land	635,000			
Existing Improvements	760,000	0		
Subtotal 4:	\$1,395,000	\$0		
5. Total Development Costs				
Subtotal 1+2+3+4:	\$21,524,296	\$0	\$0	\$17,570,349

If this application seeks rehab credits only, in which there is no acquisition and **no change in ownership**, enter the greater of appraised value or tax assessment value here:

(Provide documentation at Tab E)

\$0	Land
\$0	Building

Maximum Developer Fee:

\$1,992,540

Proposed Development's Cost per Unit:
per Sq Foot
Applicable Cost Limit per unit:

\$231,444 **Meets Limits**
\$181 **Meets Limits**
\$259,224

2019 Low-Income Housing Tax Credit Application For Reservation

P. ELIGIBLE BASIS CALCULATION

Item	(A) Cost	Amount of Cost up to 100% Includable in Eligible Basis--Use Applicable Column(s):		
		"30 % Present Value Credit"		(D) "70 % Present Value Credit"
		(B) Acquisition	(C) Rehab/ New Construction	
1. Total Development Costs	21,524,296	0	0	17,570,349
2. Reductions in Eligible Basis				
a. Amount of federal grant(s) used to finance qualifying development costs		0	0	0
b. Amount of nonqualified, nonrecourse financing		0	0	0
c. Costs of nonqualifying units of higher quality (or excess portion thereof)		0	0	0
d. Historic Tax Credit (residential portion)		0	0	0
3. Total Eligible Basis (1 - 2 above)		0	0	17,570,349
4. Adjustment(s) to Eligible Basis (For non-acquisition costs in eligible basis)				
a. For QCT or DDA (Eligible Basis x 30%)			0	5,271,105
<i>State Designated Basis Boosts:</i>				
b. For Revitalization or Supportive Housing (Eligible Basis x 30%)			0	0
c. For Green Certification (Eligible Basis x 10%)				0
Total Adjusted Eligible basis			0	22,841,454
5. Applicable Fraction		100.00000%	100.00000%	100.00000%
6. Total Qualified Basis (Eligible Basis x Applicable Fraction)		0	0	22,841,454
7. Applicable Percentage <i>(Beginning with 2016 Allocations, use the standard 9% rate.)</i> <i>(For tax exempt bonds, use the most recently published rates.)</i>		0.00%	0.00%	9.00%
8. Maximum Allowable Credit under IRC §42 (Qualified Basis x Applicable Percentage) (Must be same as BIN total and equal to or less than credit amount allowed)		\$0	\$0	\$2,055,731
		\$2,055,731 Combined 30% & 70% P. V. Credit		

2019 Low-Income Housing Tax Credit Application For Reservation

Q. SOURCES OF FUNDS

Action: Provide Documentation for all Funding Sources at **Tab T**

1. Construction Financing: List individually the sources of construction financing, including any such loans financed through grant sources:

Source of Funds	Date of Application	Date of Commitment	Amount of Funds	Name of Contact Person
1. AGM Financial Services	02/04/19	02/20/19	\$7,811,750	Andrew Severt
2. Suffolk RHA	02/04/19	02/20/19	\$3,545,000	Lysandra Shaw
3. City of Suffolk (SRHA)	02/04/19	02/20/19	\$350,000	Lysandra Shaw
Total Construction Funding:			\$11,706,750	

2. Permanent Financing: List individually the sources of all permanent financing in order of lien position:

Source of Funds	Date of Application	Date of Commitment	<i>(Whole Numbers only)</i>		Interest Rate of Loan	Amortization Period IN YEARS	Term of Loan (years)
			Amount of Funds	Annual Debt Service Cost			
1. AGM Financial Services	2/4/2019	2/20/2019	\$7,811,800	\$447,063	4.92%	40.00	40.00
2. Suffolk RHA Take Back Loan	2/4/2019	2/20/2019	\$1,395,000		0.00%	40.00	40.00
3. Suffolk RHA City of Suffolk	2/4/2019	2/20/2019	\$2,000,000		0.00%	40.00	40.00
4. Suffolk RHA AHP	2/4/2019	2/20/2019	\$500,000		0.00%	40.00	40.00
5.							
6.							
7.							
8.							
9.							
10.							
Total Permanent Funding:			\$11,706,800	\$447,063			

3. Grants: List all grants provided for the development:

Source of Funds	Date of Application	Date of Commitment	Amount of Funds	Name of Contact Person
1.				
2.				
3.				
4.				
5.				
6.				
Total Permanent Grants:			\$0	

Q. SOURCES OF FUNDS

4. Subsidized Funding

	Source of Funds	Date of Commitment	Amount of Funds
1.	Suffolk RHA Loan		\$1,650,000
2.	Suffolk RHA Take Back Loan		\$1,395,000
3.	Suffolk RHA Loan - City		\$350,000
4.	Suffolk RHA Loan - AHP		\$500,000
5.			
Total Subsidized Funding			\$3,895,000

5. Recap of Federal, State, and Local Funds

Portions of the sources of funds described above for the development are financed directly or indirectly with Federal, State, or Local Government Funds..... **TRUE**

If above is **True**, then list the amount of money involved by all appropriate types.

Below-Market Loans

a.	Tax Exempt Bonds	\$0
b.	RD 515	\$0
c.	Section 221(d)(3)	\$0
d.	Section 312	\$0
e.	Section 236	\$0
f.	VHDA SPARC/REACH	\$0
g.	HOME Funds	\$0
h.	Other: SRHA Take-Back	\$1,395,000
i.	Other: SRHA & City/AHP	\$2,500,000

Market-Rate Loans

a.	Taxable Bonds	\$0
b.	Section 220	\$0
c.	Section 221(d)(3)	\$0
d.	Section 221(d)(4)	\$7,811,800
e.	Section 236	\$0
f.	Section 223(f)	\$0
g.	Other:	\$0

Grants*

a.	CDBG	\$0
b.	UDAG	\$0

Grants

c.	State	
d.	Local	
e.	Other:	

*This means grants to the partnership. If you received a loan financed by a locality which received one of the listed grants, please list it in the appropriate loan column as "other" and describe the applicable grant program which funded it.

Q. SOURCES OF FUNDS

6. For Transactions Using Tax-Exempt Bonds Seeking 4% Credits:

For purposes of the 50% Test, and based only on the data entered to this application, the portion of the aggregate basis of buildings and land financed with tax-exempt funds is: N/A

7. Some of the development's financing has credit enhancements..... TRUE

If **True**, list which financing and describe the credit enhancement:

AGM Financial Services Construction, GNMA Perm with FHA 221(d)4 mortgage insurance

8. Other Subsidies **Action:** Provide documentation (**Tab Q**)

a. TRUE Real Estate Tax Abatement on the increase in the value of the development.

b. TRUE **New** project based subsidy from HUD or Rural Development for the greater of 5 or 10% of the units in the development.

c. FALSE Other _____

9. A HUD approval for transfer of physical asset is required..... TRUE

R. EQUITY

1. Equity

a. Portion of Syndication Proceeds Attributable to Historic Tax Credit			
Amount of Federal historic credits	\$0	x Equity \$	\$0.000 = \$0
Amount of Virginia historic credits	\$0	x Equity \$	\$0.000 = \$0
b. Equity that Sponsor will Fund:			
i. Cash Investment	\$0		
ii. Contributed Land/Building	\$0		
iii. Deferred Developer Fee	\$667,497	(Note: Deferred Developer Fee cannot be negative.)	
iv. Other:	\$0		
Equity Total	\$667,497		

2. Equity Gap Calculation

a. Total Development Cost	\$21,524,296
b. Total of Permanent Funding, Grants and Equity	- \$12,374,297
c. Equity Gap	\$9,149,999
d. Developer Equity	- \$914
e. Equity gap to be funded with low-income tax credit proceeds	\$9,149,085

3. Syndication Information (If Applicable)

a. Actual or Anticipated Name of Syndicator:	Red Stone Equity Partners		
Contact Person:	Robert Vest	Phone:	(704) 200-9505
Street Address:	6000 Fairview RD., Suite 1200		
City:	Charlotte	State:	NC
		Zip:	28211
b. Syndication Equity			
i. Anticipated Annual Credits	\$1,000,000.00		
ii. Equity Dollars Per Credit (e.g., \$0.85 per dollar of credit)	\$0.915		
iii. Percent of ownership entity (e.g., 99% or 99.9%)	99.99000%		
iv. Syndication costs not included in Total Development Costs (e.g., advisory fees)	\$0		
v. Net credit amount anticipated by user of credits	\$999,900		
vi. Total to be paid by anticipated users of credit (e.g., limited partners)	\$9,149,085		
c. Syndication:	Private		
d. Investors:	Corporate		

4. Net Syndication Amount

Which will be used to pay for Total Development Costs \$9,149,085

5. Net Equity Factor

Must be equal to or greater than 85% 91.5000000000%

S. DETERMINATION OF RESERVATION AMOUNT NEEDED

The following calculation of the amount of credits needed is substantially the same as the calculation which will be made by VHDA to determine, as required by the IRC, the amount of credits which may be allocated for the development. However, VHDA at all times retains the right to substitute such information and assumptions as are determined by VHDA to be reasonable for the information and assumptions provided herein as to costs (including development fees, profits, etc.), sources for funding, expected equity, etc. Accordingly, if the development is selected by VHDA for a reservation of credits, the amount of such reservation may differ significantly from the amount you compute below.

1. Total Development Costs		<u>\$21,524,296</u>
2. Less Total of Permanent Funding, Grants and Equity	-	<u>\$12,374,297</u>
3. Equals Equity Gap		<u>\$9,149,999</u>
4. Divided by Net Equity Factor (Percent of 10-year credit expected to be raised as equity investment)		<u>91.5000000000%</u>
5. Equals Ten-Year Credit Amount Needed to Fund Gap		<u>\$9,999,999</u>
Divided by ten years		<u>10</u>
6. Equals Annual Tax Credit Required to Fund the Equity Gap		<u>\$1,000,000</u>
7. Maximum Allowable Credit Amount (from Eligible Basis Calculation)		<u>\$2,055,731</u>
8. Requested Credit Amount	For 30% PV Credit:	<u>\$0</u>
	For 70% PV Credit:	<u>\$1,000,000</u>
Credit per LI Units	<u>\$10,752.6882</u>	
Credit per LI Bedroom	<u>\$4,566.2100</u>	
	Combined 30% & 70% PV Credit Requested	\$1,000,000

9. **Action:** Provide Attorney's Opinion (**Mandatory Tab H**)

T. CASH FLOW

1. Revenue

Indicate the estimated monthly income for the **Low-Income Units** (based on Unit Details tab):

Total Monthly Rental Income for LIHTC Units	\$85,452
Plus Other Income Source (list): <u>Laundry & Late Fees (\$720)</u>	<u>\$720</u>
Equals Total Monthly Income:	<u>\$86,172</u>
Twelve Months	x12
Equals Annual Gross Potential Income	\$1,034,064
Less Vacancy Allowance <u>7.0%</u>	<u>\$72,384</u>
Equals Annual Effective Gross Income (EGI) - Low Income Units	<u>\$961,680</u>

2. Indicate the estimated monthly income for the **Market Rate Units** (based on Unit Details tab):

Total Monthly Income for Market Rate Units:	\$0
Plus Other Income Source (list): <u></u>	<u>\$0</u>
Equals Total Monthly Income:	<u>\$0</u>
Twelve Months	x12
Equals Annual Gross Potential Income	\$0
Less Vacancy Allowance <u>0.0%</u>	<u>\$0</u>
Equals Annual Effective Gross Income (EGI) - Market Rate Units	<u>\$0</u>

Action: Provide documentation in support of Operating Budget (TAB R)

3. Cash Flow (First Year)

a. Annual EGI Low-Income Units	\$961,680
b. Annual EGI Market Units	\$0
c. Total Effective Gross Income	\$961,680
d. Total Expenses	\$448,902
e. Net Operating Income	\$512,778
f. Total Annual Debt Service	\$447,063
g. Cash Flow Available for Distribution	\$65,715

T. CASH FLOW

4. Projections for Financial Feasibility - 15 Year Projections of Cash Flow

	Stabilized Year 1	Year 2	Year 3	Year 4	Year 5
Eff. Gross Income	961,680	980,913	1,000,531	1,020,542	1,040,953
Less Oper. Expenses	448,902	462,369	476,240	490,527	505,243
Net Income	512,778	518,544	524,291	530,015	535,710
Less Debt Service	447,063	447,063	447,063	447,063	447,063
Cash Flow	65,715	71,481	77,228	82,952	88,647
Debt Coverage Ratio	1.15	1.16	1.17	1.19	1.20

	Year 6	Year 7	Year 8	Year 9	Year 10
Eff. Gross Income	1,061,772	1,083,007	1,104,667	1,126,761	1,149,296
Less Oper. Expenses	520,400	536,012	552,093	568,656	585,715
Net Income	541,371	546,995	552,575	558,105	563,581
Less Debt Service	447,063	447,063	447,063	447,063	447,063
Cash Flow	94,308	99,932	105,512	111,042	116,518
Debt Coverage Ratio	1.21	1.22	1.24	1.25	1.26

	Year 11	Year 12	Year 13	Year 14	Year 15
Eff. Gross Income	1,172,282	1,195,728	1,219,642	1,244,035	1,268,916
Less Oper. Expenses	603,287	621,385	640,027	659,228	679,005
Net Income	568,995	574,342	579,615	584,807	589,911
Less Debt Service	447,063	447,063	447,063	447,063	447,063
Cash Flow	121,932	127,279	132,552	137,744	142,848
Debt Coverage Ratio	1.27	1.28	1.30	1.31	1.32

Estimated Annual Percentage Increase in Revenue 2.00% (Must be \leq 2%)
 Estimated Annual Percentage Increase in Expenses 3.00% (Must be \geq 3%)

U. Building-by-Building Information

Must Complete

Qualified basis must be determined on a building-by building basis. Complete the section below. Building street addresses are required by the IRS (must have them by the time of allocation request).

Number of BINS: 5

FOR YOUR CONVENIENCE, COPY AND PASTE IS ALLOWED WITHIN BUILDING GRID

Bldg #	BIN if known	NUMBER OF		30% Present Value Credit for Acquisition				30% Present Value Credit for Rehab / New Construction				70% Present Value Credit									
		TAX CREDIT UNITS	MARKET RATE UNITS	Street Address 1	Street Address 2	City	State	Zip	Estimate Qualified Basis	Actual or Anticipated In-Service Date	Applicable Percentage	Credit Amount	Estimate Qualified Basis	Actual or Anticipated In-Service Date	Applicable Percentage	Credit Amount	Estimate Qualified Basis	Actual or Anticipated In-Service Date	Applicable Percentage	Credit Amount	
1.		24	0	Building A1		Suffolk	VA	23434				\$0				\$0	\$5,936,242	03/01/21	4.38%	\$259,889	
2.		24	0	Building A2		Suffolk	VA	23434				\$0				\$0	\$5,936,242	03/01/21	4.38%	\$259,889	
3.		21	0	Building B		Suffolk	VA	23434				\$0				\$0	\$4,418,171	03/01/21	4.38%	\$193,428	
4.		12	0	Building C		Suffolk	VA	23434				\$0				\$0	\$3,186,797	03/01/21	4.38%	\$139,518	
5.		12	0	Building D		Suffolk	VA	23434				\$0				\$0	\$3,364,002	03/01/21	4.38%	\$147,277	
6.												\$0				\$0				\$0	
7.												\$0				\$0				\$0	
8.												\$0				\$0				\$0	
9.												\$0				\$0				\$0	
10.												\$0				\$0				\$0	
11.												\$0				\$0				\$0	
12.												\$0				\$0				\$0	
13.												\$0				\$0				\$0	
14.												\$0				\$0				\$0	
15.												\$0				\$0				\$0	
16.												\$0				\$0				\$0	
17.												\$0				\$0				\$0	
18.												\$0				\$0				\$0	
19.												\$0				\$0				\$0	
20.												\$0				\$0				\$0	
21.												\$0				\$0				\$0	
22.												\$0				\$0				\$0	
23.												\$0				\$0				\$0	
24.												\$0				\$0				\$0	
25.												\$0				\$0				\$0	
26.												\$0				\$0				\$0	
27.												\$0				\$0				\$0	
28.												\$0				\$0				\$0	
29.												\$0				\$0				\$0	
30.												\$0				\$0				\$0	
31.												\$0				\$0				\$0	
32.												\$0				\$0				\$0	
33.												\$0				\$0				\$0	
34.												\$0				\$0				\$0	
35.												\$0				\$0				\$0	
		93	0	Totals from all buildings					\$0			\$0				\$0	\$22,841,454				\$1,000,000

Number of BINS: 5

V. STATEMENT OF OWNER

- 10. that the requirements for applying for the credits and the terms of any reservation or allocation thereof are subject to change at any time by federal or state law, federal, state or VHDA regulations, or other binding authority.
- 11. that reservations may be made subject to certain conditions to be satisfied prior to allocation and shall in all cases be contingent upon the receipt of a nonrefundable application fee of \$1000 and a nonrefundable reservation fee equal to 7% of the annual credit amount reserved.
- 12. that a true, exact, and complete copy of this application, including all the supporting documentation enclosed herewith, has been provided to the tax attorney who has provided the required attorney's opinion accompanying this submission.
- 13. that the undersigned has provided a complete list of all residential real estate developments in which the general partner(s) has (have) or had a controlling ownership interest and, in the case of those projects allocated credits under Section 42 of the IRC, complete information on the status of compliance with Section 42 and an explanation of any noncompliance. The undersigned hereby authorizes the Housing Credit Agencies of states in which these projects are located to share compliance information with the Authority.
- 14. that any principal of undersigned has not participated in a planned foreclosure or Qualified Contract request in Virginia after January 1, 2019.
- 15. that undersigned waives the right to pursue a Qualified Contract on this development.
- 16. that the information in this application may be disseminated to others for purposes of verification or other purposes consistent with the Virginia Freedom of Information Act. However, all information will be maintained, used or disseminated in accordance with the Government Data Collection and Dissemination Practices Act. The undersigned may refuse to supply the information requested, however, such refusal will result in VHDA's inability to process the application. The original or copy of this application may be retained by VHDA, even if tax credits are not allocated to the undersigned.

In Witness Whereof, the undersigned, being authorized, has caused this document to be executed in its name on the date of this application set forth in DEV Info tab hereof.

Legal Name of Owner: White Marsh Pointe Apartments, L.P.

By: Tracey C. Snipes
Its: Tracey Snipes, Authorized Signatory
(Title) Executive Director

W. **LIHTC SELF SCORE SHEET**

Self Scoring Process

This Self Scoring Process is intended to provide you with an estimate of your application's score based on the information included within the reservation application. Other items, denoted below in the yellow shaded cells, are typically evaluated by VHDA's staff during the application review and feasibility process. For purposes of self scoring, we have made certain assumptions about your application. Edit the appropriate responses (Y or N) in the yellow shaded cells, if applicable. Item 5f requires a numeric value to be entered.

Please remember that this score is only an estimate. VHDA reserves the right to change application data and/or score sheet responses where appropriate, which may change the final score.

MANDATORY ITEMS:

- a. Signed, completed application with attached tabs in PDF format
- b. Active Excel copy of application
- c. Partnership agreement
- d. SCC Certification
- e. Previous participation form
- f. Site control document
- g. Architect's Certification
- h. Attorney's opinion
- i. Nonprofit questionnaire (if applicable)
- j. Appraisal
- k. Zoning document
- l. Universal Design Plans
- m. List of LIHTC Developments (Schedule A)

Included	Y or N	Score
Y	Y or N	0
Y	Y or N	0
Y	Y or N	0
Y	Y or N	0
Y	Y or N	0
Y	Y or N	0
Y	Y or N	0
Y	Y or N	0
Y	Y, N, N/A	0
Y	Y or N	0
Y	Y or N	0
Y	Y or N	0
Y	Y or N	0
Y	Y or N	0
Y	Y or N	0
Total:		0.00

1. READINESS:

- a. VHDA notification letter to CEO (via Locality Notification Information Application)
- b. Local CEO Opposition Letter
- c. Plan of development
- d. Location in a revitalization area based on Qualified Census Tract
- e. Location in a revitalization area with resolution
- f. Location in a Opportunity Zone

Y	0 or -50	0.00
N	0 or -25	0.00
N	0 or 40	0.00
N	0 or 10	0.00
Y	0 or 15	15.00
N	0 or 15	0.00
Total:		15.00

2. HOUSING NEEDS CHARACTERISTICS:

- a. Sec 8 or PHA waiting list preference
- b. Existing RD, HUD Section 8 or 236 program
- c. Subsidized funding commitments
- d. Tax abatement on increase of property's value
- e. New project based rental subsidy (HUD or RD)
- f. Census tract with <12% poverty rate
- g. Development listed on the Rural Development Rehab Priority List
- h. Dev. located in area with little or no increase in rent burdened population
- i. Dev. located in area with increasing rent burdened population

N	0 or up to 5	0.00
N	0 or 20	0.00
18.10%	Up to 40	36.19
Y	0 or 5	5.00
Y	0 or 10	10.00
0%	0, 20, 25 or 30	0.00
N	0 or 15	0.00
N	Up to -20	0.00
Y	Up to 20	20.00
Total:		71.19

2019 Low-Income Housing Tax Credit Application For Reservation

3. DEVELOPMENT CHARACTERISTICS:

a. Amenities (See calculations below)			72.00
b. Project subsidies/HUD 504 accessibility for 5 or 10% of units	Y	0 or 60	60.00
or c. HCV Payment Standard/HUD 504 accessibility for 5 or 10% of units	N	0 or 30	0.00
or d. HUD 504 accessibility for 5% of units	N	0 or 15	0.00
e. Proximity to public transportation (within Northern VA or Tidewater)	N	0, 10 or 20	0.00
f. Development will be Green Certified	Y	0 or 10	10.00
g. Units constructed to meet VHDA's Universal Design standards	34%	Up to 15	5.16
h. Developments with less than 100 units	Y	up to 20	2.80
i. Historic Structure	N	0 or 5	0.00
Total:			<u>149.96</u>

4. TENANT POPULATION CHARACTERISTICS:

Locality AMI	State AMI
\$75,000	\$55,900

a. Less than or equal to 20% of units having 1 or less bedrooms	Y	0 or 15	15.00
b. <plus> Percent of Low Income units with 3 or more bedrooms	21.51%	Up to 15	15.00
c. Units with rent at or below 30% of AMI and are not subsidized (up to 10% of LI units)	0.00%	Up to 10	0.00
d. Units with rents at or below 40% of AMI (up to 10% of LI units)	10.75%	Up to 10	10.00
e. Units with rent and income at or below 50% of AMI	60.22%	Up to 50	50.00
f. Units with rents at or below 50% rented to tenants at or below 60% of AMI	60.22%	Up to 25	0.00
or g. Units in LI Jurisdictions with rents <= 50% rented to tenants with <= 60% of AMI	0.00%	Up to 50	0.00
Total:			<u>90.00</u>

5. SPONSOR CHARACTERISTICS:

a. Developer experience - 3 developments with 3 x units or 6 developments with 1 x units	Y	0 or 50	50.00
or b. Developer experience - 3 developments and at least 500,000 in liquid assets	N	0 or 50	0.00
or c. Developer experience - 1 development with 1 x units	N	0 or 10	0.00
d. Developer experience - life threatening hazard	N	0 or -50	0.00
e. Developer experience - noncompliance	N	0 or -15	0.00
f. Developer experience - did not build as represented	0	0 or -2x	0.00
g. Developer experience - failure to provide minimum building requirements	N	0 or -20	0.00
h. Developer experience - termination of credits by VHDA	N	0 or -10	0.00
i. Developer experience - exceeds cost limits at certification	N	0 or -50	0.00
j. Management company rated unsatisfactory	N	0 or -25	0.00
Total:			<u>50.00</u>

6. EFFICIENT USE OF RESOURCES:

a. Credit per unit		Up to 200	98.27
b. Cost per unit		Up to 100	10.58
Total:			<u>108.85</u>

7. BONUS POINTS:

a. Extended compliance	0 Years	40 or 50	0.00
or b. Nonprofit or LHA purchase option	Y	0 or 60	60.00
or c. Nonprofit or LHA Home Ownership option	N	0 or 5	0.00
d. Combined 9% and 4% Tax Exempt Bond Site Plan	Y	Up to 45	45.00
e. RAD or PHA Conversion participation and competing in Local Housing Authority pool	Y	0 or 10	10.00
Total:			<u>115.00</u>

425 Point Threshold - all 9% Tax Credits
 325 Point Threshold - Tax Exempt Bonds

TOTAL SCORE: 600.00

2019 Low-Income Housing Tax Credit Application For Reservation

Amenities:

All units have:

	Max Pts	Score
a. Community Room	5	5.00
b. Exterior walls constructed with brick and other low maintenance materials	25	25.00
c. Sub metered water expense	5	5.00
d. Watersense labeled faucets, toilets and showerheads	3	0.00
e. Infrastructure for high speed internet/broadband	1	1.00
f. Free WiFi Access in community room	4	4.00
g. Each unit provided free individual high speed internet access	6	0.00
h. Each unit provided free individual WiFi	8	8.00
i. Bath Fan - Delayed timer or continuous exhaust	3	0.00
j. Baths equipped with humidistat	3	3.00
k. Cooking Surfaces equipped with fire prevention features	4	4.00
l. Cooking surfaces equipped with fire suppression features	2	0.00
m. Rehab only: dedicated space to accept permanent dehumidification system	2	0.00
n. Provides Permanently installed dehumidification system	5	5.00
o. All interior doors within units are solid core	3	3.00
p. USB in kitchen, living room and all bedrooms	1	1.00
q. LED Kitchen Light Fixtures	2	2.00
r. Shelf or Ledge at entrance within interior hallway	2	2.00
s. New Construction: Balcony or patio	4	4.00
		<u>72.00</u>

All elderly units have:

t. Front-control ranges	1	0.00
u. Independent/suppl. heat source	1	0.00
v. Two eye viewers	1	0.00
		<u>0.00</u>

Total amenities: 72.00

X. Development Summary

Summary Information

2019 Low-Income Housing Tax Credit Application For Reservation

Deal Name: White Marsh Pointe (FKA Parker Riddick)

Cycle Type: 9% Tax Credits **Requested Credit Amount:** \$1,000,000
Allocation Type: New Construction **Jurisdiction:** Suffolk City
Total Units: 93 **Population Target:** General
Total LI Units: 93 **Owner Contact:** Peter Behringer
Project Gross Sq Ft: 110,982.00
Green Certified? TRUE

Total Score
600.00

Source of Funds	Amount	Per Unit	Per Sq Ft	Annual Debt Service
Permanent Financing	\$11,706,800	\$125,880	\$105	\$447,063

Uses of Funds - Actual Costs				
Type of Uses	Amount	Per Unit	Sq Ft	% of TDC
Improvements	\$12,955,298	\$139,304	\$117	60.19%
General Req/Overhead/Profit	\$1,813,742	\$19,503	\$16	8.43%
Other Contract Costs	\$0	\$0	\$0	0.00%
Owner Costs	\$3,367,716	\$36,212	\$30	15.65%
Acquisition	\$1,395,000	\$15,000	\$13	6.48%
Developer Fee	\$1,992,540	\$21,425	\$18	9.26%
Total Uses	\$21,524,296	\$231,444		

Total Development Costs	
Total Improvements	\$18,136,756
Land Acquisition	\$1,395,000
Developer Fee	\$1,992,540
Total Development Costs	\$21,524,296

Proposed Cost Limit/Unit: \$231,444
Applicable Cost Limit/Unit: \$259,224
Proposed Cost Limit/Sq Ft: \$181
Applicable Cost Limit/Sq Ft: \$208

Income		
Gross Potential Income - LI Units		\$1,034,064
Gross Potential Income - Mkt Units		\$0
Subtotal		\$1,034,064
Less Vacancy %	7.00%	\$72,384
Effective Gross Income		\$961,680

Rental Assistance? TRUE

Unit Breakdown	
Supp Hsg	0
# of Eff	0
# of 1BR	17
# of 2BR	56
# of 3BR	20
# of 4+ BR	0
Total Units	93

Expenses		
Category	Total	Per Unit
Administrative	\$177,816	\$1,912
Utilities	\$21,995	\$237
Operating & Maintenance	\$150,347	\$1,617
Taxes & Insurance	\$70,844	\$762
Total Operating Expenses	\$421,002	\$4,527
Replacement Reserves	\$27,900	\$300
Total Expenses	\$448,902	\$4,827

	Income Levels	Rent Levels
	# of Units	# of Units
<=30% AMI	0	0
40% AMI	10	10
50% AMI	46	46
60% AMI	37	37
>60% AMI	0	0
Market	0	0

Income Averaging? FALSE

Extended Use Restriction? 30

Cash Flow	
EGI	\$961,680
Total Expenses	\$448,902
Net Income	\$512,778
Debt Service	\$447,063
Debt Coverage Ratio (YR1):	1.15

2019 Low-Income Housing Tax Credit Application For Reservation

\$/SF = **\$221.35** Credits/SF = **10.82215** Const \$/unit = **\$158,806.8817**

TYPE OF PROJECT: GENERAL = 11000; ELDERLY = 12000
 LOCATION: Inner-NVA=100; Outer-NV=200; NWNC=300; Rich=400; Tid=500; Balance=600
 TYPE OF CONSTRUCTION: N C=1; ADPT=2; REHAB(35,000+)=3; REHAB*(15,000-35,000)=4

11000
500
1

500
1

*REHABS LOCATED IN BELTWAY (\$15,000-\$50,000) See Below

	GENERAL		Elderly				
	Supportive Hsg	EFF-E	1 BR-E	2 BR-E	EFF-E-1 ST	1 BR-E-1 ST	2 BR-E-1 ST
AVG UNIT SIZE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NUMBER OF UNITS	0	0	0	0	0	0	0
PARAMETER-(COSTS=>35,000)	0	0	0	0	0	0	0
PARAMETER-(COSTS<35,000)	0	0	0	0	0	0	0
PARAMETER-(COSTS=>50,000)	0	0	0	0	0	0	0
PARAMETER-(COSTS<50,000)	0	0	0	0	0	0	0
COST PARAMETER	0	0	0	0	0	0	0
PROJECT COST PER UNIT	0	0	0	0	0	0	0
PARAMETER-(CREDITS=>35,000)	0	0	0	0	0	0	0
PARAMETER-(CREDITS<35,000)	0	0	0	0	0	0	0
PARAMETER-(CREDITS=>50,000)	0	0	0	0	0	0	0
PARAMETER-(CREDITS<50,000)	0	0	0	0	0	0	0
CREDIT PARAMETER	0	0	0	0	0	0	0
PROJECT CREDIT PER UNIT	0	0	0	0	0	0	0
COST PER UNIT POINTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CREDIT PER UNIT POINTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	GENERAL							
	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
AVG UNIT SIZE	0.00	753.57	1,009.21	1,153.83	0.00	0.00	0.00	0.00
NUMBER OF UNITS	0	17	56	20	0	0	0	0
PARAMETER-(COSTS=>35,000)	0	186,120	248,160	291,588	0	0	0	0
PARAMETER-(COSTS<35,000)	0	0	0	0	0	0	0	0
PARAMETER-(COSTS=>50,000)	0	186,120	248,160	291,588	0	0	0	0
PARAMETER-(COSTS<50,000)	0	0	0	0	0	0	0	0
COST PARAMETER	0	186,120	248,160	291,588	0	0	0	0
PROJECT COST PER UNIT	0	166,801	223,386	255,398	0	0	0	0
PARAMETER-(CREDITS=>35,000)	0	15,998	21,330	25,063	0	0	0	0
PARAMETER-(CREDITS<35,000)	0	0	0	0	0	0	0	0
PARAMETER-(CREDITS=>50,000)	0	15,998	21,330	25,063	0	0	0	0
PARAMETER-(CREDITS<50,000)	0	0	0	0	0	0	0	0
CREDIT PARAMETER	0	15,998	21,330	25,063	0	0	0	0
PROJECT CREDIT PER UNIT	0	8,155	10,922	12,487	0	0	0	0
COST PER UNIT POINTS	0.00	1.90	6.01	2.67	0.00	0.00	0.00	0.00
CREDIT PER UNIT POINTS	0.00	17.92	58.77	21.58	0.00	0.00	0.00	0.00

TOTAL COST PER UNIT POINTS **10.58**

TOTAL CREDIT PER UNIT POINTS **98.27**

Cost Parameters - Elderly

	Supportive Hsg	EFF-E	1 BR-E	2 BR-E	EFF-E-1 ST	1 BR-E-1 ST	2 BR-E-1 ST
Standard Cost Parameter - low rise	0	0	0	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0
Adjusted Cost Parameter	0	0	0	0	0	0	0

Credit Parameters - Elderly

	Supportive Hsg	EFF-E	1 BR-E	2 BR-E	EFF-E-1 ST	1 BR-E-1 ST	2 BR-E-1 ST
Standard Credit Parameter - low rise	0	0	0	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0
Adjusted Credit Parameter	0	0	0	0	0	0	0

Cost Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
Standard Parameter - low rise	0	186,120	248,160	291,588	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0	0
Adjusted Cost Parameter	0	186,120	248,160	291,588	0	0	0	0

Credit Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
Standard Credit Parameter - low rise	0	15,998	21,330	25,063	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0	0
Adjusted Credit Parameter	0	15,998	21,330	25,063	0	0	0	0

Northern Virginia Beltway (Rehab costs \$15,000-\$50,000)

Cost Parameters - Elderly

	Supportive Hsg	EFF-E	1 BR-E	2 BR-E	EFF-E-1 ST	1 BR-E-1 ST	2 BR-E-1 ST
Standard Cost Parameter - low rise	0	0	0	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0
Adjusted Cost Parameter	0	0	0	0	0	0	0

Credit Parameters - Elderly

	Supportive Hsg	EFF-E	1 BR-E	2 BR-E	EFF-E-1 ST	1 BR-E-1 ST	2 BR-E-1 ST
Standard Cost Parameter - low rise	0	0	0	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0
Adjusted Cost Parameter	0	0	0	0	0	0	0

Cost Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
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Parameter Adjustment - mid rise	0	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0	0
Adjusted Cost Parameter	0	186,120	248,160	291,588	0	0	0	0

Credit Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
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Parameter Adjustment - mid rise	0	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0	0
Adjusted Cost Parameter	0	15,998	21,330	25,063	0	0	0	0

2019 Low-Income Housing Tax Credit Application For Reservation

\$/SF = **\$221.35** Credits/SF = **10.82215** Const \$/unit = **\$158,806.88**

TYPE OF PROJECT
LOCATION
TYPE OF CONSTRUCTION

GENERAL = 11000; ELDERLY = 12000
Inner-NVA=100; Outer-NV=200; NWNC=300; Rich=400; Tid=500; Balance=600
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11000
500
1

500
1

*REHABS LOCATED IN BELTWAY (\$10,000-\$50,000) See Below

	GENERAL		Elderly				
	Supportive Hsg	EFF-E	1 BR-E	2 BR-E	EFF-E-1 ST	1 BR-E-1 ST	2 BR-E-1 ST
AVG UNIT SIZE	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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PARAMETER-(CREDITS<35,000)	0	0	0	0	0	0	0
PARAMETER-(CREDITS=>50,000)	0	0	0	0	0	0	0
PARAMETER-(CREDITS<50,000)	0	0	0	0	0	0	0
CREDIT PARAMETER	0	0	0	0	0	0	0
PROJECT CREDIT PER UNIT	0	0	0	0	0	0	0
COST PER UNIT POINTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CREDIT PER UNIT POINTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	GENERAL							
	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
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TOTAL COST PER UNIT POINTS **10.58**

TOTAL CREDIT PER UNIT POINTS **98.27**

Cost Parameters - Elderly

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Parameter Adjustment - mid rise	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0
Adjusted Cost Parameter	0	0	0	0	0	0	0

Credit Parameters - Elderly

	Supportive Hsg	EFF-E	1 BR-E	2 BR-E	EFF-E-1 ST	1 BR-E-1 ST	2 BR-E-1 ST
Standard Credit Parameter - low rise	0	0	0	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0
Adjusted Credit Parameter	0	0	0	0	0	0	0

Cost Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
Standard Parameter - low rise	0	186,120	248,160	291,588	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0	0
Adjusted Cost Parameter	0	186,120	248,160	291,588	0	0	0	0

Credit Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
Standard Credit Parameter - low rise	0	15,998	21,330	25,063	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0	0
Adjusted Credit Parameter	0	15,998	21,330	25,063	0	0	0	0

Northern Virginia Beltway (Rehab costs \$10,000-\$50,000)

Cost Parameters - Elderly

	Supportive Hsg	EFF-E	1 BR-E	2 BR-E	EFF-E-1 ST	1 BR-E-1 ST	2 BR-E-1 ST
Standard Cost Parameter - low rise	0	0	0	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0
Adjusted Cost Parameter	0	0	0	0	0	0	0

Credit Parameters - Elderly

	Supportive Hsg	EFF-E	1 BR-E	2 BR-E	EFF-E-1 ST	1 BR-E-1 ST	2 BR-E-1 ST
Standard Cost Parameter - low rise	0	0	0	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0
Adjusted Cost Parameter	0	0	0	0	0	0	0

Cost Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
Standard Cost Parameter - low rise	0	186,120	248,160	291,588	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0	0
Adjusted Cost Parameter	0	186,120	248,160	291,588	0	0	0	0

Credit Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
Standard Cost Parameter - low rise	0	15,998	21,330	25,063	0	0	0	0
Parameter Adjustment - mid rise	0	0	0	0	0	0	0	0
Parameter Adjustment - high rise	0	0	0	0	0	0	0	0
Adjusted Cost Parameter	0	15,998	21,330	25,063	0	0	0	0

A

Partnership or Operating Agreement

Including chart of ownership structure with percentage of
interests (**MANDATORY**)

**AGREEMENT OF LIMITED PARTNERSHIP OF
WHITE MARSH POINTE APARTMENTS, L.P.**

THIS AGREEMENT is entered into as of the 17th day of January, 2019 by and between **WHITE MARSH POINTE APARTMENTS GP, L.L.C.**, a Virginia limited liability company (the "General Partner") and **SUFFOLK REDEVELOPMENT AND HOUSING AUTHORITY**, a political subdivision of the Commonwealth of Virginia (the "Initial Limited Partner"). The General Partner and the Initial Limited Partner are collectively referred to as the "Partners."

The Partners desire to form **WHITE MARSH POINTE APARTMENTS, L.P.** (the "Partnership") pursuant to the Virginia Revised Uniform Limited Partnership Act (the "Act") to acquire certain property located in the City of Suffolk, Virginia, more particularly described on Exhibit A attached hereto (the "Property"), and to acquire, own, construct, rehabilitate, operate, lease and manage thereon certain residential units and common areas collectively known as White Marsh Pointe Apartments (the "Project"), such Project qualifying for federal income tax credits under Section 42 of the Internal Revenue Code of 1986, as amended (the "Code").

NOW, THEREFORE, in consideration of the capital contributions of the Partners hereinafter described, the parties hereby agree as follows:

1. **Formation**. The parties hereby form a limited partnership (the "Partnership") under the Act.
2. **Name**. The name of the Partnership is White Marsh Pointe Apartments, L.P.
3. **Purposes**. The purposes of the Partnership are to acquire the Property, redevelop, construct, rehabilitate, finance the Project and own, mortgage, lease, exchange sell or otherwise transfer or dispose of the Project. The Partnership is empowered to do all things necessary to carry out the foregoing purposes and all business activities necessary or related thereto. The General Partner is directed and empowered to take such action on behalf of the Partnership as may be necessary or desirable to accomplish its purposes.

The Partnership is authorized to (a) engage in any activity, (b) enter into, perform and carry out contracts of any kind, and (c) do all things necessary and proper for the protection and benefit of the Partnership, including, without limiting the generality of the foregoing, borrowing whatever amounts may be required for the acquisition of the Property and the redevelopment, construction, rehabilitation and operation of the Project.

The Partnership, by its General Partner, is authorized to execute notes and mortgages to secure an acquisition and construction/rehabilitation loan and a permanent loan, to the extent such loans may be necessary or desirable, and to execute any and all documents, agreements, mortgages, security agreements and certificates required in

connection with such loans and the acquisition, construction, rehabilitation, development, improvement, maintenance and operation of the Project and all other property owned by the Partnership in connection with the Project.

4. **Principal Office.** The principal place of business and principal office of the Partnership are located at 530 E. Pinner Street, Suffolk, Virginia 23434, or at such other place as the General Partner may from time to time determine.

5. **Registered Agent.** The name and post office address of the Partnership's registered agent, who is a resident of the Commonwealth of Virginia and a member of the Virginia State Bar, is:

Delphine G. Carnes, Esq.
Crenshaw, Ware & Martin, P.L.C.
150 West Main Street
Suite 1500
Norfolk, Virginia 23510

The registered office of the Partnership is physically located in the City of Suffolk, Virginia.

6. **Partners.** The names and business addresses of the General Partner and the Initial Limited Partner (collectively, the "Partners") are as follows:

GENERAL PARTNER:

White Marsh Pointe Apartments GP, L.L.C.
530 E. Pinner Street
Suffolk, Virginia 23434

INITIAL LIMITED PARTNER:

Suffolk Redevelopment and
Housing Authority
530 E. Pinner Street
Suffolk, Virginia 23434

7. **Term.** The term of the Partnership shall commence upon the filing of the Partnership's limited partnership certificate with the Virginia State Corporation Commission pursuant to the Act and shall continue until January 31, 2118.

8. **Capital Contributions.** The General Partner and the Initial Limited Partner have contributed \$1.00 and \$99.00 in cash, respectively, to the capital of the Partnership. The Initial Limited Partner has not agreed to make any additional contributions to the Partnership. No Partner shall be required to make any additional

capital contribution, but any Partner, at any time with the consent of the General Partner, may make further and additional contributions; provided, however, that the division of profits and losses provided in Paragraph 10 hereof shall not be altered, nor shall a Partner's percentage interest be increased because of such additional capital contributions.

9. **Withdrawal of Initial Limited Partner.** The Initial Limited Partner shall withdraw and be returned his contribution to the capital of the Partnership upon the admission of additional limited partners to the Partnership.

10. **Profits, Losses, Cash Flow and Cash Proceeds.**

a. All profits, losses, tax credits, cash flow (as defined below) from operations or from a sale, refinancing or other disposition of the Project or any other transaction shall be allocated or distributed, as the case may be, among the Partners as follows:

<u>General Partner</u>	<u>Percentage</u>
White Marsh Pointe Apartments GP, L.L.C.	0.01%
 <u>Initial Limited Partner</u>	
Suffolk Redevelopment and Housing Authority	99.99%

b. For purposes of this Agreement, "cash flow" is defined to mean "net profits" derived from all property owned by the Partnership as ascertained through the use of standard, generally accepted accounting practices, except that (a) depreciation of buildings, improvements, furniture, fixtures, furnishings and equipment shall not be taken into account, (b) mortgage amortization paid by the Partnership in the discretion of the General Partner for capital improvements shall be considered a deduction, and (c) if the General Partner shall so determine, a reasonable reserve shall be deducted to provide funds for improvements or for any other contingencies of the Partnership. The cash flow of the Partnership for each calendar year shall be distributed to the Partners within a reasonable time after the end of each year.

c. The Partnership shall maintain on its books and records a capital account for each Partner (a "Capital Account"), which shall be increased by the amount of all cash contributions and the adjusted basis of property (net of any liabilities assumed by the Partnership and any liabilities to which such property is subject) contributed to the capital of the Partnership by, and the amount of any taxable income, exempt income and gains of the Partnership allocated after the date hereof to, such Partner and shall be decreased by the amount of all cash and the Partnership's adjusted basis for any distributed property (net of liabilities assumed by such Partner and liabilities to which such property is subject), such Partner's share of any Partnership expenditures which are not deductible in

computing taxable income and not normally chargeable to the Capital Account, and the amount of any taxable loss allocated to such Partner. The Capital Account of a Partner shall not be decreased by the payment of any fee to, or the reimbursement of any expense incurred by, such Partner, nor shall the Capital Account be increased by the failure to pay any fee to, or failure to reimburse any expense incurred by, a Partner.

Except as otherwise specifically provided for herein, whenever it is necessary to determine the Capital Account of any Partner, the Capital Account of the Partner shall be determined after giving effect to all allocations of taxable income, gain and loss attributable to transactions effected prior to the time such determination is made and all distributions theretofore made for such year under this Paragraph 10. The Capital Account will be adjusted by any excess gain or loss incurred by reason of an election pursuant to Section 754 of the Code. Any transferee of an interest in the Partnership shall have a Capital Account which reflects the Capital Account of the transferor immediately preceding such transfer.

d. No Partner with a negative balance in its Capital Account shall be obligated to restore such negative balance or to make a contribution to the capital of the Partnership solely by reason thereof; provided, however, that any Partner with a negative balance in its Capital Account following (i) the expiration of the term or the dissolution of the Partnership, (ii) the completion of the adjustments to its Capital Account required to reflect the termination of the Partnership and the allocations and distributions to the Partners pursuant to this Paragraph 10 and (iii) the delivery to the Partner of a certificate from the Partnership's accountants, prepared in good faith and at the expense of the Partnership, setting forth the calculation of such Partner's negative Capital Account balance, shall be obligated to pay the Partnership, within ten (10) days after the receipt of such certificate, an amount equal to the negative balance in its Capital Account.

11. **Assignment of Initial Limited Partner's Interest.** The Initial Limited Partner may not substitute an assignee in his place without the consent of the General Partner, which may be withheld for any reason, and which shall be conditioned upon (a) the sale, assignment or transfer instrument being in form and substance satisfactory to the General Partner; (b) the execution and acknowledgment by the assignor, vendor or other transferee named therein of such instruments as the General Partner may deem necessary or desirable to effectuate such admission; (c) the assignee's, vendee's or other transferee's written acceptance and adoption of all terms, provisions and obligations under the documents governing the Partnership as the same may have been amended; and (d) the assignee, vendee or other transferee paying all reasonable expenses connected with such admission, including, but not limited to, the cost of preparing an amended agreement of limited partnership to effect such admission.

12. **Additional Limited Partners.** Additional limited partners may be admitted to the Partnership by the General Partner without the consent of the Initial Limited Partner.

13. **No Priority.** No limited partner shall have priority over any other limited partner with respect to contributions or as to compensation by way of income.

14. **Losses of Limited Partners.** Notwithstanding anything to the contrary contained herein, the liability of limited partners for payment of any losses of the Partnership shall in no event exceed their required contributions to the capital of the Partnership. For purposes of Partnership accounting, however, all Partnership losses shall be charged against the Capital Accounts of the Partners in the ratios set forth in Paragraph 10 hereof, and if a negative balance appears in the Capital Account for any Partner, such negative balance shall be offset by any future net profits of the Partnership allocable to said Partner.

15. **Continuation of Business.** Upon termination, bankruptcy or insolvency of the General Partner or the occurrence of any other event resulting in the dissolution of the Partnership, all the limited partners shall have the right, but not the obligation, to continue the business of the Partnership and, if necessary, designate one or more persons or entities to be substituted as general partner. In the event the limited partners elect so to continue the business, the former General Partner's interest shall become a limited partnership interest subject, however, to all of the priorities with respect to allocations and distributions as if the interest of the General Partner had not been so changed.

16. **Distributions.** No limited partner has the right to demand or receive property other than cash in return for his contribution.

17. **Management, Duties and Restrictions.**

a. The General Partner shall devote such time to the Partnership as reasonably required for its welfare and success.

b. No limited partner will participate in the management of the Partnership business unless such Partner is also the General Partner and then only in the Partner's capacity as a General Partner.

c. The Initial Limited Partner hereby consents to the employment, when and if required, of such brokers, consultants, managers and other agents, contractors, accountants and attorneys as the General partner may from time to time determine.

d. The General Partner and the Initial Limited Partner may engage in or possess an interest in other business ventures of any nature and description, independently or with others, including, but not limited to, the ownership, financing, leasing, operation, management or development of real estate, and neither the Partnership nor any of the Partners thereof shall have any rights by virtue of this Agreement in or to such independent ventures or to the income or profits derived therefrom.

18. **Execution of Documents.** All documents of any nature required to be signed on behalf of the Partnership shall be signed by the General Partner. Without

limiting the generality of the foregoing, the General Partner shall have full power to execute any document necessary or desirable to effect the purposes of the Partnership as set forth herein and to execute deeds, mortgages, notes and leases, to sell all or any part of the Project and all other Partnership property and, in particular, for purposes of executing any and all notes, mortgages, construction/rehabilitation loans or other agreements, and any and all documents required or deemed necessary for the purposes of the Partnership.

19. **Limit on General Partner Liability.** Notwithstanding anything in this Agreement to the contrary, no General Partner shall be liable for the return of the capital contributions of a limited partner or any portion thereof, it being expressly understood that any such return shall be made solely from Partnership assets.

20. **Termination Prior to End of Term.** The Partnership may be terminated prior to its term with the approval of the General Partner and of a majority in interest of the limited partners by providing at least thirty (30) days' prior written notice to the Partners.

21. **Distributions on Termination.** In the event of the dissolution and termination of the Partnership, the General Partner shall liquidate the Partnership and the proceeds of such liquidation shall be applied and distributed in the following order of priority:

a. To the payment of the debts and liabilities of the Partnership and the expenses of liquidation.

b. To the setting up of any reserves which the General Partner may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Partnership or of the General Partner arising out of or in connection with the Partnership.

c. Any balance remaining shall be distributed among all the Partners in proportion to their respective interests.

22. **Indemnification.** Neither the Partnership nor any Partner shall have any claim against the General Partner, and the Partnership shall indemnify the General Partner against any liability incurred by the General Partner, provided that the act or omission giving rise to such claims or liabilities was performed by the General Partner for and on behalf of the Partnership and in furtherance of the Partnership's interests, and was performed in good faith in the belief that the General Partner was acting within the scope of the General Partner's authority under this Agreement. The foregoing shall not relieve the General Partner of liability for negligence or malfeasance.

23. **Amendment.** This Agreement may be modified or amended at any time by all the Partners.

24. **Applicable Law.** This Agreement and the rights of the parties hereunder shall be governed and construed in accordance with the laws of the Commonwealth of Virginia. Except as otherwise provided herein, the rights, duties and obligations of the Partners shall be as provided for in the Act.

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IN WITNESS WHEREOF, the General Partner and the Initial Limited Partner have executed this Agreement of Limited Partnership as of the date first above written.

GENERAL PARTNER:

White Marsh Pointe Apartments GP, L.L.C.,
a Virginia limited liability company

By: Suffolk Redevelopment and Housing Authority
Its: Member

By: Tracey C. Snipes
Name: Tracey C. Snipes
Title: Executive Director

INITIAL LIMITED PARTNER:

Suffolk Redevelopment and Housing Authority,
A political subdivision of the Commonwealth of Virginia

By: Tracey C. Snipes
Name: Tracey C. Snipes
Title: Executive Director

EXHIBIT A

Legal Description

EXHIBIT "A"

PARCEL ONE:

All that certain piece or parcel of land, lying, situate and being in Cypress Borough, Suffolk, Virginia, and containing by survey 4.522 acres, designated as Parcel E-1, and being more particularly described on a certain plat entitled, "Plat Showing a Portion of Parcel E "Subdivision of Cogie Homes and Parker-Riddick Village", Cypress Borough, Suffolk, Virginia", dated April 1, 1980, and made by Ernest C. Hawkins, Jr. & Assocs., Surveyors & Planners, Suffolk, Virginia, and recorded in Plat Book 5, Page 97.

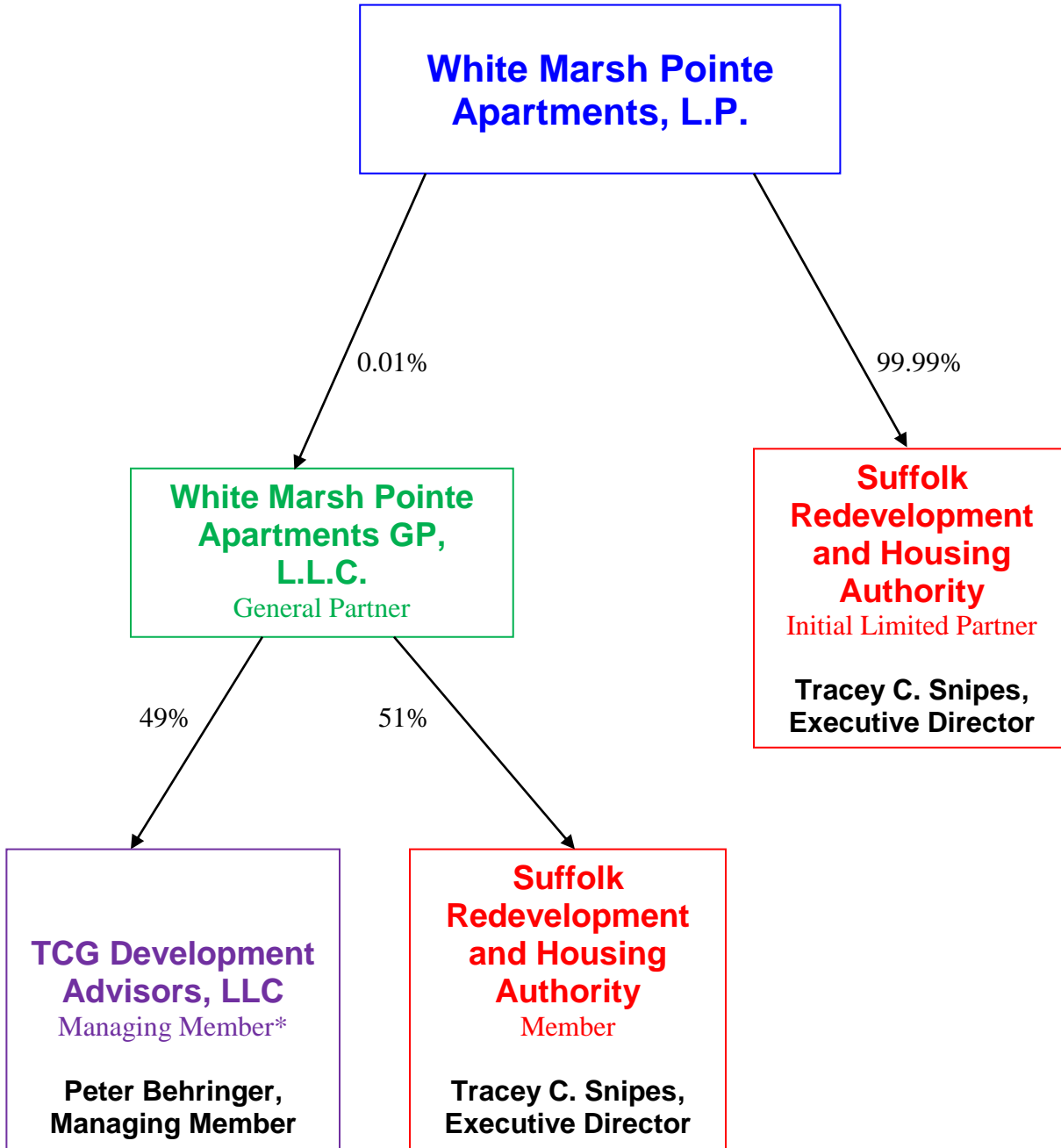
IT BEING the same property conveyed to Suffolk Redevelopment and Housing Authority, by deed from Lee-Howard Partnership, a Virginia partnership, dated April 4, 1980, and recorded May 27, 1980, in the Clerk's Office of the Circuit Court of the City of Suffolk, Virginia, in Deed Book 78, Page 147.

PARCEL TWO:

All that certain piece or parcel of land, lying, situate and being in Cypress Borough, Suffolk, Virginia, and containing by survey 4.265 acres, designated as Parcel E-2, and being more particularly described on a certain plat entitled, "Plat Showing a Portion of Parcel E "Subdivision of Cogie Homes and Parker-Riddick Village", Cypress Borough, Suffolk, Virginia", dated May 15, 1980, and made by Ernest C. Hawkins, Jr. & Assocs. Surveyors & Planners, Suffolk, Virginia, and recorded in Plat Book 5, Page 98.

IT BEING the same property conveyed to Suffolk Redevelopment and Housing Authority, by deed from Lee-Howard Partnership, a Virginia partnership, dated May 24, 1980, and recorded May 27, 1980, in the Clerk's Office of the Circuit Court of the City of Suffolk, Virginia, in Deed Book 78, Page 149.

Ownership Chart for White Marsh Pointe Apartments



*TCG Development Advisors, LLC shall serve as Managing Member of the General Partner so long as its guarantees are in effect and until it has received its full portion of any development fee. After such time, Suffolk Redevelopment and Housing Authority will serve as Managing Member of the General Partner.

OPERATING AGREEMENT
OF
WHITE MARSH POINTE APARTMENTS GP, L.L.C.

OPERATING AGREEMENT
of
WHITE MARSH POINTE APARTMENTS GP, L.L.C.

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OPERATING AGREEMENT

In consideration of the mutual promises of the parties hereto, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby enter into this Operating Agreement (the "Agreement") for the governance of WHITE MARSH POINTE APARTMENTS GP, L.L.C. (the "Company") on the following terms and conditions:

ARTICLE I
ORGANIZATION

1.1 Name. The business of the Company shall be conducted under the name of White Marsh Pointe Apartments GP, L.L.C.

1.2 Term. The latest date upon which the limited liability company is to be dissolved and its affairs wound up is January 31, 2118.

1.3 Place of Business. The Company's principal place of business shall be located at 530 E. Pinner Street, Suffolk, Virginia 23434, or at such other place as the Secretary may designate.

1.4 Purpose. The purpose of the Company is to engage in any and all business activities permitted under Virginia law, including ownership of real estate and personal property.

ARTICLE II

COMPANY CAPITAL AND CONTRIBUTIONS

2.1 Contributions. The Members shall make no initial contributions to the capital of the Company.

2.2 Additional Contributions. Except as required by Section 10.3, no Member shall be required to make additional contributions to the Company.

2.3 Interest. No Member shall receive interest on his contribution to the capital of the Company. No Member shall have the right to receive property other than cash under any circumstance requiring a return of his contribution.

2.4 Advances. Any loan made by a Member to the Company shall be a term loan and shall bear interest at a rate equal to five percent.

ARTICLE III ALLOCATIONS AND DISTRIBUTIONS DURING OPERATIONS

3.1 Net Income, Net Loss and Credits. Net income, net loss and tax credits shall be allocated among the Members in proportion to the then effective percentage interests shown opposite their respective signatures hereto. Net income or net loss shall be defined as the income or loss, as the case may be, of the Company for a period as determined in accordance with Section 703(a)(1) of the 1986 Internal Revenue Code, as amended, including each item of income, gain, loss or deduction required to be separately stated.

3.2 Distributions. Cash available for distribution shall be allocated and distributed each year among the Members in proportion to the then effective percentage interests shown opposite their respective signatures hereto ("Percentage Interests"). For purposes of this Section, cash available for distribution shall include cash determined by the Members to be available, taking into consideration necessary or desired reserves, the tax and other requirements of the Company, and other relevant factors, from operations, a refinancing, or a capital transaction other than a sale of all of the Company's property upon termination of the Company, which shall be governed by Article IX. Cash available for distribution from normal business operations of the Company shall be distributed at least annually. Cash available for distribution as a result of a refinancing or a capital transaction shall be distributed to the Members within thirty days after receipt thereof by the Company.

3.3 Fiscal Year. The Company's fiscal year shall be the calendar year, January 1 through December 31, except as otherwise provided by the Members.

3.4 Liability to Creditors. Except as otherwise required by law or by Section 10.3, no Member shall be liable for the obligations or losses of the Company.

ARTICLE IV MEMBERS

4.1 Manager. The Company's business shall be managed by a manager. TCG Development Advisors, LLC shall act as the Manager so long as its guarantees are in effect and until such time as it has received its full portion of development fees due in connection with the development of White Marsh Pointe Apartments. After such time, Suffolk Redevelopment and Housing Authority shall act as the Manager of the Company.

4.2 Management of the Company. Except as provided below, the Manager shall have full charge of the management, conduct and operation of the Company business in all respects and all matters and shall have the authority to do all things and acts of every nature whatever, not illegal or contrary to the provisions of this Agreement, which the Manager shall deem necessary or convenient to achieve the purposes of this Agreement and of the Company acting in its capacity as General Partner of the Partnership.

4.3 Annual Meeting. Commencing with the year 2020, the annual meeting of the Members of the Company shall be held on the third Monday in January of each year (and if such date is a legal holiday, on the next business day), or on any other date as may be agreed to by the Members, for the purpose of electing a Secretary and transacting such other business as may properly come before the meeting.

4.4 Special Meeting. Special meetings of the Members may be called by the holders of at least twenty percent of all votes entitled to be cast on any issue proposed to be considered at the meeting. Special Meetings may be called by signing, dating and delivering to the Secretary one or more written demands for such a meeting describing the purpose or purposes for which the meeting is to be held.

4.5 Action Without Meeting. Action required or permitted to be taken by the Members at a Members' meeting may be taken without a meeting and without action by the Secretary if the action is taken by all the Members entitled to vote on the action. The action shall be evidenced by one or more written consents describing the action taken, signed by all the Members entitled to vote on the action and delivered to the Secretary of the Company for inclusion in the minutes or filing with the Company records. Any action taken by unanimous written consent shall be effective according to its terms when all consents are in possession of the Company. A Member may withdraw his consent only by delivering a written notice of withdrawal to the Company prior to the time that all consents are in the possession of the Company. Action taken under this Section is effective as of the date specified in the consent provided the consent states the date of execution by each Member. A consent signed under this Section has the effect of a unanimous vote of voting Members and may be described as such in any documents.

4.6 Conference Call Meetings. The Members may participate in a Members' meeting

by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this section shall constitute presence in person at such meeting of the Members.

4.7 Notice of Meeting. The Company shall notify Members of the date, time and place of each annual and special Members' meeting. Such notice shall be given no less than ten nor more than sixty days before the meeting date except that notice of a Members' meeting to act on an amendment of the Articles of Organization, a plan of merger or share exchange, a proposed sale of all or substantially all of the assets of the Company, otherwise than in the usual and regular course of business, or the dissolution of the Company shall be given not less than twenty-five nor more than sixty days before the meeting date, which notice shall be accompanied by a copy of the proposed amendment, plan of merger, share exchange or dissolution or agreement pursuant to which the proposed sale will be effected. Unless the applicable law or the Articles of Organization require otherwise, the Company is required to give notice only to Members entitled to vote at the meeting and notice of an annual meeting need not state the purpose or purposes for which the meeting is called. Notice of a special meeting, however, shall state the purpose or purposes for which the meeting is called.

4.8 Waiver of Notice. A Member may waive any notice required by law, the Articles of Organization or hereunder before or after the date and time of the meeting that is the subject of such notice. The waiver shall be in writing, be signed by the Member entitled to the notice and be delivered to the Secretary of the Company for inclusion in the minutes or filing with the Company records. A Member's attendance at a meeting (1) waives objection to lack of notice or defective notice of the meeting, unless the Member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting and (2) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice, unless the Member objects to considering the matter when it is presented.

4.9 Determination of Members of Record. The Secretary may fix in advance the record date in order to make a determination of Members entitled to notice of, or to vote at, any meeting of the Members or any adjournment thereof, to receive payment of any dividend or distribution, to demand a special meeting, to take action without a meeting or to make a determination of Members for any other proper purpose. A record date fixed under this Section may not be more than seventy days before the meeting or action requiring a determination of Members. If not otherwise fixed by the Secretary, the record date for determining Members entitled to (i) notice of and to vote at a Members' meeting is the close of business on the day before the effective date of the notice to Members, (ii) receive payment of any dividend or distribution, other than a distribution involving a repurchase or acquisition of members by the Company, is the date the Secretary authorizes the dividend or distribution, (iii) demand a special meeting is the date the first Member signs the demand and (iv) take action without a meeting is the date the first Member signs the consent.

4.10 Place of Meeting. Meetings of the Members shall be held at the principal office of the Company or at such other place, within or without the Commonwealth of Virginia as may be designated by the Secretary and set forth in the notice of the meeting.

4.11 Proxies. A Member may vote in person or by proxy. A Member may appoint a proxy to vote or otherwise act for him by signing an appointment form, either personally or by his attorney-in-fact. An appointment of a proxy is effective when received by the Secretary or agent authorized to tabulate votes. An appointment is valid for eleven months unless a longer period is expressly provided in the appointment form. An appointment of a proxy is revocable by the Member unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest. An appointment made irrevocable by being coupled with an interest is revoked when such interest is extinguished. The death or incapacity of the Member appointing a proxy does not affect the right of the Company to accept the proxy's authority unless notice of the death or incapacity is received by the Secretary or agent authorized to tabulate votes before the proxy exercises his authority under the appointment.

4.12 Quorum and Voting Requirements for Voting Groups. Members entitled to vote as a separate voting group, in the case of multiple voting groups, may take action on a matter at a meeting only if a quorum of those members exists with respect to that matter. Unless the Articles of Organization or the relevant law provides otherwise, a majority of the membership interests entitled to be cast on the matter by the voting group constitutes a quorum for action on that matter. Once a member is represented for any purpose at a meeting, that member's membership interest is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or shall be set for that adjourned meeting. If a quorum exists, action on a matter is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless the Articles of Organization, relevant law, or this Agreement requires a greater number of affirmative votes.

ARTICLE V OFFICERS

5.1 Officers. The Members may elect such officers and assistant officers and fill any vacancy at any regular or special meeting of the Members. A duly appointed officer may appoint one or more officers or assistant officers as may be authorized herein or by the Members. The same individual may simultaneously hold more than one office. Each officer shall be appointed to hold office until the next succeeding regular meeting of the Members or for such longer or shorter terms as may be specified, and until his successor shall have been elected or such earlier time as he shall resign, die or be removed. Each officer shall have the authority and perform the duties set forth herein or, to the extent consistent herewith, the duties prescribed by the Members or by direction of an officer authorized by the Members to prescribe the duties of other officers.

5.2 Officers' Authority. The officers (if any) shall have such authority as may be given at the time of their election, provided, however, the Company shall have a Secretary who or which shall have the authority to perform ministerial acts in carrying out the material management and business decisions approved by the Members. By way of illustration of such ministerial acts, the Secretary may enter into and execute deeds, contracts, leases, subleases, or modifications thereof, in connection with the Company's business; may preside at meetings of the Members; may call special meetings of the Members for any purpose; may hire, appoint and discharge, subject to the approval of the Members, employees and agents of the Company; may give, or cause to be given, notices of all meetings of Members, and all other notices required herein or by law; may record the proceedings of the meetings of the Members in a book kept for that purpose; may authenticate records of the Company; may keep or cause to be kept full and accurate books of account; may render a financial statement showing all transactions and the financial condition of the Company as may be required by the Members; and may perform such other duties as may be assigned from time to time by the Members. In all events, the Secretary's authority shall be limited to ministerial acts performed as an agent of the Members, within the meaning of Treasury Regulation §301.6404-2(b)(2). Until a successor is duly elected, the Member listed first on the signature page hereto shall be the Secretary of the Company.

5.3 Resignation and Removal. An officer may resign at any time by delivering notice to the Company. A resignation is effective when the notice is delivered unless the notice specifies a future effective date. If a resignation is made effective at a future date and the Company accepts such future effective date, it may fill the pending vacancy before such date but the successor shall not take office until such date. The Members may remove any officer at any time with or without cause and any officer or assistant officer, if appointed by another officer, may likewise be removed by such officer.

ARTICLE VI TRANSFER OF INTERESTS

6.1 Right of First Refusal. No Member may transfer all or part of his interest in the Company without first offering such interest in writing to the other Members at a price equal to the amount offered for such interest by a third party and on the same terms and conditions. If the other Members do not accept the offer within thirty days, the selling Member will be free for a period of sixty days thereafter to transfer such interest but only in strict compliance with the terms of the third party offer. A transfer of interest to any person on account of the death of a Member or by a Member to a Member's spouse or lineal descendants or to a trust for the benefit of a Member, his spouse or his lineal descendants shall not be subject to the transfer restriction of this Section. The transferor and not the transferee shall be treated as the Member for all purposes of this Agreement in the event of an attempted transfer not in compliance with this Section. In the event of a transfer in compliance with this Section, the transferee shall be entitled to receive the share of profits and distributions of the transferor Member but may not participate in the management or affairs of the Company or have any vote on any matter unless and until admitted as a Substituted Member.

6.2 Admission of Transferee. As conditions to admission as a Substituted Member, (a)

the other Members shall unanimously consent to the substitution; (b) the transferee shall execute and acknowledge such instruments in form and substance as counsel to the Company deems necessary to effect such admission and to confirm the agreement of the person being admitted as a Substituted Member to be bound by all of the terms and provisions of this Agreement, as it may have been amended; and (c) the transferee shall pay all reasonable expenses in connection with his admission as a Substituted Member. A Substituted Member shall have all of the rights and privileges of the transferor and shall be substituted for the transferor in all respects, including receiving by transfer the Capital Account of the Transferor.

6.3 Pledge. A Member may assign his right to receive distributions hereunder, but not his entire interest, to secure a bona fide obligation, provided that a written security agreement evidencing such assignment is filed with the Company.

ARTICLE VII RESIGNATION OF MEMBERS

No Member may voluntarily resign from the Company.

ARTICLE VIII FINANCIAL RECORDS

8.1 Company Books. The Company shall maintain accurate books of the affairs of the Company at its principal office using such methods as may be approved from time to time by the Members. Each Member shall have the right to inspect and examine such books at reasonable times. The Company or the accountant regularly servicing the Company and appointed by the Members shall close and balance or review such books at the end of each fiscal year of the Company and shall have delivered to each Member, within ninety days after the expiration of each fiscal year of the Company, a copy of the balance sheet, and related statements of income and expense, and sources and uses of funds, together with a statement showing the income or loss and Capital Account of each Member, the distributions to each Member and all information necessary for a Member to prepare his federal and state tax returns.

8.2 Banking. The Company shall maintain a bank account in which all funds of the Company shall be deposited. This account may be co-mingled with other accounts, if appropriate accountings are made. The Company's funds shall be used solely for the business of the Company, and all withdrawals therefrom shall be made upon checks signed by one or more Members.

ARTICLE IX DISSOLUTION AND TERMINATION

9.1 Dissolution. The Company shall be dissolved upon the earlier of the following: (i) the consent of at least two-thirds of the Members; (ii) the entry of a decree of judicial dissolution; (iii) the transfer of all of the property owned by the Company; (iv) the expiration of the stated term; or (v) the death, expulsion, bankruptcy, or dissolution of a Member or any other event that terminates the continued membership of a Member unless the business of the Company is continued

by the unanimous consent of the remaining Members. Upon dissolution, absent the unanimous consent of the Members to continue the Company, the Members shall wind up the affairs of the Company, and distribute its assets or proceeds thereof. A reasonable time as determined by the Members, but not to exceed eighteen months, shall be allowed for the orderly liquidation and distribution of the assets of the Company.

9.2 Distributions. Upon liquidation and after the payment of all the debts and liabilities of the Company, the Company's remaining assets, whether in cash or in kind, shall be distributed to the Members in the ratio of their respective percentage interest.

ARTICLE X GENERAL PROVISIONS

10.1 Additional Members. No person shall be added as a Member of the Company without the written consent of all Members.

10.2 Notices. All notices contemplated by this Agreement shall be in writing addressed to the parties at the addresses set forth opposite their signatures to this Agreement or at such other addresses of which the Company shall have been notified in writing by the Member, and to the Company at its principal office, by certified mail, return receipt requested.

10.3 Elections and Other Tax Matters. The Company intends to make an election under Section 168(h) of the Code in the time and manner specified in the Code and regulations in order to be treated as a corporation for tax purposes. The Member listed first on the signature page hereto shall be the "tax matters partner" within the meaning of Section 6231 of the Code until a successor is chosen by the Members.

10.3.1. Tax Matters Member. TCG Development Advisors, LLC shall act as the Tax Matters Member so long as its guarantees are in effect and until such time as it has received its full portion of development fees due in connection with the development of White Marsh Pointe Apartments. After such time, Suffolk Redevelopment and Housing Authority shall act as the Tax Matters Member. The Tax Matters Member shall be solely responsible for representing the Company in all dealings with the Internal Revenue Service and any state, local, and foreign tax authorities, but the Tax Matters Member shall keep the other Members reasonably informed of any Company dealings with any tax agency.

10.3.1.1. The Tax Matters Member shall have the right to resign by giving thirty (30) days written notice to each Member. Upon the resignation, death, legal incompetency, or bankruptcy of the person serving as the Tax Matters Member, a successor to serve in such capacity shall be designated by affirmative vote of the Members holding a majority of the membership interests.

10.3.1.2. The Tax Matters Member shall employ experienced tax counsel to represent the Company in connection with any audit or investigation of the Company by the Internal Revenue Service, and in connection with all subsequent administrative and judicial

proceedings arising out of such audit. The fees and expenses of such counsel shall be a Company expense and shall be paid by the Company. Such counsel shall be solely responsible for representing the Company; it shall be the responsibility of the Tax Matters Member and all other Members, at their own expense, to employ tax counsel to represent their respective separate interests.

10.3.1.3. The Tax Matters Member shall keep the Members informed of all administrative and judicial proceedings as required by IRC Code Section 6223(g) and shall furnish to each Member a copy of each notice or other communication received by the Tax Matters Member from the IRS, except such notice or communication sent directly to the Members by the IRS. All expenses incurred by the Tax Matters Member and serving in such capacity shall be Company expenses and shall be paid by the Company.

10.3.1.4. The Tax Matters Member shall not do any of the following unless such action has been approved by the affirmative vote of the Members holding a majority of the membership interests;

10.3.1.4.1. Enter into a settlement agreement with the IRS which purports to bind the Members, other than the Tax Matters Member;

10.3.1.4.2. File a petition as contemplated in IRC Code Sections 6226(a) or 6228;

10.3.1.4.3. Intervene in any action as contemplated in IRC Code Section 6226(b);

10.3.1.4.4. File any requests contemplated in IRC Code Section 6227(b); or

10.3.1.4.5. Enter into any agreement extending the period of limitations as provided in IRC Code Section 6229(b)(1)(B).

10.3.1.5. The relationship of the Tax Matters Member to the Members is that of a fiduciary, and the Tax Matters Member has a fiduciary obligation to perform the duties of Tax Matters Member in such manner as will serve the best interests of the Company and the Members.

10.3.1.6. The Company shall indemnify the Tax Matters Member (including the Officers and Directors of a Corporate Tax Matters Member) against judgments, fines, amounts paid in settlement, and expenses (including attorney's fees) reasonably incurred in a civil, or investigative proceeding in which it is involved or threatened to be involved by reason of being the Tax Matters Member, provided that the Tax Matters Member acted in good faith, within what is reasonably believed to be the scope of his authority and for a purpose which it reasonably believed to be in the best interests of the Company or the Members. The Tax Matters Member shall not be indemnified under this provision against any liability to the Company or the Members to which it otherwise would be subject by

reason of willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties involved in the conduct of its office. The indemnification provided hereunder shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any applicable statute, agreement, vote of the Members, or otherwise.

10.4 Governing Law. All questions regarding the construction of this Agreement and the rights and liabilities of the parties shall be determined in accordance with the laws of the Commonwealth of Virginia without regard to the conflict of laws provisions thereof.

10.5 Binding Effect. This Agreement shall be binding upon and, provided the conditions of Section 6.2 hereof have been satisfied, shall inure to the benefit of all of the Members and their respective successors in interest, personal representatives, estates, distributees, legatees, and permitted assigns.

10.6 Interpretation. When the context in which words are used in this Agreement so indicates, words in the singular number shall include the plural, and vice versa, and words in the masculine gender shall include the feminine and neuter genders, and vice versa. The term "person" and pronouns shall include an individual, corporation, partnership, limited liability company or other entity. Reference to a statute shall also be deemed to refer to successor provisions thereof.

10.7 Validity. If a provision of this Agreement is declared invalid, such invalidity shall not invalidate the remainder of this Agreement.

10.8 Entire Agreement; Amendments. This Agreement contains the entire understanding among the Members and supersedes all prior written and oral agreements among them regarding the subject matter of this Agreement. No representation, agreement, arrangement or understanding, oral or written, exists among the Members relating to the subject matter of this Agreement that is not fully expressed herein. All amendments to this Agreement must be made in writing and approved by at least a majority of the votes entitled to be cast by the Members. If the Agreement is amended in accordance with this Section, each of the Members shall sign all documents that may be necessary or desirable, in the discretion of the Secretary, including, without limitation, an amended Operating Agreement and amended Articles of Organization.



10.9 Agreement in Counterparts. This Agreement may be executed in several counterparts and all counterparts so executed shall constitute one agreement, binding on all the parties hereto, notwithstanding that all of the parties are not signatory to the original or the same counterpart.

10.10 Captions. Any section or paragraph title or caption contained in this Agreement is for convenience of reference only, and shall not be deemed a part of or construed to affect the meaning of this Agreement.

10.11 Registered Office and Agent. The Company shall at all times have a registered office and a registered agent. The Registered Agent shall give notice, when necessary, to each Member.

[Remainder of Page Intentionally Left Blank. Signatures on Next Page]

IN WITNESS WHEREOF, the Member has signed this Agreement as of the ____ day of February, 2019.

<u>Name & Signature</u>	<u>EIN & Address</u>	<u>Percentage Interest</u>
Suffolk Redevelopment and Housing Authority By:  Name: Tracey C. Snipes Title: Executive Director	EIN: 54-1069215 530 E. Pinner Street Suffolk, VA 23434	51%
TCG Development Advisors, LLC  By: _____ Name: Peter Behringer Title: Manager	EIN: 45-3836156 348 Thompson Creek Mall Suite 357 Stevensville, MD 21666	49%

B

Virginia State Corporation
Commission Certification
(MANDATORY)

Commonwealth of Virginia



STATE CORPORATION COMMISSION

Richmond, February 8, 2019

This is to certify that the certificate of limited partnership of

White Marsh Pointe Apartments, L.P.

was this day admitted to record in this office and that the said limited partnership is authorized to transact its business subject to all Virginia laws applicable to the limited partnership and its business.

State Corporation Commission

Attest:

Joel H. Peck
Clerk of the Commission





COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

Office of the Clerk

February 8, 2019

DELPHINE G CARNES
CRENSHAW WARE & MARTIN PLC
150 W MAIN ST STE 1500
NORFOLK, VA 23510

RECEIPT

RE: White Marsh Pointe Apartments, L.P.

ID: L021703 - 6

DCN: 19-01-22-0263

Dear Customer:

This receipt acknowledges payment of \$100.00 to cover the fee for filing a certificate of limited partnership with this office.

The effective date of the certificate is February 8, 2019.

If you have any questions, please call (804) 371-9733 or toll-free in Virginia, (866) 722-2551.

Sincerely,

Joel H. Peck
Clerk of the Commission

RECEIPT
NLP
CISCCJ

Commonwealth of Virginia



State Corporation Commission

CERTIFICATE OF FACT

I Certify the Following from the Records of the Commission:

That a certificate of limited partnership was filed with the Commission on behalf of White Marsh Pointe Apartments, L.P., a limited partnership formed under the law of VIRGINIA, effective as of February 08, 2019.

That as of February 15, 2019, a certificate of cancellation canceling the existence of White Marsh Pointe Apartments, L.P., a Virginia limited partnership, has not been filed in the Clerk's Office of the Commission.

Nothing more is hereby certified.

*Signed and Sealed at Richmond on this Date:
February 15, 2019*



Joel H. Peck

Joel H. Peck, Clerk of the Commission

Commonwealth of Virginia



STATE CORPORATION COMMISSION

Richmond, February 8, 2019

This is to certify that the certificate of organization of

White Marsh Pointe Apartments GP, L.L.C.

was this day issued and admitted to record in this office and that the said limited liability company is authorized to transact its business subject to all Virginia laws applicable to the company and its business. Effective date: February 8, 2019



State Corporation Commission

Attest:

Joel H. Beck
Clerk of the Commission



COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

Office of the Clerk

February 8, 2019

DELPHINE G CARNES
CRENSHAW WARE & MARTIN PLC
150 W MAIN ST STE 1500
NORFOLK, VA 23510

RECEIPT

RE: White Marsh Pointe Apartments GP, L.L.C.

ID: S804813 - 6

DCN: 19-01-22-0262

This receipt acknowledges payment of \$100.00 to cover the fee for filing articles of organization for a limited liability company with this office.

The effective date of the certificate of organization is February 8, 2019.

If you have any questions, please call (804) 371-9733 or toll-free in Virginia, (866) 722-2551.

Sincerely,

Joel H. Peck
Clerk of the Commission

RECEIPTLC
LLNCD
CISCCJ

Commonwealth OF Virginia



State Corporation Commission

CERTIFICATE OF FACT

I Certify the Following from the Records of the Commission:

That White Marsh Pointe Apartments GP, L.L.C. is duly organized as a limited liability company under the law of the Commonwealth of Virginia;

That the date of its organization is February 8, 2019; and

That the limited liability company is in existence in the Commonwealth of Virginia as of the date set forth below.

Nothing more is hereby certified.

Signed and Sealed at Richmond on this Date:

February 15, 2019

A handwritten signature in cursive script that reads "Joel H. Peck".

Joel H. Peck, Clerk of the Commission



C

Principal's Previous
Participation Certification
(MANDATORY)



Previous Participation Certification

Development Name: White Marsh Pointe (White Marsh Pointe Apartments, L.P.)
Name of Applicant (entity): Tracey Snipes, 51% owner of White Marsh Pointe Apartments, G.P.
Peter Behringer, 49% owner of White Marsh Pointe Apartments, G.P.

I hereby certify that:

1. All the statements made by me are true, complete and correct to the best of my knowledge and belief and are made in good faith, including the data contained in Schedule A and any statements attached to this certification.
2. During any time that any of the participants were principals in any multifamily rental property, no property has been foreclosed upon, in default or assigned to the mortgage insurer (governmental or private); nor has mortgage relief by the mortgagee been given;
3. During any time that any of the participants were principals in any multifamily rental property, there has not been any breach by the owner of any agreements relating to the construction or rehabilitation, use, operation, management or disposition of the property, including removal from a partnership;
4. That at no time have any principals listed in this certification been required to turn in a property to the investor or have been removed from a multifamily rental property ownership structure;
5. That to the best of my knowledge, there are no unresolved findings raised as a result of state or federal audits, management reviews or other governmental investigations concerning any multifamily rental property in which any of the participants were principals;
6. During any time that any of the participants were principals in any multifamily rental property, there has not been a suspension or termination of payments under any state or federal assistance contract for the property;
7. None of the participants has been convicted of a felony and is not presently, to my knowledge, the subject of a complaint or indictment charging a felony. A felony is defined as any offense punishable by imprisonment for a term exceeding one year, but does not include any offense classified as a misdemeanor under the laws of a state and punishable by imprisonment of two years or less;
8. None of the participants has been suspended, debarred or otherwise restricted by any federal or state governmental entity from doing business with such governmental entity; and

Previous Participation Certification, cont'd

- 9. None of the participants has defaulted on an obligation covered by a surety or performance bond and has not been the subject of a claim under an employee fidelity bond.
- 10. None of the participants is a Virginia Housing Development Authority (VHDA) employee or a member of the immediate household of any of its employees.
- 11. None of the participants is participating in the ownership of a multifamily rental housing property as of this date on which construction has stopped for a period in excess of 20 days or, in the case of a multifamily rental housing property assisted by any federal or state governmental entity, which has been substantially completed for more than 90 days but for which requisite documents for closing, such as the final cost certification, have not been filed with such governmental entity.
- 12. None of the participants has been found by any federal or state governmental entity or court to be in noncompliance with any applicable civil rights, equal employment opportunity or fair housing laws or regulations.
- 13. None of the participants was a principal in any multifamily rental property which has been found by any federal or state governmental entity or court to have failed to comply with Section 42 of the Internal Revenue Code of 1986, as amended, during the period of time in which the participant was a principal in such property. This does not refer to corrected 8823's.
- 14. None of the participants is currently named as a defendant in a civil lawsuit arising out of their ownership or other participation in a multi-family housing development where the amount of damages sought by plaintiffs (i.e., the ad damnum clause) exceeds One Million Dollars (\$1,000,000).
- 15. None of the participants has pursued a Qualified Contract or planned foreclosure in Virginia after January 1, 2019.

Statements above (if any) to which I cannot certify have been deleted by striking through the words. In the case of any such deletion, I have attached a true and accurate statement to explain the relevant facts and circumstances.

Failure to disclose information about properties which have been found to be out of compliance or any material misrepresentations are grounds for rejection of an application and prohibition against future applications.

Signature



Peter Behringer

Printed Name

2/18/2019

Date (no more than 30 days prior to submission of the Application)

D

List of LIHTC Developments

(Schedule A)
(MANDATORY)

List of LIHTC Developments (Schedule A)



Development Name: White Marsh Pointe

Name of Applicant: Peter Behringer, TCG Development Advisors

INSTRUCTIONS:

- 1 A Schedule A is required for **every individual that makes up the GP or Managing Member** - does not apply to principals of publicly traded corporations.
- 2 A resume is required for each principal of the General Partnership or Limited Liability Company (LLC).
- 3 For each property for which an uncorrected 8823 has been issued, provide a detailed explanation of the nature of the non-compliance, as well as a status statement.
- 4 List only tax credit development experience since 2002 (i.e. for the past 15 years)
- 5 Use separate pages as needed, for each principal.

Principal's Name: Peter Behringer Controlling GP (CGP) or 'Named' Managing Member of Proposed property? Y

	Development Name/Location	Name of Ownership Entity and Phone Number	CGP or 'Named' Managing Member at the time of dev.?(Y/N)*	Total Dev. Units	Total Low Income Units	Placed in Service Date	8609(s) Issue Date	Uncorrected 8823's? (Y/N) Explain "Y"
1	Linwood Terrace Gastonia, NC	Linwood Terrace LP 301 807-5244	Y	100	100	Under Rehab		N
2	Mountain View, Gastonia, NC	MV Apartments LP 301 807-5244	Y	109	109	Under Rehab		N
3	Cameron-Weldon, Gastonia, NC	Cameron-Weldon LP 301 807-5244	Y	191	191	Under Rehab		N
4	Lonsdale Apartments, Knoxville, TN	Lonsdale, LP 865 403-1209	N	260	260	11/5/2018	In Process	N
5	North Ridge Crossing, Knoxville, TN	North Ridge Crossing, LP 865 403-1209	N	268	268	Under Rehab		N
6	The Vista, Knoxville, TN	Vista at Summit Hill, LP 865 403-1209	N	175	175	11/5/2018	In Process	N
7	Five Points Phase 2, Knoxville, TN	Five Points 2 LP 865 403-1150	N	84	84	7/11/2018	In Process	N
8	Southside Village, Lexington, NC	Southside Village, LP 301 807-5244	Y	130	130	5/26/2016	1/23/2017	N
9	Terrace Lane, Lexington, NC	Terrace Lane Associates, LP 301 807-5244	Y	138	138	12/17/2015	1/20/2017	N
10	Craven Terrace Phase I, New Bern, NC	Craven Terrace, LP 301 807-5244	Y	131	131	2/28/2017	8/15/2017	N
11	Craven Terrace Phase II, New Bern, NC	Craven Terrace Phase II, LP 301 807-5244	Y	182	182	12/22/2017	5/11/2018	N
12	Lake Ridge Commons, Wilmington, NC	Lake Ridge, LP 301 807-5244	N	75	75	10/1/2012	3/13/2013	N
13	Dale Homes, Phase I, Portsmouth, VA	Dale I, LP 757 391-2910	N	146	146	2/28/2018	In process	N
14	Dale Homes, Phase II, Portsmouth, VA	Dale II, LP 757 391-2910	N	150	150	Under Rehab		N
15	Lexington Place, Phase I, Portsmouth, VA	Lexington I, LP 757 391-2010	N	72	72	Under Rehab		N
16	Grayfield Apartments, Cedartown, GA	Grayfield I, LP 301 807-5244	Y	100	100	11/7/2017	1/23/2019	N
17	Cherokee Springs, Cedartown, GA	Cherokee Springs I, LP 301 807-5244	Y	134	134	4/1/2018	In process	N
18	Crescent Properties, Winder, GA	Crescent Residential Properties of Winder, LLC 770 867-7495	N	282	282	10/15/2017	Not LIHTC	N
19	Kimberly Park II, Winston-Salem, NC	Kimberly Park II, LLC 336 765-0424	N	170	170	9/15/2003	5/1/2004	N
20	Verde Villas, N. Charleston, SC	Verde Villas, LP 301 807-5244	Y	72	72	7/1/2010	3/10/2011	N

ADD ADDITIONAL PROPERTIES USING NEXT TAB

List of LIHTC Developments (Schedule A)

21	Bunce East, Fayetteville, NC	Bunce East Associates, LP	N	72	72	8/1/2011	3/12/2012	N
22	Curtis Lane/Alfred St., Fayetteville, NC	Curtis Lane Associates, LP	N	220	220	1/15/2011	7/19/2012	N
23	Campbell Terrace I, Fayetteville, NC	Campbell Terrace Phase I Associates, LP	N	112	112	2/14/2011	8/8/2012	N
24	Harbor View Phase II, Duluth, MN	Harbor View Phase II, LLC 301 807-5244	N	42	42	3/1/2008	8/15/2008	N
25	940 Brevard, Charlotte, NC	940 Brevard, LLC 336 765-0424	N	72	72	4/15/2009	11/1/2009	N
26	Vance Commons, Henderson, NC	Vance Commons, LP 301 807-5244	Y	40	40	7/5/2011	12/22/2011	N
27	Charleston Place, Greenville, SC	Charleston Place Phase I, LP 301 807-5244	Y	40	40	7/1/2007	1/15/2008	N
28	Clark St./Nichol Town Green, Greenville, SC	Clark Street, LP 301 807-5244	Y	192	192	10/13/2009	4/14/2010	N
29	Evergreen, Greenville, NC	Three Hundred Nichol Street, LP 301 807-5244	Y	168	168	9/30/2008	4/4/2009	N
30	Forest View, Greenville, SC	50 Ramsey Court, LP 301 807-5244	Y	72	72	12/15/2008	7/30/2009	N
31	Woodview Apartments, Washington, DC	WDC I, LP 202 669-6957	Y	202	202	6/11/2003	12/15/2003	N
32	Grandy Village, Norfolk, VA	NRHA Grandy Village, LP 757 314-2668	N	275	275	5/15/2010	1/7/2011	N
33	Mission College, Norfolk, VA	NRHA Mission College I, LP 757 314-2668	N	240	240	7/15/2009	4/1/2010	N
34	Diggs I, Norfolk, VA	NRHA Diggstown I, LP 757 314-2668	N	222	222	Not Closed		N
35	McAden Park, Charlotte, NC	Seigle 60, LP 301 807-5244	Y	60	60	11/29/2012	Not LIHTC - 1602	N
36	Seigle Point, Charlotte, NC	Seigle Point, LLC 301 807-5244	Y	204	204	1/8/2009	12/18/2009	N
37	Horizon Village, N. Charleston, SC	Horizon Village One, LP 301 807-5244	Y	306	306	7/1/2008	1/30/2009	N
38	Alston Lake, N. Charleston, SC	Alston Lake, LP 301 807-5244	Y	72	72	3/1/2008	9/15/2008	N
39	Harbor View Phase IV, Duluth, MN	Harbor View Phase IV, LLC 301 807-5244	Y	38	38	2/15/2012	7/18/2012	N
40	Frederick Revitalization	Frederick Revitalization I, LP 301 807-5244	Y	42	42	10/1/2009	3/14/2010	N

* Must have the ability to bind the LIHTC entity; document with partnership/operating agreements and one 8609 (per entity/development) for a total of 6.

1st PAGE

TOTAL: 5,660 5,660

LIHTC as % of

100% **Total Units**

List of LIHTC Developments (Schedule A)



Development Name: White Marsh Point
 Name of Applicant: Tracey Snipes, Executive Director of SRHA

INSTRUCTIONS:

- 1 **A Schedule A is required for every individual that makes up the GP or Managing Member** - does not apply to principals of publicly traded corporations.
- 2 A resume is required for each principal of the General Partnership or Limited Liability Company (LLC).
- 3 For each property for which an uncorrected 8823 has been issued, provide a detailed explanation of the nature of the non-compliance, as well as a status statement.
- 4 List only tax credit development experience since 2002 (i.e. for the past 15 years)
- 5 Use separate pages as needed, for each principal.

Principal's Name: _____ Controlling GP (CGP) or 'Named' Managing Member of Proposed property?*

	Development Name/Location	Name of Ownership Entity and Phone Number	CGP or 'Named' Managing Member at the time of dev.? (Y/N)*	Total Dev. Units	Total Low Income Units	Placed in Service Date	8609(s) Issue Date	Uncorrected 8823's? (Y/N) Explain "Y"
1	None							
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
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36								
37								
38								
39								
40								

* Must have the ability to bind the LIHTC entity; document with partnership/operating agreements and one 8609 (per entity/development) for a total of 6.

1st PAGE TOTAL: 0 0 #DIV/0! LIHTC as % of Total Units

ADD ADDITIONAL PROPERTIES USING NEXT TAB

Resume

Peter Behringer
TCG Development Advisors, LLC
Managing Member



Mr. Behringer has more than forty years of experience in all aspects of neighborhood revitalization and affordable housing development, including design, development, financing, construction, marketing, and management, training and resident empowerment. His early experience in community organization and in the creation of cooperative housing communities led to his becoming one of the first directors of the National Cooperative Bank and subsequently its Corporate Vice President in charge of real estate lending. He has developed thousands of units of affordable housing and numerous commercial developments throughout the continental United States as well as in the U.S. Virgin Islands. He has been responsible for the creation of numerous multi-phase mixed-finance and mixed-income communities in the Mid-Atlantic, Southeast, Midwest and Western states, and the U.S. Virgin Islands. TCG has been involved in the planning and implementation of 17 HOPE VI communities. The organization has assisted housing authority clients in 18 states submit Rental Assistance demonstration (RAD) applications covering 27,000 units.

TCG Development Advisors, Managing Member, and TCG Development Services, LLC,
Washington, DC

Executive Vice President (1999 – Present)

Oversees the implementation of TCGD's development portfolio of 5,000 units, with over \$440 million in total project development cost. Has structured and closed numerous complex mixed-finance affordable rental and homeownership housing transactions involving a broad range of public, private and low-income tax credit financing, working primarily with local public housing authorities and community residents. Under his supervision, TCG Development has undertaken large scale urban revitalization projects in Kern County, CA; Duluth, MN; Holyoke, MA; Dayton, OH; Washington, DC; Frederick, MD; Norfolk, VA; Lynchburg, VA; Portsmouth, VA; Winston-Salem, NC; Charlotte, NC; Fayetteville, NC; Wilson, NC; Wilmington, NC; Henderson, NC; Lexington, NC; New Bern, NC; Greenville, SC; Columbia, SC; N. Charleston, SC; Lakeland, FL; Daytona Beach, FL; Cedartown, GA; Winder, GA and Knoxville, TN.

Struever Bros. Eccles & Rouse, Baltimore, MD

Development Director (1996-1997)

Structured and implemented the project design, development and financing for the 100 unit for-sale component of the Lexington Terrace HOPE VI Plus development in Baltimore.

Worked with Crestar Bank and the Atlanta Home Loan Bank to structure a construction loan package with a 4% interest rate for the development. Team leader for several other for-sale developments as well as tax credit rentals.

Antilles Investment Corporation, Christiansted, St. Croix, U.S. Virgin Islands

President (1986-1996)

Consultant to Virgin Islands Housing Finance Authority. Assisted in the implementation of the single family mortgage revenue bond program in the Virgin Islands. Rehabilitated the Water Gut (114 Units) and Lagoon St. (60 Units) developments for the VIHFA post – Hurricane Hugo with the tenants remaining in place. Project Manager for Carden Beach Condominium, St. Croix., a waterfront condominium plus adjacent subdivision. In charge of all phases of design, development and construction. Developed, financed, built and managed Schooner Bay Condominium, and Colony Cove Condominium, St. Croix. Schooner Bay was one of the first new construction projects on St. Croix to be developed since the early 1970's. Colony Cove was the first residential development of any magnitude on St. Croix in over 15 years.

National Cooperative Bank, Washington, D.C.

Corporate Vice President (1984-1986)

Headed the Real Estate Lending Division of this Congressionally-chartered bank. Created two mortgage company subsidiaries for NCB. Developed loan originating capabilities and secondary market outlets for loan products ranging in size from \$25,000 to \$10,000,000. Increased loan originations by 500% while decreasing classified loans. Secondary market sales went from \$0 to \$50 million annually. Under Peter's tenure, NCB became a leader in the creation of affordable homeownership opportunities nationwide.

Multi-Family Housing Services, Inc., Baltimore, MD

President (1973-1984)

Developed, arranged construction and permanent financing, and supervised construction of over 3,000 units of housing in the Baltimore-Washington area. Specialized in working with low and moderate income tenant groups and community groups to acquire rental properties subject to conversion and gentrification and create affordable housing cooperatives.

Associated Mortgage Company, Washington, D.C.

Vice President (1971-1973)

Head of Community Development Services subsidiary providing financing to cooperatives and condominiums utilizing government housing programs.

Foundation for Cooperative Housing, Washington, D.C.

Vice President (1969-1971)

Mid-Atlantic Regional Director responsible for a six state area ranging from New Jersey to North Carolina. FCH was the largest developer of government-assisted housing in the United States at that time. Personally responsible for 3,000 housing starts and actively involved in the creation of another 3,000 units in Michigan, Indiana and Ohio.

US Peace Corps, Lima Peru

Volunteer (1967-1969)

Spearheaded an electrification program for Independencia, a “Pueblo Joven” or squatter settlement of approximately 50,000 people. Utilized community organizing principles to assist the residents to save on a block-by-block basis to bring electricity to their community.

Education

Small Company Management Program, 1982

HARVARD BUSINESS SCHOOL

Boston, MA

STATE UNIVERSITY OF NEW YORK AT BUFFALO

BS, Business Administration, 1967

Boards

- ❑ Citizens Planning and Housing Association, Baltimore, MD; Treasurer
- ❑ St. Croix 2000, Executive Committee
- ❑ Boys & Girls Club of the Virgin Islands, Treasurer
- ❑ Good Hope School, Chairman, Board of Trustees
- ❑ V. I. Public Services Commission, Chairman
- ❑ National Association of Housing Cooperatives
- ❑ Potomac Association of Housing Cooperatives – Co-Founder, President
- ❑ National Cooperative Bank, Chairman-Credit & Lending Committee
- ❑ Reservoir Hill Cooperative

TRACEY C. SNIPES

170 Ashford Drive ● Suffolk, VA 23434 ● (757) 537-7023 ● tabby1219@msn.com

Result driven HR executive with over 20 years of progressive experience in building state-of-the-art HR organizations and programs. Proven expertise with linking HR with business objectives and cross-functional operations to achieve consistent gains in productivity, performance, quality, and service. Expert in facilitating groups through complex-problem solving to lead change and deliver effective solutions. Record of accomplishment in managing teams, complex projects, program oversight, and organizational improvements. Proven track record with innovative achievements in training & career development, change management, strategic planning, performance management and policy. Effectively managed \$12 million dollar operating budgets and all financial aspect.

CORE STRENGTHS AND SELECTED ACCOMPLISHMENTS

- Program Compliance
- Human Resources Operations
- HR Policy, Process, Systems Design
- Budget Execution & Formulation
- Procurement and Contract Oversight
- Information Technology Oversight
- Administrative Operations
- Complaints, Evaluations & Resolutions
- Strategic Planning
- Employee Training & Development

- ❖ Property Management Certification (PHM)
- ❖ Oversight of all procurement, computer, accounts payable, accounts receivable, payroll, budget and general ledger functions of the \$12 million budget for SRHA.
- ❖ Conduct and coordinate internal compliance oversight activities of all Programs core and functional within SRHA three divisions to include finance, procurement, legal and information technology functions of SRHA.
- ❖ Compliance with The Department of Housing and Urban Development (HUD) and all State and Federal Guidelines applying to Housing.

PROFESSIONAL EXPERIENCE

Suffolk Redevelopment & Housing Authority
Suffolk, VA

October 2016 – Present
Supervisor: Board of Commissioners
Telephone: (757) 539-2100

Executive Director/CEO

Responsible for the day to day operation of the Agency's three (3) divisions of Administrative Operations, Housing Operations and Community Development Operations. Maintains compliance with the Department of Housing and Urban Development and other state and federal guidelines.

- Board Governance
- Public Relations and Political Engagement
- Finance and Accounting
- Human Resources
- Information Technology
- Compliance
- Facilities Management
- Inventory
- Property Management and Maintenance

TRACEY C. SNIPES

Résumé ● Page 2

-
- Resident Services
 - Occupancy
 - Community Development Program Management
 - Construction Management
 - Project Management
 - Tax Exempt Bond Initiatives
 - Employee Engagement

Suffolk Redevelopment & Housing Authority
Suffolk, VA

May 2005 – October 2016
Supervisor: Clarissa E. McAdoo-Cannion
Telephone: (757) 923-9240

Administration Operations Director

Responsible for all Administrative functions of the Agency to include: Assisting the Executive Director with complex Administrative work; Compliance with Department of Housing and Urban Development (HUD) and other state and federal guidelines; Oversees and manages the contracts and procurement process, including requesting proposals, soliciting bids and tracking the use of contractor services for an agency with a \$12 million annual budget; Oversees the requisitioning process for the generation of purchase orders for services, supplies and equipment. Responsible for the support services that provides Administrative service to all divisions within SRHA; ensuring that all request requiring the Executive Directors signature is in compliance with the rules and regulations of the Agency; and budget compliance.

- Serve as back-up to Executive Director
- Served as Interim Executive Director
- Provide advisory services to the Executive Director related to the status of grant program, human resources benefits, recruitment, human resources operations, employee relations, professional development,

PROFESSIONAL EXPERIENCE (CONTINUED)

- workforce planning, policy, and procedures. Significantly enhanced employee engagement, retention, and morale.
- Served as Interim Community Development Director
- Served as Interim Section 8 Director
- Served as Interim Public Housing Director
- Oversight of all procurement, computer, accounts payable, accounts receivable, payroll, budget and general ledger and inventory control functions of the \$12 million budget for SRHA.
- Monitor the process to increase revenue and decrease expenses. Develop short and long range goals for SRHA.
- Develop relationships with Partners, maintain communications with and provided reports to funding sources.
- Maintained performance appraisal system for SRHA.
- Recommend to the Executive Director changes to policies and procedures that would improve the organization.
- Led succession planning and backfilling efforts for SRHA. Conducted planning sessions to determine hiring strategies to balance gains, losses, current manpower, and future manpower objectives.

TRACEY C. SNIPES

Résumé ● Page 3

- Conduct and coordinate internal compliance oversight activities for all grant programs core and functional within Administrative Operations Division to include finance, procurement, legal and data processing functions of SRHA.
- Administer and maintain personnel files: medical, dental, vision, flexible spending, life insurance, and health clinic; workers' compensation; short-term disability; Equal Employment Opportunity/Affirmation Action (EEO/AA); Family Medical Leave Act (FMLA); Consolidated Omnibus Budget Reconciliation Act (COBRA); Health Insurance Portability and Accounting Act (HIPPA), Virginia Retirement System (VRS) programs; including instructing/advising personnel regarding policies and procedures and responding to inquiries.

Suffolk Redevelopment & Housing Authority
Suffolk, VA

January 1998 – May 2005
Supervisor: Clarissa E. McAdoo-Cannon
Telephone: (757) 539-2100

Human Resource Manager

Responsible for the overall administration, coordination and evaluation of the human resource function. Led the development and execution of strategic HR initiatives. Lead and implement HR functions including communication, employee relations, succession planning, workforce planning, recruiting, training, leadership and organizational effectiveness, employee engagement, performance and risk management. Developed and led change management, leadership, coaching and field training, and onboarding projects and strategies to increase productivity, efficiency and profitability. Managed oversight of payroll, compensation, HRIS, process improvement, labor and workforce planning to consult on and implement SRHA's strategies, support and compliance initiatives.

- Served as Interim Executive Director
- Served as Interim Community Development Director
- Managed the development, implementation, and maintenance of the SRHA's EEO and Affirmative Action Programs; facilitated regulatory training programs to ensure organizational compliance.
- Administered SRHA's discipline process, prepared and assisted management in application of proper discipline based on Human Resource manual.
- Developed and implemented HR strategies and initiatives aligned with the overall business strategy.

PROFESSIONAL EXPERIENCE (CONTINUED)

- Implemented annually updates compensation program; rewrite job descriptions as necessary; conducted salary surveys and developed merit pool (salary budget); analyzed compensation; monitored the performance evaluation program and revised as necessary.
- Bridged management and employee relations.
- Maintained pay plan and benefits program.
- Ensured legal compliance of SRHA's policies and applicable Federal/State laws, rules and regulations.
- Provided decision support through HR metrics to the Executive Director.
- Served as the SRHA's Equal Employment Opportunity (EEO) officer; investigated all claims of alleged discriminatory and harassing practices and behavior; meet with complainants, witness, and the accused to verify case information and determined the facts of complaint; prepared reports of findings and recommendations of corrective action where warranted; reviewed all practices and policies to ensure zero violations of EEO laws and regulations.
- Conducted recruitment effort for all personnel and temporary employees; conducted new-employee orientations; employee relations counseling, outplacement counseling and exit interviewing; wrote and placed advertisements.

Lowe's Home Center

July 1993– December 1997

TRACEY C. SNIPES

Résumé ● Page 4

Suffolk, VA

Supervisor: Craig Davis
Telephone: (757) 923-1420

Personnel/Training Coordinator

Responsible for anticipating talent needs and addressing them through proactive and effective recruiting, staffing and training. Motivate and retain existing talent by anticipating human resource issues in the store through consistent and effective application of Lowe's policies, management practices, and legal requirements.

- Conducted recruitment effort for all personnel and temporary employees; conducted new-employee orientations; employee relations counseling, outplacement counseling and exit interviewing; wrote and placed advertisements.
- Reviewed and proposed changes to policies and procedures as needed; ensured policy and procedures related to areas of responsibility are reviewed and revised as necessary based on contract needs or company best practices.
- Oversaw all functional areas including benefits, recruiting, training management, new employee orientation and employee relations.
- Designed training and development programs based on the needs of the organization and the employee.
- Monitored and reviewed the progress of trainees through questionnaires and discussions with managers.

EDUCATION

Business Administration

College of Lake County, 1993-1995

Business Administration

Rutledge Junior College, 1983-1984

CERTIFICATIONS

Property Management Certification (PHM) - Nan McKay
Professional Human Resource Management - Old Dominion University
Capital Improvement Fund Specialist - Nan McKay
Procurement and Contract Management Specialist - Nan McKay
Notary Public - Commonwealth of Virginia

COMPUTER/INFORMATION SYSTEMS

Microsoft Office Suite (Word, Excel, Access, PowerPoint, Publisher)
Scott Accounting System Software
TRACS
OneSource
PayChex

REFERENCES ATTACHED TO RESUME AND APPLICATION

E

Site Control
Documentation & Most
Recent Real Estate Tax
Assessment
(MANDATORY)

LEASE OPTION AGREEMENT

THIS LEASE OPTION AGREEMENT ("Option"), made this 26th day of February, 2019, between SUFFOLK REDEVELOPMENT AND HOUSING AUTHORITY, a political subdivision of the Commonwealth of Virginia, hereinafter called "Lessor," and WHITE MARSH POINTE APARTMENTS, L.P., a Virginia limited partnership, hereinafter called "Lessee,"

WITNESSETH THAT:

WHEREAS, Lessor holds fee simple title to certain real estate located in the City of Suffolk, Virginia, more particularly described on Exhibit A attached hereto and made a part hereof (the "Property"); and

WHEREAS, Lessee desires an option to ground lease from Lessor the Property and Lessor is willing to grant the option for the price and on the terms hereafter set forth; and

WHEREAS, Lessor and Lessee enter into this Option to provide the Lessee with the right to ground lease the Property.

NOW, THEREFORE, for and in consideration of the sum of One Hundred Dollars (\$100.00), and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor hereby grants to Lessee the exclusive option and right to ground lease the Property, upon the following terms:

1. **Duration of Option:** This Option creates a binding contract requiring Lessor to ground lease the Property to Lessee in the event Lessee exercises the option during the period commencing on the date hereof and ending on December 31, 2019 (the "Option Period"). In the event the Lessee shall not have exercised the Option by December 31, 2019, this Option shall on that date then terminate.
2. **Exercise of Option:** This Option may be exercised by Lessee's delivering to Lessor a written notice expressly exercising the Option before the expiration of the Option Period. Upon receipt of such notice, Lessor will prepare and present to Lessee a ground lease (the "Ground Lease"), so as to have such contract fully executed by both parties. The Ground Lease will have a term of at least fifty (50) years. The Option is irrevocable for the duration of the Option Period. The Option will expire if the notice of exercise is not delivered to Lessor before the end of the Option Period. If the option is exercised, the consideration for the lease of the Property shall be the payment of rent under a ground lease to be agreed upon by Lessee and Lessor, as applicable.
3. **Option Payment:** Lessee has paid Lessor the sum of \$1.00 as the price of this Option. Upon execution of a Ground Lease, the \$1.00 option money will be credited against the Lessee's earnest money obligation at the time of contract signing. The option money shall be returned to Lessee if the failure to enter into a Ground Lease is not the choice or fault of the Lessee.

4. **Lessor's right during Option Period.** Anything herein to the contrary notwithstanding, during the Option Period the Lessor shall have the right to use the Property, or permit any other person or entity to use the Property, for any purpose. Lessor covenants and agrees that, until the expiration of the Option Period, Lessor will not lease, sell or convey the Property or any part thereof to any other party, unless expressly subject and subordinate to this Option, it being understood that Lessee shall have the exclusive rights to lease the Property from Lessor until the expiration of the Option Period or the Lessee's exercise of this Option.

5. **Restrictive Covenants:** It is hereby specified that, as a part of the consideration for the Ground Lease of the subject property, the land will be ground leased expressly subject to certain covenants, restrictions, limitations and conditions, which will at the time of Ground Lease be imposed as covenants running with and binding upon the land, and which will provide generally as follows:

- a. The Property shall not be used for commercial or industrial purposes but shall be used for residential purposes only.
- b. There shall not be effected or executed any agreement, lease, covenant, conveyance or other instrument whereby the sale, lease or occupancy of the Property is restricted upon the basis of race, creed, color, religion, sex, national origin, disability or familial status.
- c. The Lessee will comply with all State and local laws, in effect from time to time, prohibiting discrimination or segregation by reason of race, creed, color, religion, sex, national origin, disability or familial status in the sale, lease, or occupancy of the Property.
- d. The Lessee agrees on behalf of itself, its successors and assigns, not to discriminate upon the basis of race, creed, color, religion, sex, national origin, disability or familial status in the sale, lease, rental, use or occupancy of the Property or any improvements thereon. This covenant being given for the benefit of the public, the United States is expressly recognized as a beneficiary thereof and is entitled to enforce it for its own benefit or that of the public.
- e. Unless prevented by Act of God or war, or some other unforeseen cause wholly beyond control, within thirty (30) days after settlement there shall be begun, and within twenty-four (24) months after settlement there shall be completed on said Property, certain improvements, with appropriate landscaping.
- f. No sign or fence shall be permitted on or within the perimeter of the Property without first obtaining the written permission of the Lessor.
- g. Coal shall not be used for heating or developing fuel or for any other

operation on the Property.

- h. The land area not occupied by structures, hard-surfacing or vehicular driveways, shall be kept planted with grass, trees and plants or shrubbery and maintained in a healthy condition and neat appearance. Upon default in such planting or in its maintenance, Lessee, and its successors and assigns, agrees that the necessary planting and work may be done by Lessor at the expense of Lessee, or his successors and assigns, from time to time and in keeping with this covenant.
- i. Parking areas, driveways and other vehicular accessways will be hard-surfaced with material of concrete, bituminous or similar composition.
- j. The Lessee agrees, on behalf of itself, its successors and assigns, that all buildings located on the Property and their appurtenant premises will be maintained in a sound condition and neat appearance. Necessary repairs, maintenance and upkeep will be performed so as to preserve the attractive appearance, the physical integrity and the sanitary and safe condition of the buildings. Upon default in such repairs, maintenance or upkeep, Lessee, and its successors and assigns, agree that the necessary repairs, maintenance and upkeep may be done by Lessor at the expense of Lessee, or its successors and assigns, from time to time and in keeping with this covenant.
- k. Gas, electric and other utility services shall be underground to the buildings from the main distribution. No utility line or connection to any utility line at or above ground level shall be permitted.
- l. Any service area, facility or equipment located on that side of a building or building site which is adjacent to a public right-of-way is to be enclosed or otherwise screened from view.
- m. Provision for off-street parking space for motor vehicles shall be in accordance with the zoning ordinances of the City of Suffolk.
- n. All exterior walls shall be constructed of permanent materials impervious to deterioration in appearance, such as stone, exposed aggregates, brick or glass. All roof structures and appurtenances in excess of six (6) inches in diameter and twelve (12) inches in height shall be shielded or screened from observation from the same elevation. Such shielding or screening shall be with materials compatible and in harmony with the roof and/or side walls.
- o. No landscaping, improvements or structures, whether temporary or

permanent in nature, shall be constructed, commenced or erected on the Property unless and until the plans, working drawings, specifications and materials therefor have been approved in writing by the Lessor.

- p. Covenants a, e, f, g, h, i, j, k, l, m, n and o above shall expire forty (40) years after the date of the Ground Lease.

6. **Notices:** Any notice, demand or request by either party hereto to the other shall be deemed to be given if and when posted in the U.S. Mails by registered mail, postage prepaid, addressed as follows:

If to Lessor:

Suffolk Redevelopment and Housing Authority
530 E. Pinner Street,
Suffolk, Virginia 23434
Attn: Executive Director

If to Lessee:

White Marsh Pointe Apartments, L.P.
c/o White Marsh Pointe Apartments GP, L.L.C.
530 E. Pinner Street,
Suffolk, Virginia 23434
Attn: Tracey C. Snipes

7. **Assignment of Option:** This Option is not freely assignable. Lessee may assign the Option only to a subsidiary or affiliate of Lessee, and then only a) upon giving written notice to the Lessor, b) upon obtaining Lessor's written consent to the assignment, and c) provided that Assignee shall retain underlying responsibility for performing the obligations of the Lessee.

8. **Recordation of Option:** This Option may be recorded by the Lessor or the Lessee in the land records of the City of Suffolk.

9. **Applicable Law:** The interpretation and enforcement of this Option and any similar contracts entered into between Lessee and Lessor shall be governed by the laws of the Commonwealth of Virginia.

WITNESS the following signatures and seals on the day and year first above written.

LESSOR:

**SUFFOLK REDEVELOPMENT
AND HOUSING AUTHORITY,**
a political subdivision of the Commonwealth
of Virginia

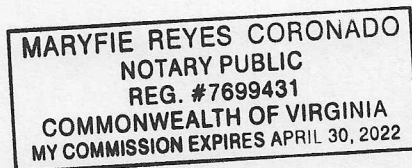
By Tracey C Snipes
Name: Tracey C. Snipes
Title: Executive Director

**COMMONWEALTH OF VIRGINIA
CITY OF SUFFOLK, to-wit:**

I, MARYFIE REYES CORONADO, a Notary Public in and for the City aforesaid, in the State of Virginia, whose commission expires on the 30th day of APRIL, 2022, do hereby certify that Tracey C. Snipes, Executive Director of Suffolk Redevelopment and Housing Authority, whose name is signed as such to the foregoing writing bearing date of the 26th day of February, 2019, has acknowledged the same before me in my City and State.

Given under my hand this 26th day of February, 2019.

Maryfide Reyes Coronado
Notary Public



LESSEE:

WHITE MARSH POINTE APARTMENTS, L.P.

a Virginia limited partnership

By: White Marsh Pointe Apartments GP, L.L.C.,
a Virginia limited liability company
its General Partner

By: Suffolk Redevelopment and Housing
Authority, a political subdivision of the
Commonwealth of Virginia,
its Member

By: Tracey C. Snipes
Name: Tracey C. Snipes
Title: Executive Director

**COMMONWEALTH OF VIRGINIA
CITY OF SUFFOLK, to-wit:**

I, MARYFIE REYES CORONADO, a Notary Public in and for the City aforesaid, in the State of Virginia, whose commission expires on the 30th day of APRIL, 2022, do hereby certify that Tracey C. Snipes, Executive Director of Suffolk Redevelopment and Housing Authority, which is a member of White Marsh Pointe Apartments GP, L.L.C., the General Partner of White Marsh Pointe Apartments, L.P., whose name is signed as such to the foregoing writing bearing date of the 26 day of February, 2019, has acknowledged the same before me in my City and State.

Given under my hand this 26 day of February, 2019.

Maryfie Reyes Coronado
Notary Public

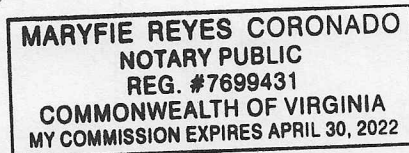


EXHIBIT A

Legal Description

PARCEL ONE:

All that certain piece or parcel of land, lying, situate and being in Cypress Borough, Suffolk, Virginia, and containing by survey 4.522 acres, designated as Parcel E-1, and being more particularly described on a certain plat entitled, "Plat Showing a Portion of Parcel E "Subdivision of Cogie Homes and Parker-Riddick Village", Cypress Borough, Suffolk, Virginia", dated April 1, 1980, and made by Ernest C. Hawkins, Jr. & Assocs., Surveyors & Planners, Suffolk, Virginia, and recorded in Plat Book 5, Page 97.

IT BEING the same property conveyed to Suffolk Redevelopment and Housing Authority, by deed from Lee-Howard Partnership, a Virginia partnership, dated April 4, 1980, and recorded May 27, 1980, in the Clerk's Office of the Circuit Court of the City of Suffolk, Virginia, in Deed Book 78, Page 147.

PARCEL TWO:

All that certain piece or parcel of land, lying, situate and being in Cypress Borough, Suffolk, Virginia, and containing by survey 4.265 acres, designated as Parcel E-2, and being more particularly described on a certain plat entitled, "Plat Showing a Portion of Parcel E "Subdivision of Cogie Homes and Parker-Riddick Village", Cypress Borough, Suffolk, Virginia", dated May 15, 1980, and made by Ernest C. Hawkins, Jr. & Assocs. Surveyors & Planners, Suffolk, Virginia, and recorded in Plat Book 5, Page 98.

IT BEING the same property conveyed to Suffolk Redevelopment and Housing Authority, by deed from Lee-Howard Partnership, a Virginia partnership, dated May 24, 1980, and recorded May 27, 1980, in the Clerk's Office of the Circuit Court of the City of Suffolk, Virginia, in Deed Book 78, Page 149.



City of Suffolk, Virginia
 Ronald H Williams, City Treasurer
 PO Box 1583
 Suffolk VA 23439-1583
 Email us: citytreasurer@suffolkva.us

REAL ESTATE TAX BILL - 2018
 For fiscal year 2018-2019 1st Half

Account No.	TRS #	Invoice #
053290900	53785	1898150

Treasurer's Information
 Office Hours - 8:30 AM - 5:00 PM
 Email: citytreasurer@suffolkva.us
 Web Site: www.suffolkva.us/trsr
 Main Office: Located in City Hall
 442 W. Washington St.
 Suffolk VA 23434
 Phone: (757) 514-4275
 Fax: (757) 514-7299
 North Suffolk Office: Located in North Suffolk Library
 2000 Bennett's Creek Park Rd.
 Suffolk VA 23435
 Phone: (757) 514-4275
 Fax: (757) 483-1207

SRHA
 C/O PARKER RIDDICK APTS
 530 E PINNER ST
 SUFFOLK, VA 23434



SEE BACK OF FORM FOR ADDITIONAL INFORMATION

Property Owner: SRHA
Property Address: 94 STACEY DR
Map Number: 35*168B*1
Legal Description: RT.721,SUFF,REDEV.& HOUSING

Lot/Acres/Sq. Ft.: 4.52 **District:** City Wide
Mortgage Co. No.:

Land Value	Building Value	Total Assessed Value	Tax Rate	Tax Relief %	Annual Tax
183,100	1,847,100	2,030,200			0.00

Date Paid: _____ Check No: _____ Amt Paid: _____

Annual Refuse Fee	# of Refuse Units	Annual Refuse Amount	Annual S.W. Fee	Equivalent Res. Units	Annual Storm Water Amount
234.00	0.00	0.00	72.00	21.00	1,512.00

Current Tax Due	Current Storm Water Fee	Current Refuse Fee	Other Charges Due	Credits	Amount Due	Due Date
0.00	756.00	0.00	571.12	0.00	1,327.12	12/05/2018

Payment Options:

- Pay online at www.suffolkvatax.us, using MasterCard, Visa, Discover, AMEX, PayPal/PayPal Credit, and e-check. A convenience fee of 2.5% + \$0.30 will be added to all credit and debit card transactions and \$1.50 per e-check transaction. AMEX will only be accepted online. PayPal Credit requires a minimum payment of \$99.
- Pay by telephone at 1-866-791-4845. When prompted, enter the TRS # provided above. The same convenience fees listed above apply for telephone transactions
- Mail payments using the enclosed return envelope. Payments postmarked after the due date will incur penalty and interest.
- Use the payment drop box located at both office locations. **Your cancelled check will serve as your receipt.**

RETURN THIS PORTION WITH PAYMENT - KEEP TOP HALF FOR YOUR RECORDS



City of Suffolk, Virginia
 Mail payment, payable to:
 Ronald H Williams, City Treasurer
 PO Box 1583
 Suffolk VA 23439-1583

REAL ESTATE TAX BILL - 2018
 For fiscal year 2018-2019 1st Half

Account No.	TRS #	Invoice #
053290900	53785	1898150



2000693

IF PAID BY A MORTGAGE HOLDER, PLEASE FORWARD

Current Tax Due	Current Storm Water Fee	Current Refuse Fee	Other Charges Due	Credits	Amount Due	Due Date
0.00	756.00	0.00	571.12	0.00	1,327.12	12/05/2018

Property Loc: 35*168B*1

If not paid by due date, 10% penalty and 10% annual interest added.
 *Additional delinquent charges.

SRHA
 C/O PARKER RIDDICK APTS
 530 E PINNER ST
 SUFFOLK, VA 23434



000537850001327121



CITY OF SUFFOLK

Department of Public Works / Stormwater Engineering

442 W WASHINGTON STREET, SUFFOLK, VIRGINIA 23434 PHONE (757) 514-7725

November 1, 2018

Property Address: 94 STACEY DR
Account Number: 053290900

Subject: Corrected Stormwater Utility Fee for 2014 – 2018 Billing Period.

Dear Sir or Madam:

This letter is notification regarding a stormwater utility fee credit to be applied to your account. The credit is the result of an error in applying the correct equivalent residential unit (ERU) for fees assessed during the 2014 – 2018 billing period, as reflected on your real estate tax bill.

The Treasurer has credited your account and applied it to the enclosed 2018 tax bill.

Stormwater Utility Fee Credit:

Stormwater Utility Fees Assessed	\$6,048.00	Equivalent Res. Units Assessed	84
Corrected Stormwater Utility Fees	\$5,760.00	Corrected Equivalent Res. Units	80
Amount Credited to Account	\$288.00	Credited Equivalent Res. Units	4

If you should have any questions concerning the credit applied, please contact the Department of Public Works at (757) 514-7725.

Sincerely,

Jeff Gray
Enterprise Programs Manager

CC: L.J. Hansen, P.E., Acting Director of Public Works
Ronald H. Williams, City Treasurer



City of Suffolk, Virginia
 Ronald H Williams, City Treasurer
 PO Box 1583
 Suffolk VA 23439-1583
 Email us: citytreasurer@suffolkva.us

REAL ESTATE TAX BILL - 2018
 For fiscal year 2018-2019 1st Half

Account No.	TRS #	Invoice #
051839700	52104	1814824

Treasurer's Information
 Office Hours - 8:30 AM - 5:00 PM
 Email: citytreasurer@suffolkva.us
 Web Site: www.suffolkva.us/trsr

Main Office: Located in City Hall
 442 W. Washington St.
 Suffolk VA 23434
 Phone: (757) 514-4275
 Fax: (757) 514-7299

North Suffolk Office: Located in North Suffolk Library
 2000 Bennett's Creek Park Rd.
 Suffolk VA 23435
 Phone: (757) 514-4275
 Fax: (757) 483-1207

SRHA
 C/O PARKER RIDDICK APTS
 530 E PINNER ST
 SUFFOLK, VA 23434



SEE BACK OF FORM FOR ADDITIONAL INFORMATION

Property Owner: SRHA
Property Address: 0 DAVIS BL
Map Number: 35*168B
Legal Description: RT.721,GODFREY,POWELL,
 SUFF.REDEV.&HOUS.

Lot/Acres/Sq. Ft.: 4.27
District: City Wide
Mortgage Co. No.:

Land Value	Building Value	Total Assessed Value	Tax Rate	Tax Relief %	Annual Tax
172,900	1,857,300	2,030,200			0.00

Date Paid: _____ Check No: _____ Amt Paid: _____

Annual Refuse Fee	# of Refuse Units	Annual Refuse Amount	Annual S.W. Fee	Equivalent Res. Units	Annual Storm Water Amount
234.00	0.00	0.00	72.00	20.00	1,440.00

Current Tax Due	Current Storm Water Fee	Current Refuse Fee	Other Charges Due	Credits	Amount Due	Due Date
0.00	720.00	0.00	602.46	0.00	1,322.46	12/05/2018

Payment Options:

- Pay online at www.suffolkvatax.us, using MasterCard, Visa, Discover, AMEX, PayPal/PayPal Credit, and e-check. A convenience fee of 2.5% + \$0.30 will be added to all credit and debit card transactions and \$1.50 per e-check transaction. AMEX will only be accepted online. PayPal Credit requires a minimum payment of \$99.
- Pay by telephone at 1-866-791-4845. When prompted, enter the TRS # provided above. The same convenience fees listed above apply for telephone transactions
- Mail payments using the enclosed return envelope. Payments postmarked after the due date will incur penalty and interest.
- Use the payment drop box located at both office locations. **Your cancelled check will serve as your receipt.**

RETURN THIS PORTION WITH PAYMENT - KEEP TOP HALF FOR YOUR RECORDS



City of Suffolk, Virginia
 Mail payment, payable to:
 Ronald H Williams, City Treasurer
 PO Box 1583
 Suffolk VA 23439-1583

REAL ESTATE TAX BILL - 2018
 For fiscal year 2018-2019 1st Half

Account No.	TRS #	Invoice #
051839700	52104	1814824



1917367

IF PAID BY A MORTGAGE HOLDER, PLEASE FORWARD

Current Tax Due	Current Storm Water Fee	Current Refuse Fee	Other Charges Due	Credits	Amount Due	Due Date
0.00	720.00	0.00	602.46	0.00	1,322.46	12/05/2018

Property Loc: 35*168B

if not paid by due date, 10% penalty and 10% annual interest added.
***Additional delinquent charges.**

SRHA
 C/O PARKER RIDDICK APTS
 530 E PINNER ST
 SUFFOLK, VA 23434



000521040001322461



CITY OF SUFFOLK

Department of Public Works / Stormwater Engineering

442 W WASHINGTON STREET, SUFFOLK, VIRGINIA 23434 PHONE (757) 514-7725

November 1, 2018

Property Address: DAVIS BL
Account Number: 051839700

Subject: Corrected Stormwater Utility Fee for 2014 – 2018 Billing Period.

Dear Sir or Madam:

This letter is notification regarding a stormwater utility fee credit to be applied to your account. The credit is the result of an error in applying the correct equivalent residential unit (ERU) for fees assessed during the 2014 – 2018 billing period, as reflected on your real estate tax bill.

The Treasurer has credited your account and applied it to the enclosed 2018 tax bill.

Stormwater Utility Fee Credit:

Stormwater Utility Fees Assessed	\$5,760.00	Equivalent Res. Units Assessed	80
Corrected Stormwater Utility Fees	\$5,472.00	Corrected Equivalent Res. Units	76
Amount Credited to Account	\$288.00	Credited Equivalent Res. Units	4

If you should have any questions concerning the credit applied, please contact the Department of Public Works at (757) 514-7725.

Sincerely,

Jeff Gray
Enterprise Programs Manager

CC: L.J. Hansen, P.E., Acting Director of Public Works
Ronald H. Williams, City Treasurer

F

Architect's Certification
and Third-Party RESNET
Rater Certification
(MANDATORY)



INSTRUCTIONS FOR THE COMPLETION OF APPENDIX F ARCHITECT'S CERTIFICATION

(This form must be included in the Application – Tab F)

NOTE: If the development includes any combination of **New Construction, Rehabilitation** or Adaptive Reuse, then separate Architect Certifications must be provided for each construction type.

The proper completion of this certification is critical to calculate the average unit square feet and net rentable square feet of each unit type, to document amenity items for which will be awarded, and to calculate certain elements of the efficient use of resources points.

If this certification is not completed correctly there may be loss of points or disqualification of the application to compete for tax credits. **If this development receives an allocation of tax credits and items are not provided as indicated on this certification then VHDA may, at its sole option, require the payment by the Owner of an amount up to 10% of the Total Development Cost (as set forth in the Application) of the development as liquidated damages for such violation or the total loss of credits may result.** Therefore, it is imperative that this certification reflect the true and accurate intent of what will be provided in return for an allocation of tax credits.

Each section of this certification contains instructions on how the information should be provided. For Unit Size Calculations, the Average Unit Square Feet and Net Rentable Square Feet should be listed to two (2) decimal places. The number of units indicated should be only the units for which rent will be collected. For Average Unit Square Feet calculations, the Total Square Feet should equal the Average Unit Square Feet multiplied by the Number of Units/Type. The total at the bottom of the Total Square Feet column should equal item (D) on the same page of the certification, or be within 1 digit due to rounding.

Accessibility certifications on page 6 are for tax credit point categories only and are not to be confused with minimum code requirements.



Architect's Certification

Name of Development: White Marsh Pointe

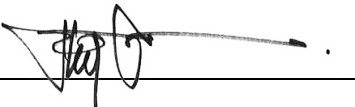
Address of Development: 94 Stacey Drive, Suffolk VA 23434

Name of Owner: Suffolk Redevelopment and Housing Authority (SRHA)

The architect signing this document is certifying that all unit and site amenities indicated in this certification are incorporated into the development plans and specifications, and that all products necessary to fulfill these representations are available for these purposes. The architect signing this document also certifies their understanding that both the excel application and the information in the architect certification must be the same and discrepancies between the excel application and architect's certification can result in penalties or even disqualification.

The individual who certifies this information must initial the pages where indicated, provide the personal information requested and sign on the last page. This certification should not be mailed separately to VHDA but returned to the developer for inclusion in the tax credit application.

(Acknowledge and include this instruction sheet as part of the certification)

Acknowledged: 
Printed Name: John H. Crouse AIA, LEED AP

All developments seeking Virginia Low Income Housing Tax Credits are required to meet one of the following as certified by a RESNET Rater:

- New Construction - EnergyStar Certification
The development's design meets the criteria for the EnergyStar certification.
- Rehabilitation -30% performance increase over existing, based on HERS Index
Or Must evidence a HERS Index of 80 or better
- Adaptive Reuse - Must evidence a HERS Index of 95 or better.

Plans and Specifications: Required documentation for all properties (new construction, rehabilitation and adaptive reuse)

- 1 A location map with property(ies) clearly defined.
- 2 A site plan showing overall dimensions of main building(s), major site elements (e.g., parking lots and location of existing utilities, and water, sewer, electric, gas in the streets adjacent to the site). Contour lines and elevations are not required. For combination 4% and 9% properties, site plan must show all elements of both properties labeled so that the elements are distinguishable as to 4% and 9%.
- 3 Sketch plans of main building(s) reflecting overall dimensions of:
 - a. Typical floor plan(s) showing apartment types and placement
 - b. Ground floor plan(s) showing common areas;
 - c. Sketch floor plan(s) of typical dwelling unit(s);

A Unit by Unit write up is required for all Rehabilitation properties

This certification includes two (2) separate calculations of square footage:

- 1. Average Gross Unit Square Feet:** Measurements Include A Prorata Share of Heated Residential Common Area
- 2. Net Rentable Square Feet:** Measurements *Do Not* Include A Prorata Share of Any Common Area and Reflect All Floor Plans of Each Unit Type (1-BR, 2-BR, etc.) measured from the interior face of the unit perimeter walls

1. Average Gross Unit Square Feet: (These measurements impact the scoring of tax credit applications)

For purposes of determining the total residential heated square feet (D), the building(s) were measured from the outside face of exterior walls and the centerline of any party walls. All unheated spaces (B) and nonresidential, (income producing commercial spaces) (C) were subtracted from this measurement. Community rooms, laundry rooms, property management offices and apartments, heated maintenance facilities, and other common space designed to serve residential tenants were not deducted. Based on this procedure, I certify the following calculations in determining the usable heated square feet for the above referenced development:

110,982.00	(A) Total gross floor area in (sq. ft.) for the entire development
18,579.00	- (B) Unheated floor area (breezeways, balconies, storage)
0.00	- (C) Nonresidential, (commercial income producing) area
92,403.00	= (D) Total residential heated area (sq. ft.) for the development

INSTRUCTIONS FOR AVERAGE UNIT SQUARE FEET CALCULATIONS:

Provide the average unit size for each bedroom type, (1 bedroom elderly, 2 bedroom garden, 3 bedroom townhouse, etc.) by adding the total square feet of all the same bedroom types (2 bedroom garden with 1 bath and 2 bedroom garden with 2 baths) and adding the prorated share of heated common residential space and divide by the total number of the same bedroom types (2 bedroom garden). Do not alter any items below.

Unit Types	Average Unit Sq. Ft.*	x	Number of Units/Type	=	Total Square Feet
Supportive Housing	0.00		0		0.00
1 Story/EFF-Elderly	0.00		0		0.00
1 Story/1 BR-Elderly	0.00		0		0.00
1 Story/2 BR-Elderly	0.00		0		0.00
Efficiency Elderly	0.00		0		0.00
1 Bedroom Elderly	0.00		0		0.00
2 Bedrooms Elderly	0.00		0		0.00
Efficiency Garden	0.00		0		0.00
1 Bedroom Garden	753.57		17		12,810.64
2 Bedrooms Garden	1,009.21		56		56,515.76
3 Bedrooms Garden	1,153.83		20		23,076.60
4 Bedrooms Garden	0.00		0		0.00
2+ Story 2 BR Townhouse	0.00		0		0.00
2+ Story 3 BR Townhouse	0.00		0		0.00
2+ Story 4 BR Townhouse	0.00		0		0.00
Total			93	Total	92,403.00 **

* Including pro rata share of heated, residential common area. This information should match Structure tab of the excel application

2. Net Rentable Square Feet *

For purposes of calculating Net Rentable Square Feet, the units were measured from the face of each unit perimeter wall. The values below therefore indicate the actual square footage of each unit floor plan. (For example, there may be 2 distinct 1-bedroom floor plans, 3 distinct 2-bedroom floor plans, etc. The purpose of this section of the Architect Certification is to document and certify the floor space attributable to residential rental units in the development.)

Percentage of Net Rentable Square Feet Deemed To Be **New Rental Space**

100.00%

	<u>Unit Type</u>	<u>Floor Plan Square Feet</u>	<u>Number of Units This Floor Plan</u>	<u>Total</u>
Mix 1	1 BR - 1 Bath	650	17	11050
Mix 2	2 BR - 2 Bath	863	56	48328
Mix 3	3 BR - 2 Bath	989	20	19780
Mix 4				0
Mix 5				0
Mix 6				0
Mix 7				0
Mix 8				0
Mix 9				0
Mix 10				0
Mix 11				0
Mix 12				0
Mix 13				0
Mix 14				0
Mix 15				0
Mix 16				0
Mix 17				0
Mix 18				0
Mix 19				0
Mix 20				0
Mix 21				0
Mix 22				0
Mix 23				0
Mix 24				0
Mix 25				0
Mix 26				0
Mix 27				0
Mix 28				0
Mix 29				0
Mix 30				0
Mix 31				0
Mix 32				0
Mix 33				0
Mix 34				0
Mix 35				0
Mix 36				0
Mix 37				0
Mix 38				0
Mix 39				0
Mix 40				0
Mix 41				0
Mix 42				0
Mix 43				0
Mix 44				0
Mix 45				0
Mix 46				0
Mix 47				0
Mix 48				0
Mix 49				0
Mix 50				0
Totals			93	79158

*This information should match Unit Details page of the excel application

DEV Name: White Marsh Pointe



Development Amenities:

I certify that the development's plans and specifications and proposed budget incorporate all items from VHDA's most current Minimum Design and Construction Requirements and the Unit by Unit write up. In the event the plans and specifications do not include VHDA Minimum Design and Construction Requirements and any immediate needs and recommendations from the Physical Needs Assessment, then those requirements still must be met, even though the application is accepted for credits. Please note that this may cause the Application to be ineligible for credits. The Requirements apply to any new, adaptive reuse or rehabilitated development (including those serving elderly and/or physically disabled households).

The Minimum Design & Construction Requirements may be found on VHDA's website at.....

www.VHDA.com

For any development upon completion of construction/rehabilitation: (non-mandatory amenities)

(Enter TRUE in each box where appropriate)

- TRUE a. The development will have a community/meeting room with a minimum of 749 square feet.
- 85% b.i,ii Percentage of brick or other similar low-maintenance material approved by the Authority covering the exterior walls (excluding triangular gable end area, doors, windows, kneewalls, columns, retaining walls, stairwells and any features that are not a part of the façade) Community buildings are to be included in percentage calculations.
- TRUE c. Water expense will be sub-metered (tenant will pay monthly or bi-monthly bill)
- TRUE d. Each bathroom consists only of Water Sense labeled toilets, faucets and showerheads
- TRUE e. Provide necessary infrastructure in all units for high-speed internet/broadband service.
- TRUE f. Free Wi-Fi access will be provided for community room for resident only usage.
- FALSE g. Each Unit is provided free individual high-speed Internet access
- OR
- TRUE h. Each Unit is provided free individual Wi-Fi access
- TRUE i. Bath fan wired to primary light with delayed timer, or, continuous exhaust by ERV/DOAS OR Bath Fan with humidistat
- FALSE j. Fire Suppression - Cooking surfaces are equipped with fire suppression features
- OR
- TRUE k. Fire Prevention - all Ranges equipped with temperature limiting controls
- FALSE l. Rehab only- Each apartment has dedicated space, drain and electrical hookups to accept a permanently installed dehumidification system OR
- TRUE m. All development types- Each Unit is equipped with a permanent dehumidification system
- TRUE n. All interior doors within units are solid core
- TRUE o. At minimum one USB charging port in each Kitchen, Living room and all bedrooms
- TRUE p. All Kitchen light fixtures are LED and meet MDCR lighting guidelines
- TRUE q. Shelf or ledge outside each primary apartment entry door located in an interior hallway
- TRUE r. New Construction only- Each unit to have balcony or patios minimum depth 5' clear from face of building. Minimum 30 square feet.

DEV Name: White Marsh Pointe



For all developments exclusively serving elderly tenants upon completion of construction/rehabilitation:
(optional point items)

- FALSE a. All cooking ranges will have front controls
- FALSE b. All full bathrooms will have an independent or supplemental heat source
- FALSE c. All entrance doors have two eye viewers, one at 42" and the other at standard height

For all rehabilitation and adaptive reuse developments, upon completion of construction/rehabilitation:
(optional point items)

- FALSE The structure is listed individually in the National Register of Historic Places or is located in a registered historic district and certified by the Secretary of the Interior as being of historical significance to the district, and the rehabilitation will **be completed in such a manner as to be eligible for historic rehabilitation tax credits.**

Building Structure:

Number of Stories

- Low-Rise** (1-5 stories with any structural elements being wood frame construction)
- Mid-Rise** (5-7 stories with no structural elements being wood frame construction)
- High-Rise** (8 or more stories with no structural elements being wood frame construction)

Accessibility:

I certify that the development plans and specifications meet all requirements of the federal Americans with Disabilities Act and Fair Housing Act (if applicable).

I certify that the development plans and specifications meet all requirements of HUD regulations interpreting the accessibility requirements of section 504 of the Rehabilitation Act. Complying units must be "permanently accessible," rather than to "adaptable" standards. Please reference Uniform Federal Accessibility Standards(UFAS) for more particular information.


Check one or none of the following point categories, as appropriate:

- Any development in which (i) the greater of 5 units or 10% of the total # of units will be assisted by HUD project-based vouchers or another form of documented and binding federal, state or locality project-based rent subsidies in order to ensure occupancy by extremely low-income persons; and (ii) the greater of 5 or 10% of the units will conform to HUD regulations interpreting accessibility requirements of Section 504 of the Rehabilitation Act.
(All of the units described in (ii) above must include roll-in showers (must contain permanent grab bars and fixed seats), roll under sinks and front controls for ranges unless agreed to by the Authority prior to the applicant's submission of its application.)
60 pts.
- Any development in which the greater of 5 units or 10% of the total # of units (i) have rents within HUD's Housing Choice Voucher payment standard; (ii) conform to HUD regulations interpreting accessibility requirements of Section 504 of the Rehabilitation Act
30 pts.
- Any development in which **five percent (5%)** of the total # of units (i) conform to HUD regulations interpreting accessibility requirements of Section 504 of the Rehabilitation Act
15 pts.

For any accessibility option elected above, all common space must also conform to accessibility requirements of HUD Section 504 regulations.

DEV Name: White Marsh Pointe

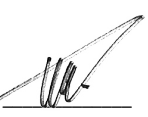
As architect of record for the above referenced development, the above certifications are correct to the best of my knowledge.

Signed: 
Printed Name: John H. Crouse AIA, LEED AP
Title: ARCHITECT
Virginia Registration #: 4557
Phone: (757) 635 -2965
Date: 1/7/2019

NOTE TO ARCHITECT: If representatons in plans and specifications and/or any information certified in this certification is misrepresented then the architect may be penalized. Any change in this form may result in disqualification or a reduction of points under the scoring system. If you have any questions, please call JD Bondurant at VHDA (804) 343-5725.

Return this certification to the developer for inclusion in the tax credit application package.

DEV Name: White Marsh Pointe

INITIALS 



**Appendix F
VHDA's Universal Design Certification**

TRUE Units in the development will meet VHDA's **Universal Design Guidelines**.
Before issuance of IRS Form 8609, applicant will provide documentation to VHDA as evidence that such units meet VHDA's Universal Design guidelines.

The number of rental units that will meet these standards: 32

The total number of rental units in this development: 93

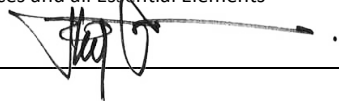
NOTE: For Elderly Developments, 100% of the units in the development must meet the Universal Design standards in order to qualify for points.

For Family Developments, points are awarded based on a percentage of the number of units meeting the Universal Design standards.

For the tax credit applicant to qualify for points associated with Universal Design, the architect of record must be on VHDA's list of Universal Design certified architects. VHDA Universal Design Certifications are only valid for 2019 applications if certification date is after January 1, 2014

All tax credit applications which include amenity points for providing VHDA Universally Designed dwelling units must include plans that clearly identify the following items in the format found on vhd.com or no points will be awarded:

- Overall building plans identifying the location of Universal Design dwelling units, and the means of vertical transportation (if applicable), along the accessible route (Minimum scale 1/8"=1'-0"). Include a legend and Universal Design General Notes section. Anything other than a fully handicap accessible elevator must have been presented to and approved by VHDA for this project at least two weeks prior to submission of reservation application.
- Site plan and building plans identifying accessible pedestrian routes from all Universal Design units to accessible parking, leasing office, community room, laundry facility, mailboxes, garbage collection areas and public transportation pick up areas. Architect must identify running slope and cross slope of route, and consider any obstructions. Include required number of accessible parking spaces, a legend for the accessible route, and a Universal Design general notes section.
- Enlarged Universal Design unit plans (Minimum scale 1/4"=1'-0") identifying clearances and all Essential Elements

Signed: 

Printed Name: John H. Crouse AIA, LEED AP
Architect of Record
(same individual as on page 7)

Date: 1/7/19

DEV Name: White Marsh Pointe

INITIALS 



Appendix F

RESNET Rater Certification of Development Plans

I certify that the development's plans and specifications incorporate all items for the required baseline energy performance as indicated in Virginia's Qualified Allocation Plan (QAP). In the event the plans and specifications do not include requirements to meet the QAP baseline energy performance, then those requirements still must be met, even though the application is accepted for credits.

***Please note that this may cause the Application to be ineligible for credits. The Requirements apply to any new, adaptive reuse or rehabilitated development (including those serving elderly and/or physically disabled households).

In addition provide HERS rating documentation as specified in the manual

X New Construction - EnergyStar Certification
The development's design meets the criteria for the EnergyStar certification. Rater understands that before issuance of IRS Form 8609, applicant will obtain and provide EnergyStar Certification to VHDA.

Rehabilitation -30% performance increase over existing, based on HERS Index Or Must evidence a HERS Index of 80 or better
Rater understands that before issuance of IRS Form 8609, rater must provide Certification to VHDA of energy performance.

Adaptive Reuse - Must evidence a HERS Index of 95 or better.
Rater understands that before issuance of IRS Form 8609, rater must provide Certification to VHDA of energy performance.

Additional Optional Certifications

I certify that the development's plans and specifications incorporate all items for the certification as indicated below, and I am a certified verifier of said certification. In the event the plans and specifications do not include requirements to obtain the certification, then those requirements still must be met, even though the application is accepted for credits. Rater understands that before issuance of IRS Form 8609, applicant will obtain and provide Certification to VHDA.

FALSE Earthcraft Certification - The development's design meets the criteria to obtain Viridian's EarthCraft Multifamily program Gold certification or higher

FALSE LEED Certification - The development's design meets the criteria for the U.S. Green Building Council LEED green building certification.

TRUE National Green Building Standard (NGBS) - The development's design meets the criteria for meeting the NGBS Silver or higher standards to obtain certification

FALSE Enterprise Green Communities - The developmen's design meets the criteria for meeting meeting the requirements as stated in the Enterprise Green Communities Criteria for this developments construction type to obtain certification.

***Please Note Raters must have completed 500+ ratings in order to certify this form

Signed: [Signature]

Date: 2/28/19

Printed Name: BRAD BRINKE

RESNET Rater

Resnet Provider Agency
TexEnergy - DG

Signature [Signature]

Provider Contact and Phone/Email

Connor Dillon, (423) 838-5095, connor@thedillongroupinc.com

G

Zoning Certification Letter
(MANDATORY)



DEPARTMENT OF
PLANNING & COMMUNITY DEVELOPMENT

Division of Community Development

CITY OF SUFFOLK

442 WEST WASHINGTON STREET, SUFFOLK, VIRGINIA 23434
PHONE: (757) 514-4150 FAX: (757) 514-4199

DATE: January 2, 2019

TO: Virginia Housing Development Authority
601 South Belvidere Street
Richmond, Virginia 23220
Attention: JD Bondurant

RE: ZONING CERTIFICATION

Name of Development: Parker Riddick Village

Name of Owner/Applicant: Parker Riddick LP

Name of Seller/Current Owner: Suffolk Redevelopment and Housing Authority

The above-referenced Owner/Applicant has asked this office to complete this form letter regarding the zoning of the proposed Development (more fully described below). This certification is rendered solely for the purpose of confirming proper zoning for the site of the Development. It is understood that this letter will be used by the Virginia Housing Development Authority solely for the purpose of determining whether the Development qualifies for points available under VHDA's Qualified Allocation Plan for housing tax credits.

DEVELOPMENT DESCRIPTION:

Development Address:
94 Stacey Drive
Suffolk, VA 23434

Legal Description:
See attached description

Proposed Improvements:

<input checked="" type="checkbox"/> New Construction:	<u>93</u>	# Units	<u>5</u>	# Buildings	<u>107,392</u>	Total Floor Area Sq. Ft.
<input type="checkbox"/> Adaptive Reuse:	<u> </u>	# Units	<u> </u>	# Buildings	<u> </u>	Total Floor Area Sq. Ft.
<input type="checkbox"/> Rehabilitation:	<u> </u>	# Units	<u> </u>	# Buildings	<u> </u>	Total Floor Area Sq. Ft.

Current Zoning: Residential Urban allowing a density of 10.9 units per acre, and the following other applicable conditions: None

Other Descriptive Information:

The development will be the new construction of 93 multifamily units consisting of one, two and three bedroom units in 5 apartment buildings, plus a community building.
Existing dilapidated buildings will be demolished, along with the site infrastructure.

LOCAL CERTIFICATION:

Check one of the following as appropriate:

- The zoning for the proposed development described above is proper for the proposed residential development. To the best of my knowledge, there are presently no zoning violations outstanding on this property. No further zoning approvals and/or special use permits are required.
- The development described above is an approved non-conforming use. To the best of my knowledge, there are presently no zoning violations outstanding on this property. No further zoning approvals and/or special use permits are required.

Donna Coleman
Signature

Donna Coleman
Printed Name

Zoning Administrator
Title of Local Official or Civil Engineer

757-514-4157
Phone:

January 2, 2019
Date:

H

Attorney's Opinion
(MANDATORY)

LAW OFFICES
CRENSHAW, WARE & MARTIN, P.L.C.
150 WEST MAIN STREET, SUITE 1500
NORFOLK, VIRGINIA 23510

TELEPHONE (757) 623-3000

FACSIMILE (757) 623-5735

March 4, 2019

Virginia Housing Development Authority
601 South Belvidere Street
Richmond, Virginia 23220-6500

RE: 2019 Tax Credit Reservation Request
Name of Development: White Marsh Pointe Apartments
Name of Owner: White Marsh Pointe Apartments, L.P.

Gentlemen:

The undersigned firm represents the above-referenced Owner as its counsel. It has received a copy of and has reviewed the completed application package dated March 4, 2019 (of which this opinion is part) (the "Application") submitted to you for the purpose of requesting, in connection with the captioned Development, a reservation of low income housing tax credits ("Credits") available under Section 42 of the Internal Revenue Code of 1986, as amended (the "Code"). It has also reviewed Section 42 of the Code, the regulations issued pursuant thereto and such other binding authority as it believes to be applicable to the issuance hereof (the regulations and binding authority hereinafter collectively referred to as the "Regulations").

Based upon the foregoing reviews and upon due investigation of such matters as it deems necessary in order to render this opinion, but without expressing any opinion as to either the reasonableness of the estimated or projected figures or the veracity or accuracy of the factual representations set forth in the Application, the undersigned is of the opinion that:

1. It is more likely than not that the inclusion in eligible basis of the Development of such cost items or portions thereof, as set forth in Hard Costs and Owners Costs section of the Application form, complies with all applicable requirements of the Code and Regulations.
2. The calculations (a) of the Maximum Allowable Credit available under the Code with respect to the Development and (b) of the Estimated Qualified Basis of each building in the Development comply with all applicable requirements of the Code and regulations, including the selection of credit type implicit in such calculations.
3. The appropriate type(s) of allocation(s) have been requested in the Reservation Request Information section in the Application form.



4. The information set forth in the Unit Details section of the Application form as to proposed rents satisfies all applicable requirements of the Code and Regulations.
5. The site of the captioned Development is controlled by the Owner, as identified in the Site Control section of the Application, for a period of not less than four (4) months beyond the application deadline.

Finally, the undersigned is of the opinion that, if all information and representations contained in the Application and all current law were to remain unchanged, upon compliance by the Owner with the requirements of Code Section 42(h)(1)(E), the Owner would be eligible under the applicable provisions of the Code and the Regulations to an allocation of Credits in the amount(s) requested in the Application.

This opinion is rendered solely for the purpose of inducing the Virginia Housing Development Authority ("VHDA") to issue a reservation of Credits to the Owner. Accordingly, it may be relied upon only by VHDA and may not be relied upon by any other party for any other purpose.

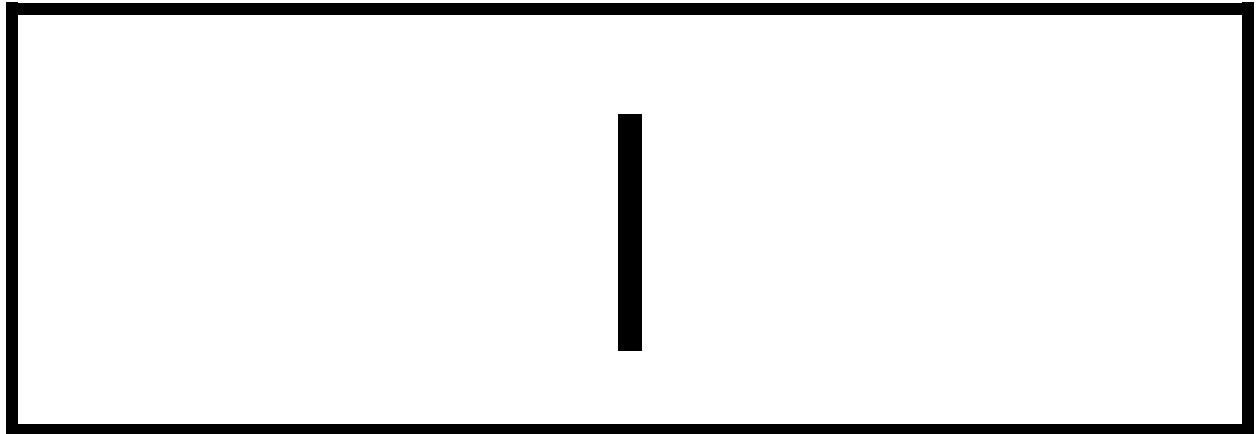
This opinion was not prepared in accordance with the requirements of Treasury Department Circular No. 230. Accordingly, it may not be relied upon for the purpose of avoiding U.S. Federal tax penalties or to support the promotion or marketing of the transaction or matters addressed herein.

CRENSHAW, WARE & MARTIN, P.L.C.

By: D. Carver

Name: Delphine G. Carver

Title: Member



Nonprofit Questionnaire

(MANDATORY for points or pool)

Not Applicable

J

Relocation Plan

(MANDATORY, if tenants are displaced)



530 East Pinner Street
 Suffolk, VA 23434

Telephone: 757.539.2100

TDD: 757.538.2886

FAX: 757.539.5184

E-mail: srha@suffolkrha.org
Suffolkrha.org

White Marsh Pointe Relocation Plan

February 21, 2019

I. INTRODUCTION

In recognition of the need to preserve housing for low-and very low-income families within the City of Suffolk, VA, the Suffolk Redevelopment and Housing Authority (SRHA) has created a plan for the redevelopment of its Parker Riddick Village public housing development, to be known as White Marsh Pointe. This property is being redeveloped through the HUD Section 18 program, utilizing FHA 221(d) 4 financing and 9% tax credits. Through the Section 18 conversion, 93 units of Public Housing will be transformed to Project Based Vouchers (PBV).

SRHA has determined that residents will be displaced due to the demolition and subsequent construction. All displaced residents will be provided full relocation assistance to include Advisory Services and Moving Services, provided by a moving contractor hired by SRHA. Existing residents will be provided four relocation options, which include the following:

1. Permanent relocation utilizing a SRHA issued Tenant Protection Voucher.
2. Temporary relocation offsite with the opportunity to re-occupy the newly constructed housing upon its completion in accordance with the applicable occupancy standards at the time a unit is available. If the resident does not meet the occupancy standard at time a unit is available, SRHA will relocate the tenant to another site owned by the SRHA.
3. Permanent relocation offsite to another unit owned by SRHA.
4. Rental Assistance Payment in the form of a one-time payment to the resident in an amount not to exceed \$2,000.00 to assist in permanent relocation offsite to a unit not owned by SRHA.

SRHA has selected TCG Development Advisors, LLC (TCG) as its co-developer, and Mutual Builders, Inc. as the general contractor. In order for the renovations to occur, tenant displacement will be required. The following Relocation Plan (Plan) demonstrates how SRHA intends to comply with the regulatory requirements, as well as the spirit and intent of the Uniform Relocation Act.

Parker Riddick Village, located on Stacey Drive, was built in 1972 and currently contains a total of 12 residential buildings, housing 93 apartments of which 89 are currently occupied. There are:

1-BEDROOM	2-BEDROOMS	3-BEDROOMS	4&5-BEDROOMS
17	56	20	0

SRHA plans to demolish all 12 buildings and replace them with 5 three-story garden apartment buildings and a community building. All 32 ground floor units will be Universal Design and 10 apartments will be fully handicap accessible. In addition, 2 apartments will be available for hearing and visually impaired households. The redevelopment of White Marsh Pointe is scheduled to commence in November of 2019, pending finalization of all funding sources. Under SRHA's redevelopment plan, White Marsh Pointe will be constructed as affordable housing with Project Based Voucher HAP contracts for twenty years, with a twenty year renewal.

II. RENTAL POLICIES AFTER REDEVELOPMENT

The White Marsh Pointe replacement units will be subsidized through the Housing Choice Voucher program. Residents will pay no more than 30% of their adjusted monthly income for rent. SRHA shall ensure that no rent increases will result due to relocation efforts. Should other factors affecting a resident's rent change, such as income, household composition, etc., the rent will be adjusted in accordance with HUD rules and regulations. The projected maximum tenant rents are as follows:

PROJECTED RENTS BY BEDROOM SIZE		
1-BEDROOM	2-BEDROOMS	3-BEDROOMS
\$697.00	\$818.00	\$932.00

Current residents of Parker Riddick may return, if they choose, to re-occupy the newly constructed housing upon its completion in accordance with the applicable occupancy standards at the time a unit is available. To the extent that current residents choose not to return, completed units will be offered first to residents of Eagle Landing, SRHA's revitalization of Cypress Manor Apartments contiguous to White Marsh Pointe, then to income-eligible households in the greater community.

DEFINITIONS

1. Affected Households - Affected Households are up to 93 households of Parker Riddick Village (managed by SRHA) that will be transferred to other comparable units. This term shall not apply to any household or resident who violates or has violated the applicable lease agreement, or who is currently involved in an eviction proceeding.
2. HUD - The United States Department of Housing and Urban Development.
3. Parker Riddick Village - Parker Riddick Village is currently owned and managed by SRHA. Once funding of this project is closed, it will be owned by White Marsh Pointe Apartments, LP and managed by Vista Capital Management and SRHA.
4. Relocation - A transfer from one unit to another, evictions and voluntary move outs notwithstanding, as a result of a program initiated by SRHA.
5. Relocation Coordinator - A representative or agent of SRHA, whose specific task, as a result of the redevelopment, is to relocate each resident, monitor and coordinate all relocation activity, and implement the relocation plan to ensure compliance with applicable relocation regulations, guidelines and laws.
6. Elderly Person - a person who is 62 years of age or older.
7. Persons with Disabilities - A family whose head or spouse or dependent or sole member is a person with mobility, sight, hearing or other impairment.

III. RELOCATION COORDINATION

The following items are intended to guide the redevelopment effort. All Affected Households will be given notifications regarding the initial relocation process, and when it is time to relocate the following steps will be implemented:

Relocation Coordinator

Implementation of this Relocation Plan will be the responsibility of the Housing Manager of the Suffolk Redevelopment and Housing Authority. A Relocation Coordinator will be the primary contact person for the residents. This person will be responsible for preparing and distributing all required relocation notices, maintaining the original relocated household list, establishing and maintain a recordkeeping system, identifying replacement units, and coordinating the relocation of Affected Households within the required timelines.

Develop Individual Move Plans with each Head-of-Household

The Relocation Coordinator will meet with individual residents in all Affected Households to confirm their relocation plans during the initial transfer and will provide all necessary assistance. Prior to and upon completion of the rehabilitated units the Relocation Coordinator will do the following:

- Assist residents with the completion of any necessary forms, whether for assistance or otherwise;
- Identify an appropriate replacement unit that meets occupancy requirements, is suitable in its living conditions and has comparable amenities to the current unit;
- Provide referrals for tenants to replacement properties
- Provide tenants with written information
- Provide appropriate translation and counseling for tenants who are unable to read and understand notices
- Communicate the name and telephone number of a contact person who can answer questions or provide other needed help
- Provide transportation for tenants to look at other housing, especially those who are elderly or disabled
- Give special consideration to the needs of families with school age children
- Extend regular business hours, including evenings and weekends, so that tenants won't have to miss work
- Facilitate and schedule resident moves, and assist with utility transfers, completion of change of address forms, etc.

It is SRHA's intent to hire one moving company for all necessary household relocations.

IV. RELOCATION SCHEDULE

The relocation schedule is designed to provide minimum disruptions to residents without compromising the redevelopment. The original tenant informational session was held January 31, 2019 at 9:00 a.m. and 11:30 a.m. at Parker Riddick Village. The relocation effort, beginning with distribution of relevant and mandatory notifications to all Affected Households, will begin with the issuance of the General Information Notice.

Residents will start receiving notices relocation moves on approximately August 1, 2019, but in no event less than 60 days prior to the required moving date.

SRHA has set aside \$190,000.00 to cover the relocation cost.

V. MOVING ASSISTANCE

Moving assistance will be provided to the Affected Households prior to commencement of redevelopment, and again upon completion in order to place them in the newly redeveloped units.

This assistance includes:

- Transportation of the Affected Households and any personal property;
- Packing, crating, uncrating and unpacking of personal property for Elderly and Person with Disabilities upon request. Provide information on how to request assistance in packing.
- Storing of personal property (if applicable)
- Disconnecting, dismantling, removing, reassembling, and reinstalling relocated household appliances and other personal property as long as they have been installed with the approval of management and in compliance with the lease
- Reinstallation of utilities and/or services, i.e. telephone, gas, and cable service;
- Insurance for the replacement value of the property in connection with the move and necessary storage;
- The replacement value of property lost, stolen or damaged in the process of moving (not through the fault or negligence of the displaced person) where insurance covering such loss, theft or damage is not reasonably available;
- Packing instructions, boxes, markers, and tape for tenant belongings.
- Other moving related expenses deemed reasonable by the Relocation Coordinator.

VI. RELOCATION SERVICES

Through the Relocation Coordinator, the following services will be provided by SRHA to all Affected Households prior to the commencement of the redevelopment of the property:

- All residents will receive 120-day and 30-day advance written notice of the earliest date by which he or she will be required to move.
- One-on-one meetings with Affected Households to identify household needs and preferences;
- Identifying and responding to special needs and reasonable accommodation issues;
- Identifying available units that meet the needs of the Affected Households;
- Ensuring decent, safe and sanitary conditions in replacement dwellings;
- Scheduling moves and working closely with moving contractors to ensure moves are completed on schedule;
- Delivering all relevant relocation notices required in accordance with applicable federal, state and local regulations and maintaining all required documentation in household relocation files;
- Providing referrals to social service provider (s) as needed to address social service-related barriers to relocation.
- While no persons with Limited English Proficiency needs have been identified at this time, if a future need is determined, translation services will be provided on a case by case basis.

VII. FAILURE OF RESIDENT TO ADHERE TO THIS PLAN

A resident's refusal to accept the suitable offer of relocation housing made in accordance with the Plan will be violating his or her public housing dwelling lease which will be cause for eviction. This is in addition to the causes for eviction outlined in the Affected Resident's current dwelling lease with SRHA.

This special eviction authority is necessary in order to ensure that residents will comply with this Plan and thereby enable the demolition activities to be implemented in a smooth, scheduled and orderly fashion. This special eviction authority will only be enforced for violations pertaining to the relocation effort. All other lease and occupancy violations will be handled under SRHA's normal eviction procedures. This special eviction authority will only be used with caution. SRHA will make efforts, in concert with the resident's independent counsel, if any, to prevent an eviction on these grounds.

Action can be initiated by SRHA under these special eviction procedures if a resident refuses to: move or relocate, participate in the interview required under this Plan, meet with the Relocation Specialist, or cooperate in the relocation process.

VIII. SPECIAL GRIEVANCE PROCEDURES

Residents who are subject to eviction under the special eviction authority, or who are aggrieved by any relocation related decision made by SRHA, are entitled to appeal under the special grievance procedure set forth below. This procedure will not apply to eviction policies and grievance procedures, pursuant to the ACOP and the lease.

In addition to normal grounds for grievances, residents may appeal to the SRHA on any of the relocation matters listed below concerning the application of the Plan.

Any resident being relocated may file an appeal if he or she has reasonable grounds to believe any of the following to be true.

- A mistake has been made in determining eligibility for payment,
- An error has been made in calculating the amount of the payment;
- There has been unfair treatment in waiving the 90-day time limit for moving or in filing claims for payment;
- There has not been provided a reasonable choice of comparable replacement housing;
- The replacement housing has not been inspected properly; or
- Any failure to comply with the Plan.

The procedures governing grievances set forth in SRHA's Grievance Policy will apply.

IX. RIGHT OF RETURN

Because these developments have been approved for a conversion of assistance under the Section 18 program, the permanent involuntary displacement of residents previously assisted by public housing subsidy is prohibited. Any individual or family temporarily relocated due to construction will have a right to return to the project.

Further, PIH Notice 2012-32 Rev.1 states that no households assisted by public housing subsidy can be subject to a rent increase as result of the conversion.

All persons eligible to return will be allowed to do so when and appropriate sized unit becomes available. Prioritization will be based upon term of tenancy in the SRHA unit.

CERTIFICATION

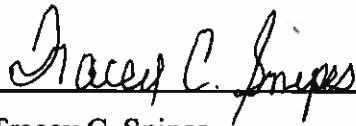
The URA (42 U.S.C.4601-4655) and implementing regulations at 49 CFR 24, apply to acquisition of real property and displacement of persons from real property occurring as a direct result of acquisition, rehabilitation or demolition of real property, for a project that receives federal financial assistance, including Section 8 PBRA. For purposes of the URA, the term "project" is defined at 49 CFR 24.2 (a) (22).

By submission of this plan, SRHA hereby certifies that URA requirements will be implemented in compliance with all applicable fair housing and civil rights laws, including but not limited to, Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the obligation to affirmatively further fair housing.

Pursuant to Title VI, SRHA will take reasonable steps that ensure meaningful access to programs and activities by persons who, as a result of national origin, have limited English proficiency (LEP).

No Resident will be subject to a permanent involuntary displacement. Any family temporarily relocated due to rehabilitation or construction shall have a right to return to the project.

No households will be displaced or made to permanently relocate as part of the conversion, nor will they be subject to a rent increase as a result of the conversion.



Tracey C. Snipes
Executive Director, SRHA



Date

K

Documentation of
Development Location:

K.1

Revitalization Area
Certification



CITY OF SUFFOLK

P.O. BOX 1858, SUFFOLK, VIRGINIA 23439-1858 PHONE: (757) 514-4012

CITY MANAGER

February 8, 2019

Tracey Snipes, Executive Director
Suffolk Redevelopment and Housing Authority
530 East Pinner Street
Suffolk, Virginia 23434

RE: Cypress Manor Apartments and Parker-Riddick Village Apartments

Dear Ms. Snipes:

Attached to this letter you will find a Resolution which has been approved and adopted by Suffolk City Council, at its February 6, 2019 meeting, designating Cypress Manor Apartments and Parker-Riddick Village Apartments as a revitalization area within the City of Suffolk.

If you have any questions pertaining to this matter, please do not hesitate to contact me.

Sincerely,

Scott Mills, AICP
Deputy City Manager

Attachments

RESOLUTION NUMBER 19-R-007**A RESOLUTION DESIGNATING CYPRESS MANOR APARTMENTS
AND PARKER-RIDDICK VILLAGE APARTMENTS AS A
REVITALIZATION AREA**

WHEREAS, the Board of Commissioners of the Suffolk Redevelopment and Housing Authority (the "Authority") has determined that it is appropriate to renovate its public housing communities known as Cypress Manor Apartments and Parker-Riddick Village Apartments, both located in the City of Suffolk, Virginia, and to convert them from public housing to privately-owned developments in accordance with the Section 18/Demolition/Disposition Program of the U. S. Department of Housing and Urban Development (collectively, the "Projects"); and

WHEREAS, the Authority intends to use a variety of funding sources, including, but not limited to, revenue bonds and low-income housing tax credits ("LIHTC"), to finance the Projects; and

WHEREAS, the participation by the Authority in the Projects may require the creation of such limited partnerships, limited liability companies, and other legal entities as the Authority deems necessary or desirable to leverage bond, LIHTC, or other financing vehicles for the Projects; and

WHEREAS, the Authority has requested that the City Council of the City of Suffolk designate Cypress Manor Apartments and Parker-Riddick Village Apartments as a revitalization area pursuant to Section 36-55.30:2 of the Code of Virginia.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Suffolk, Virginia,

1. The City Council of the City of Suffolk, Virginia designates Cypress Manor Apartments and Parker-Riddick Village Apartments a housing revitalization area and in so doing makes the following findings.
 - A. The area is blighted, deteriorated, deteriorating or, if not rehabilitated, likely to deteriorate by reason that the buildings, improvements, or other facilities in such area are subject to one or more of the following conditions – dilapidation, obsolescence, overcrowding, inadequate ventilation, light or sanitation, excessive land coverage, deleterious land use, or faulty or otherwise inadequate design, quality or condition;

B. Private enterprise and investment are not reasonably expected, without assistance, to produce the construction or rehabilitation of decent, safe and sanitary housing and supporting facilities that will meet the needs of low and moderate income persons and families in such area and will induce other persons and families to live within such area and thereby create a desirable economic mix of residents in such area.

2. This resolution shall take effect immediately upon its adoption.

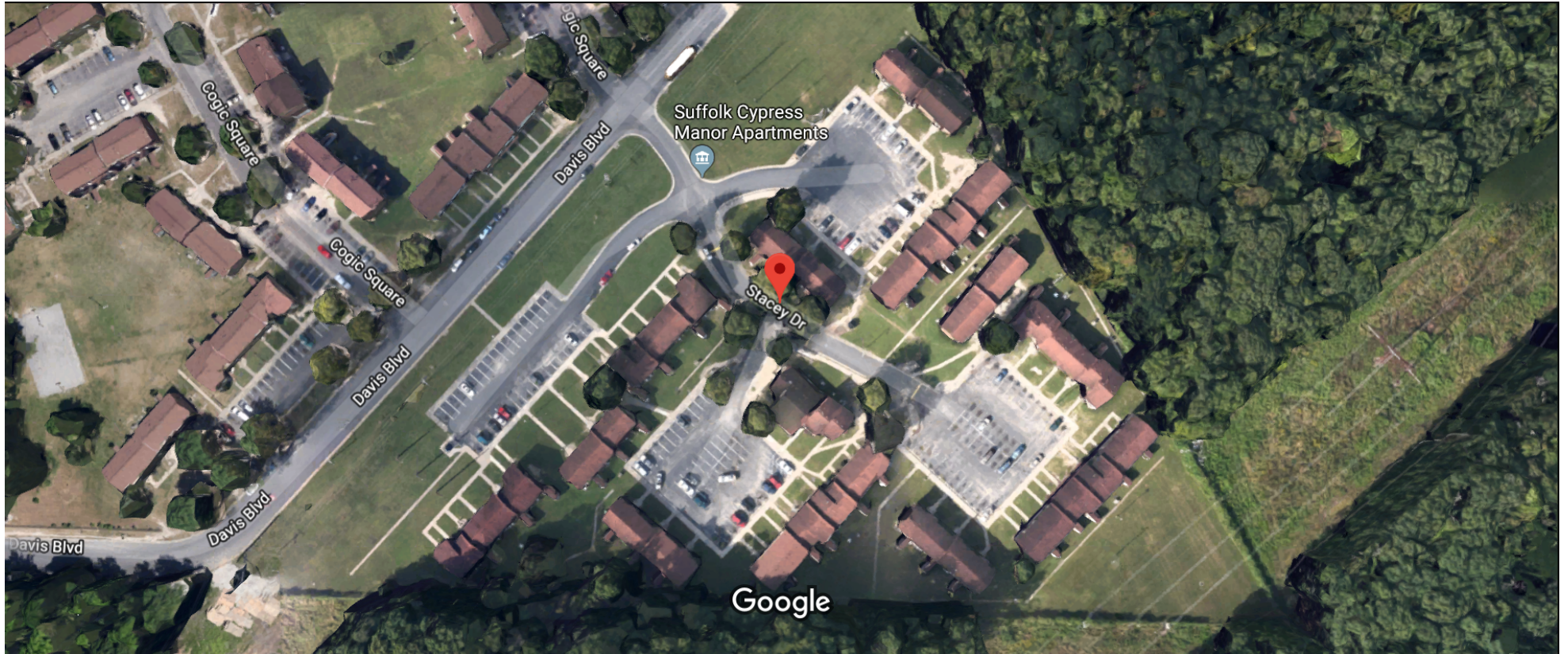
READ AND ADOPTED: FEBRUARY 6, 2019

TESTE: Erika S. Dawley
Erika S. Dawley, MMC, City Clerk

K.2

Location Map

Google Maps Stacey Dr

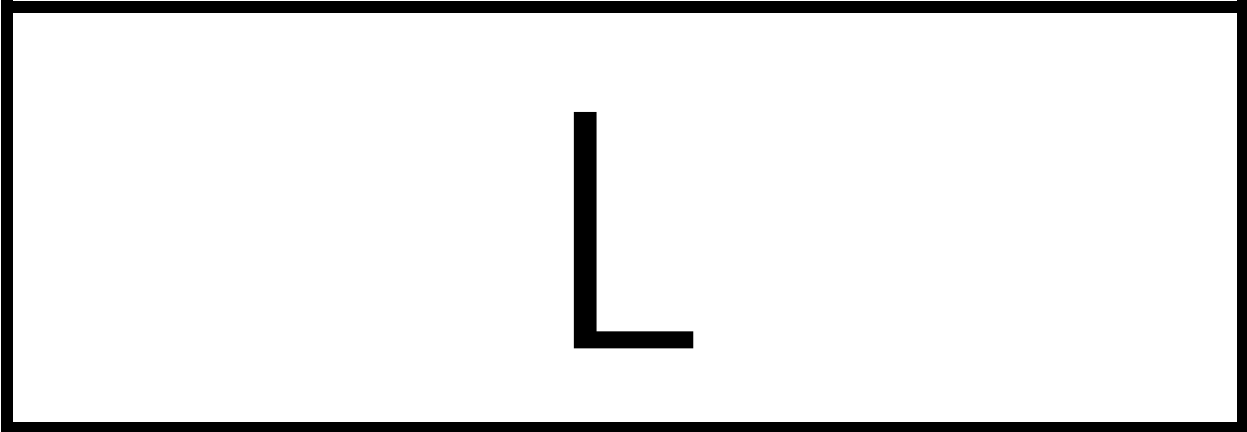


Imagery ©2019 Google, Map data ©2019 Google 100 ft

K.3

Surveyor's Certification of
Proximity to Public
Transportation

Not Required for Housing Authority Set Aside



L

PHA/Section 8 Notification
Letter

No PHA Notification Letter Required
100% Project Based Voucher

M

Locality CEO Response
Letter



CITY OF SUFFOLK

P.O. BOX 1858, SUFFOLK, VIRGINIA 23439-1858 PHONE: (757) 514-4012

CITY MANAGER

January 14, 2019

JD Bondurant
Virginia Housing Development Authority
601 South Belvidere Street
Richmond, Virginia 23220

VHDA Tracking Number:
Development Name:
Name of Owner/Applicant:

Parker-Riddick Village
Suffolk Redevelopment and Housing Authority

Dear Mr. Bondurant:

The construction or rehabilitation of the above-named development and the allocation of federal housing tax credits available under IRC Section 42 for said development will help to meet the housing needs and priorities of the City of Suffolk. Accordingly, the City of Suffolk supports the allocation of federal housing tax credits requested by Suffolk Redevelopment & Housing Authority for this development.

Sincerely,

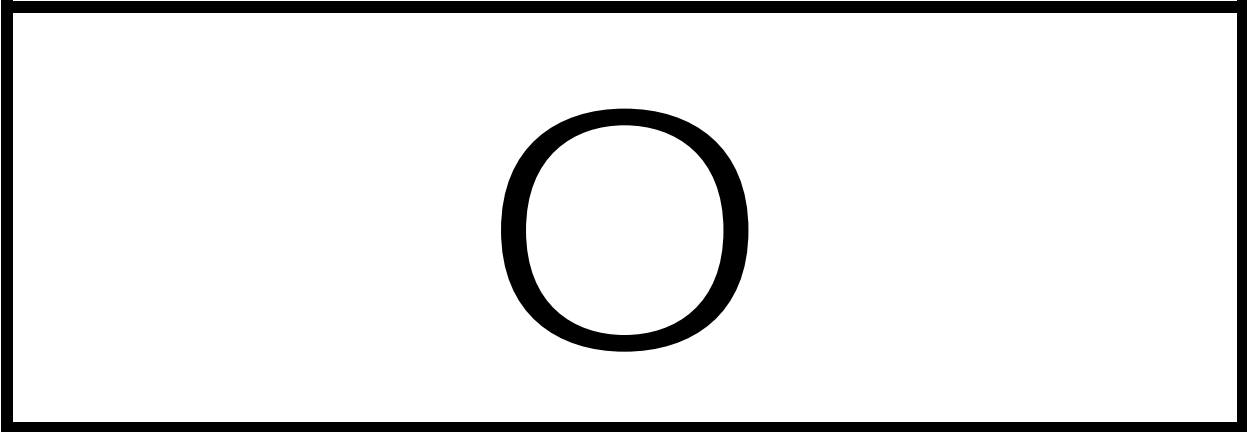

Patrick G. Roberts,
City Manager

pc: Scott Mills, Deputy City Manager
David Hainley, Director of Planning and Community Development
Stanley Skinner, Assistant Director of Community Development

N

Homeownership Plan

Not Applicable



O

Plan of Development
Certification Letter

Not Applicable

P

Copies of 8609s to
Certify Developer
Experience and
Partnership agreements

Tab P
Developer Experience Documentation

Seigle Point, LLC – 204 LIHTC Units

- **Ownership Chart**
- **8609s**
- **Operating Agreement**

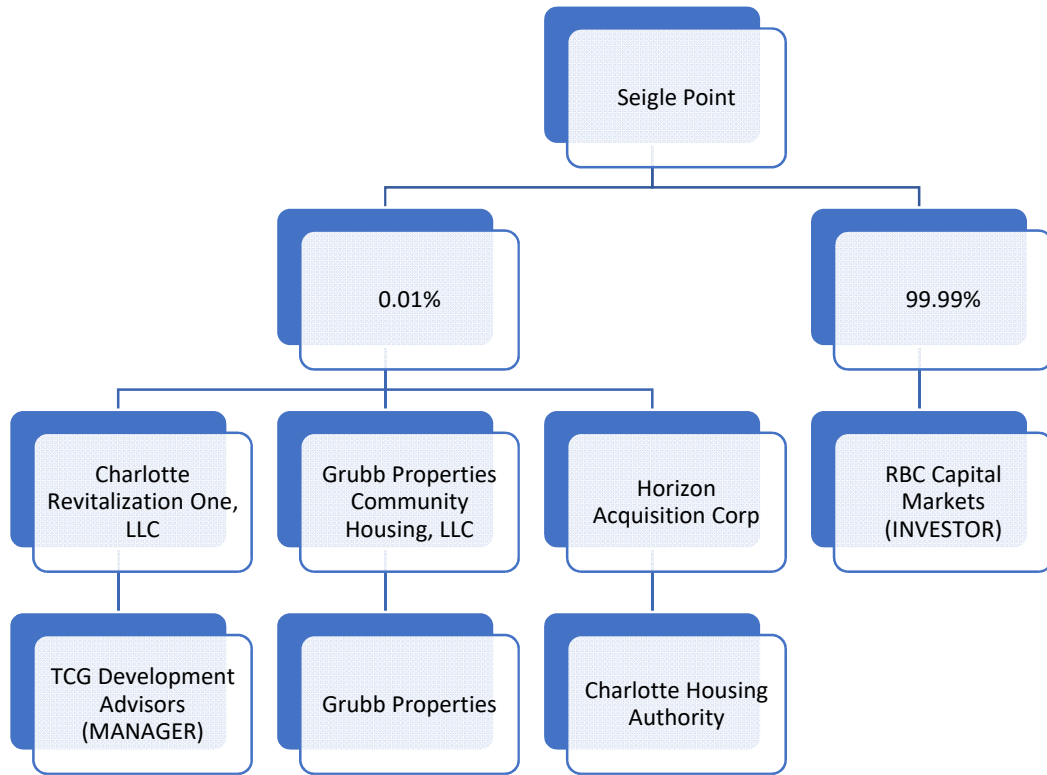
Southside Village, LP – 130 LIHTC Units

- **Ownership Chart**
- **8609s**
- **Amended & Restated Limited Partnership Agreement**

Terrace Lane Associates, LP – 138 LIHTC Units

- **Ownership Chart**
- **8609s**
- **Amended & Restated Limited Partnership Agreement**

Ownership Chart for Seigle Point, LLC



FINAL

**SEIGLE POINT, LLC
A DELAWARE LIMITED LIABILITY COMPANY
AMENDED AND RESTATED OPERATING AGREEMENT**

As of November 1, 2007

THE LIMITED LIABILITY COMPANY INTERESTS EVIDENCED BY THIS AMENDED AND RESTATED AGREEMENT OF LIMITED LIABILITY COMPANY (THE "AGREEMENT") HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933 (THE "ACT") OR PURSUANT TO APPLICABLE STATE SECURITIES LAWS ("BLUE SKY LAWS"). ACCORDINGLY, SUCH INTERESTS CANNOT BE RESOLD OR TRANSFERRED BY ANY PURCHASER THEREOF WITHOUT REGISTRATION OF THE SAME UNDER THE ACT AND THE BLUE SKY LAWS OF SUCH STATE(S) AS MAY BE APPLICABLE, OR IN A TRANSACTION WHICH IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE ACT AND THE BLUE SKY LAWS OR WHICH IS OTHERWISE IN COMPLIANCE THEREWITH. IN ADDITION, THE SALE OR TRANSFER OF SUCH LIMITED LIABILITY COMPANY INTERESTS IS SUBJECT TO CERTAIN RESTRICTIONS SET FORTH IN THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, THE RESTRICTIONS SET FORTH IN ARTICLE IX HEREOF.

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Appendix I – HUD Required Provisions Rider

**SEIGLE POINT, LLC
A DELAWARE LIMITED LIABILITY COMPANY**

**AMENDED AND RESTATED OPERATING AGREEMENT OF
SEIGLE POINT, LLC**

THIS AMENDED AND RESTATED AGREEMENT OF SEIGLE POINT, LLC is made and entered into as of November 1, 2007, by and among Charlotte Revitalization One, LLC, a Delaware limited liability company and GP Community Housing LLC, a North Carolina limited liability company (collectively, the "Managing Member"), Horizon Acquisition Corp., a North Carolina corporation (the "Horizon Special Managing Member"), and Apollo Housing Capital, L.L.C., an Illinois limited liability company (the "Investor Member"), and Apollo Housing Manager II, Inc., a Delaware corporation (the "Special Member").

WHEREAS, TCG Development Services, L.L.C. the manager of Charlotte Revitalization One, LLC executed a Certificate of Formation (the "Articles") for the formation of Seigle Point, LLC (the "Company"), pursuant to the terms of the Delaware Limited Liability Company Act (the "Act"), which Articles was subsequently filed with the Secretary of State of Delaware (the "State of Formation") on January 23, 2006;

WHEREAS, the Managing Member and the Horizon Special Managing Member previously executed a Limited Liability Operating Agreement of Seigle Point, LLC, dated March 28, 2006 (the "Original Agreement");

WHEREAS, the Managing Member, the Horizon Special Managing Member, the Special Member and the Investor Member wish to continue the Company pursuant to the Act;

WHEREAS, the Company has been formed to develop, construct, own, maintain and operate a 204-unit multifamily apartment complex, for rental to families of low-income, to be known as Seigle Point Apartment Homes and to be located in Charlotte, North Carolina;

WHEREAS, the parties hereto now desire to enter into this Amended and Restated Operating Agreement of Seigle Point, LLC to (i) continue the Company under the Act; (ii) intentionally deleted; (iii) admit the Investor Member and the Special Member to the Company as members; and (iv) set forth all of the provisions governing the Company;

NOW, THEREFORE, in consideration of the foregoing, of mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereby agree to continue the

Company pursuant to the Act, as set forth in this Amended and Restated Operating Agreement of Seigle Point, LLC, which reads in its entirety as follows:

ARTICLE I
CONTINUATION OF COMPANY

1.01 Continuation. The undersigned hereby continue the Company as a Limited Liability Company under the Act.

1.02 Name. The name of the Company is Seigle Point, LLC.

1.03 Principal Place of Business. The principal place of business of the Company shall be 8484 Georgia Avenue, Suite 620, Silver Spring, Maryland 20910. The Company may change the location of its principal place of business to such other place or places within the State of Formation or Project State as may hereafter be determined by the Managing Member. The Managing Member shall promptly notify all other Members of any change in the principal place of business. The Company may maintain such other offices at such other place or places as the Managing Member may from time to time deem advisable.

1.04 Agent for Service of Process. The name and address of the Agent for service of process is National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Delaware 19904.

1.05 Admission of Investor Member and Special Member. The Investor Member and Special Member are hereby admitted to the Company as Members.

1.06 Term. The term of the Company commenced as of the date of the filing of the Articles with the Secretary of State of the State of Formation, and shall continue until December 31, 2106, unless the Company is sooner dissolved in accordance with the provisions of this Agreement.

1.07 Recording of Articles. Upon the execution of this Amended and Restated Operating Agreement by the parties hereto, the Managing Member shall take all actions necessary to assure the prompt recording of an amendment to the Articles if and as required by the Act, including filing with the Secretary of State of the State of Formation. All fees for filing shall be paid out of the Company's assets. The Managing Member shall take all other necessary action required by law to perfect and maintain the Company as a Limited Liability Company under the laws of the State of Formation, and shall register the Company under any assumed or fictitious name statute or similar law in force and effect in the State of Formation.

ARTICLE II
DEFINED TERMS

In addition to the terms defined in the preamble to this Agreement, the following terms used in this Agreement shall have the meanings specified below:

"Accountants" means such firm of independent certified public accountants as may be engaged by the Managing Member, with the Consent of the Special Member, to prepare financial statements and provide other services to the Company.

"Act" means the Limited Liability Company Act of the State of Formation, as may be amended from time to time during the term of the Company.

"Actual Credit" means as of any point in time, the total amount of the Tax Credits allocated by the Company to the Investor Member representing in the aggregate ninety-nine and ninety-nine one hundredths percent (99.99%) of the aggregate Tax Credits reported and claimed by the Company and its Members on their respective federal information and income tax returns, and not disallowed by any taxing authority.

"Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant fiscal period after giving effect to the following adjustments: (a) the credit to such Capital Account of any amounts which such Member is obligated to restore under this Amended and Restated Operating Agreement or is deemed to be obligated to restore pursuant to either (i) the penultimate sentences of Treas. Reg. §1.704-2(g)(1) and Treas. Reg. §1.704-2(i)(5), or (ii) amounts that the Member is treated as obligated to restore under Treas. Reg. §1.704-1(b)(2)(ii)(c); and (b) the debit to such Capital Account of the amounts described in Treas. Reg. §1.704-1(b)(2)(ii)(d)(4), (5) and (6). The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treas. Reg. §1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

"Affiliate" of a specified Person means (i) any Person directly or indirectly controlling, controlled by or under common control with the Person specified, (ii) any Person owning or controlling ten percent (10%) or more of the outstanding voting securities or beneficial interests of the Person specified, (iii) any officer, director, partner, trustee or member of the immediate family of the Person specified, (iv) if the Person specified is an officer, director, managing member or trustee, any corporation, company or trust for which that Person acts in that capacity, or (v) any Person who is an officer, director, managing member, trustee or holder of ten percent (10%) or more of the outstanding voting securities or beneficial interests of any Person described in clauses (i) through (iv). The term "control" (including the term "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Affiliate Guarantor" means Grubb Properties Community Development, LLC and TCG Development Services, L.L.C., both of which are an Affiliate of the Managing Member.

"Affiliate Guaranty" means the guaranty of the performance of the obligations of the Managing Member under this Agreement and the obligations of the Developer under the Development Agreement for the benefit of the Investor Member given by the Affiliate Guarantor, which Affiliate Guaranty is in the form of **Exhibit D**.

"Affiliated Company" means a Limited Liability Company in which the Managing Member, the Horizon Special Managing Member or an Affiliate thereof is a managing member, and in which the Investor Member or an Affiliate of the Investor Member is an investor member.

"Agency" means the North Carolina Housing Finance Agency, in its capacity as the agency of the Project State designated to allocate Tax Credits, acting through any authorized representative.

"Agreement" means this Amended and Restated Operating Agreement, as amended from time to time.

"AHP Loan" means the permanent loan entered into by the Company with the CHA, in the amount of \$500,000, with a term of forty (40) years.

"Apartment Complex" means the land currently leased (or to be leased) by the Company pursuant to the Ground Lease in the City of Charlotte, Mecklenburg County, North Carolina, and the 204-unit multifamily rental housing development, which includes 102 public housing units and 50 Section 8 units, and other improvements contained in ten (10) buildings and one (1) community building, to be constructed, owned and operated thereon by the Company, and to be known as Seigle Point Apartment Homes. A description of the Land on which the Apartment Complex is to be located is provided in **Exhibit C** attached hereto.

"Apollo" shall mean Apollo Housing Capital, L.L.C., an Illinois limited liability company.

"Appendix I" means the HUD Required Provisions Rider attached to this Agreement and incorporated herein.

"Articles" means the Company's Certificate of Formation or any other instrument or document which is required under the laws of the State of Formation to be signed and sworn to by the Managing Member and filed in the appropriate public offices within the State of Formation to perfect or maintain the Company as a limited liability company under the laws of the State of Formation, to effect the admission, withdrawal or substitution of any Member of the Company, or to protect the limited liability of the Members as members under the laws of the State of Formation.

"As-Built Plans and Specifications" means the plans and specifications for the Apartment Complex stamped with the seal of an architect and/or engineer and issued upon Substantial Completion.

"Asset Management Fee" shall have the meaning set forth in Section 13.04(j)(iii).

"Assignment" means the form of Assignment and Assumption Agreement substantially in the form attached hereto as Exhibit N pursuant to which the Investor Member may hereafter transfer its interest in the Company to a Fund.

"Assumed Horizon Special Managing Member Tax Liability" means for any given year the product of (i) the taxable income of the Horizon Special Managing Member for federal income tax purposes, if any, resulting from allocations made to the Horizon Special Managing Member pursuant to Article 11 but not including any taxable income resulting from a Capital Transaction, times (ii) a percentage equal to the sum of (A) the highest federal corporate tax rate for such year, plus (B) the highest state corporate tax rate for such year for the Project State.

"Assumed Managing Member Tax Liability" means for any given year the product of (i) the taxable income of the Managing Member for federal income tax purposes, if any, resulting from allocations made to the Managing Member pursuant to Article 11 but not including any taxable income resulting from a Capital Transaction, times (ii) a percentage equal to the sum of (A) the highest federal corporate tax rate for such year, plus (B) the highest state corporate tax rate for such year for the Project State.

"Assumed Investor Member Tax Liability" means for any given year the product of (i) the taxable income of the Investor Member for federal income tax purposes, if any, resulting from allocations made to the Investor Member pursuant to Article 11 but not including any taxable income resulting from a Capital Transaction, times (ii) a percentage equal to the sum of (A) the highest federal corporate tax rate for such year, plus (B) the highest state corporate tax rate for such year for the Project State.

"Authority" or "Authorities" means any nation or government, any state or other political subdivision thereof, and any entity exercising its executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including but not limited to, any federal, state or municipal department, commission, board, bureau, agency, court, tribunal or instrumentality.

"Bankruptcy" or "Bankrupt" as to any Person means the filing of a petition for relief as to any such Person as debtor or bankrupt under the Bankruptcy Act of 1898 or the Bankruptcy Code of 1978 or like provision of law (except if such petition is contested by such Person and has been dismissed within 60 days); insolvency of such Person as finally determined by a court proceeding; filing by such Person of a petition or application to accomplish the same or for the appointment of a receiver or a trustee for such Person or a substantial part of his assets; commencement of any proceedings

relating to such Person under any other reorganization, arrangement, insolvency, adjustment of debt or liquidation law of any jurisdiction, whether now in existence or hereinafter in effect, either by such Person or by another, provided that if such proceeding is commenced by another, such Person indicates his approval of such proceeding, consents thereto or acquiesces therein, or such proceeding is contested by such Person and has not been finally dismissed within 60 days.

"Breakeven Operations" means the date upon which the gross operating revenues from the normal operation of the Apartment Complex received on a cash basis (including all public subsidy payments for the Public Housing Units (defined herein) to be received from the CHA (defined herein), that are outstanding for no more than sixty (60) days, but excluding tenant security deposits (unless actually applied to a tenant's rent obligations) and insurance proceeds) for a period of three (3) consecutive calendar months after Final Closing equals or exceeds all accrued operational costs of the Apartment Complex, including, but not limited to, taxes, assessments, Reserve Fund for Replacement deposits, debt service payments, the Asset Management Fee, the Managing Member Asset Management Fee, and the Horizon Asset Management Fee, and a ratable portion of the annual amount (as reasonably estimated by the Managing Member) of those seasonal and/or periodic expenses (such as utilities, maintenance expenses and real estate taxes or service charges in lieu of real estate taxes) which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation, for such period of three (3) consecutive calendar months on an annualized basis (based on projections of the Company), as evidenced by a certification of the Managing Member with an accompanying unaudited balance sheet of the Company indicating that all trade payables have been satisfied (or with respect to trade payables within sixty (60) days of the date the services were performed or goods were delivered, the trade payables shall not be past due and the Company shall have an adequate cash reserve for the payment of such trade payables), all as shall be subject to the approval of the Special Member. For the purpose of calculating Breakeven Operations only, the following costs shall not be considered operating costs of the Apartment Complex: (i) payments on the Incentive Management Fee; (ii) payments to be made under the Development Agreement; and (iii) debt service payments for Project Loans which are repayable only from Net Cash Flow.

"Capital Account" means the capital account of a Member as described in Section 11.06.

"Capital Contribution" means the total amount of money or other property contributed or agreed to be contributed, as the context requires, to the Company by each Member pursuant to the terms of this Agreement. Any reference to the Capital Contribution of a Member shall include the Capital Contribution made by a predecessor holder of the Interest of such Member.

"Capital Transaction" means any transaction out of the ordinary course of the Company's business which is capital in nature, including without limitation, the disposition, whether by sale (except when such sale proceeds are to be used pursuant to a plan or budget approved by all of the Members), casualty (where the proceeds are not to

be used for reconstruction), condemnation, refinancing or similar event of any part or all of the Apartment Complex.

"Carveouts" has the meaning set forth in Section 3.02(e).

"Certified Credits" means ninety-nine and ninety-nine one hundredths percent (99.99%) of the annual Tax Credits that the Accountants certify in writing to the Company that the Company will be able to claim during each full fiscal year during the Credit Period for all buildings in the Apartment Complex assuming full compliance with the rent restrictions and income limitations of Section 42 of the Code. The calculation of the Certified Credits shall be based upon and determined promptly following issuance of the Form(s) 8609 issued by the Agency for all the buildings comprising the Apartment Complex. If there is a delay in issuance of the Form(s) 8609, with Consent of the Special Member, the calculation of the Certified Credits shall initially be based on the cost certification prepared in connection with the application by the Company for Form(s) 8609, provided that such determination shall be subject to further adjustment upon issuance of the Form(s) 8609. Once the Certified Credits are determined, they shall not be adjusted during the term of this Agreement; provided, however, if with respect to a Tax Credit Recapture Event the Managing Member makes a payment under Section 8.10(c), then the Certified Credits shall be reduced prospectively by the annual reduction in Tax Credits attributable to such Tax Credit Recapture Event.

"Certified Credit Capital Adjustment" has the meaning set forth in Section 5.01(e)(ii).

"Certified Credit Capital Decrease" has the meaning set forth in Section 5.01(e)(ii).

"Certified Credit Capital Increase" has the meaning set forth in Section 5.01(e)(ii).

"CHA" means the Housing Authority of the City of Charlotte, N.C., a North Carolina public body corporate and politic.

"City Loan" means the loan entered into by the Company with the City of Charlotte in the amount of \$1,819,579, with a term of thirty (30) years.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of succeeding law.

"Company" means this Seigle Point, LLC, a North Carolina limited liability company.

"Compliance Period" means the fifteen-year "compliance period" as defined in and determined in accordance with Section 42(i) of the Code.

"Compliance Termination Sale" has the meaning set forth in Section 8.03(a).

"Consent" means the prior written consent or approval, which shall not be unreasonably withheld, conditioned or delayed, of the Investor Member or Special Member and/or any other Person, as the context may require, to do the act or thing for which the consent is solicited, provided that in such circumstances whether the Investor Member's Consent is required hereunder, the Investor Member may designate the Special Member as the party to determine if any Consent is to be given or withheld.

"Construction Contract" means the construction contract in the stipulated sum of \$17,510,400 (including all exhibits and attachments thereto), exclusive of the construction contingency of no less than \$525,312, to be entered into between the Company and the Contractor, pursuant to which the Apartment Complex is to be constructed. Such Construction Contract, and any amendments thereto, shall be subject to the Consent of the Special Member.

"Construction Inspector" shall mean the construction consultant, if any, selected by the Special Member to review the Plans and Specifications and inspect the progress of the construction of the Apartment Complex.

"Construction Loan" means the recourse construction loan entered into by the Company and Bank of America in the amount of \$3,374,563, to be repaid from the Investor Member's Second Capital Contribution and certain Project Loans.

"Contractor" means Carocon Construction, which is the general construction contractor for the Apartment Complex.

"Continued Compliance Sale" has the meaning set forth in Section 8.03(a).

"Counsel" or "Counsel for the Company" means Klein Hornig, LLP, or such other attorney or law firm upon which the Investor Member and the Managing Member shall agree; provided, however, that if any section of this Agreement either (i) designates particular counsel for the purpose described therein, or (ii) provides that counsel for the purpose described therein shall be chosen by another method or by another Person, then such designation or provision shall prevail over this general definition.

"Credit Period" means the ten-year "credit period" as defined in and determined in accordance with Section 42(f) of the Code, with respect to each building in the Apartment Complex.

"Debt Service Coverage Ratio" shall mean a fraction, the numerator of which is the difference between all cash actually received by the Company on a cash basis from normal operations less all accrued operational costs of the Apartment Complex (including, but not limited to, the Asset Management Fee, the Managing Member Asset Management Fee, and the Horizon Asset Management Fee) and the denominator of which is all debt service other than debt service payable only from Net Cash Flow, reserve, mortgage insurance premium and/or other cash requirements imposed by the

Project Loan documents properly allocable to a particular period on an annualized basis, as determined by the Accountants.

"Default Rate" shall mean the greater of (i) 12% per annum or (ii) the Prime Rate, plus four percent (4%).

"Developer" means, Seigle Point Development, LLC, a Delaware limited liability company.

"Development Agreement" means the Development Agreement between the Company and the Developer, as of even date herewith relating to the development of the Apartment Complex and providing for the payment of the Development Fee, in the form set forth in **Exhibit A**.

"Development Costs" means all of the following: (i) all direct or indirect costs paid or accrued by the Company related to the acquisition of the Land and the development and construction of the Apartment Complex, including payment of the non-deferred portion of the Development Fee, amounts due under the Construction Contract, any construction cost overruns, the cost of any change orders and all costs necessary to achieve Substantial Completion; (ii) all costs to achieve Initial Closing and Final Closing, and satisfy any escrow deposit requirements which are conditions to the Final Closing, including any amounts necessary for local taxes, utilities, mortgage insurance premiums, casualty and liability insurance premiums, and any applicable loan fees, discounts or other expenses; (iii) for the period prior to Breakeven Operations, all costs, payments and deposits needed to avoid a default under any Project Loan, including without limitation, all required deposits to satisfy any requirements of a Project Lender to keep a Project Loan "in balance"; (iv) the funding of all reserves required by Investor Member to be established on or prior to Final Closing pursuant to Section 4.02 of this Agreement (including without limitation, the Operating Reserve and the Reserve Fund for Replacements) or pursuant to the terms of any Project Loan, (v) all costs and expenses relating to remedying any environmental problem or condition or Hazardous Materials that existed on or prior to Final Closing; and (vi) all Operating Deficits incurred by the Company prior to Breakeven Operations.

"Development Fee" means the fee payable by the Company to the Developer pursuant to Section 8.11 of this Agreement and the Development Agreement.

"Downward Capital Adjustment." has the meaning set forth in Section 5.01(e)(ii).

"Early Delivery Capital Adjustment" has the meaning set forth in Section 5.01(e)(ii).

"Economic Risk of Loss" has the meaning specified in Treas. Reg. §1.752-2.

"Environmental Consultant" has the meaning set forth in Section 5.01(j).

“Equity Disbursement Agreement” means the Equity Disbursement Agreement between the Company and the Investor Member as of even date herewith relating to the Investor Member’s obligation to fund its Capital Contributions for payment of construction costs, in the form set forth in Exhibit M.

“Excess Development Costs” means all Development Costs in excess of the proceeds of the Project Loans, operating revenues received prior to Breakeven Operations, and all Capital Contributions the Investor Member is required to make hereunder.

“Extended Use Agreement” means the instrument required pursuant to Section 42(h)(6)(B) of the Code, to be executed by the Company and delivered to the Agency at or subsequent to the Initial Closing, setting forth certain terms and conditions under which the Apartment Complex is to be operated.

“Final Closing” means the occurrence of all of the following: (i) Substantial Completion, (ii) if required by the Project Documents, approval by the Project Lenders of the Company's certification of actual costs as to the development and construction of the Apartment Complex, (iii) disbursement by all Project Lenders of any previously undisbursed Project Loan proceeds including the funding of the Permanent Loan evidenced and secured by documents acceptable to the Investor Member, and (iv) commencement of amortization as to all Project Loans (to the extent any Project Loan requires principal amortization) such that the Apartment Complex will have a Debt Service Coverage Ratio of not less than 1.15:1.

“40-60 Set-Aside Test” means the Minimum Set-Aside Test whereby at least 40% of the units in the Apartment Complex must be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size.

“Fund” means an assignee of the Investor Member's Interest where the general partner or managing member of the assignee is an Affiliate of the Investor Member.

“Ground Lease” means the ground lease, as amended and assigned, entered into by the Company and CHA, whereby the Company leases the Land for a term of ninety-nine (99) years.

“Hazardous Substances” has the meaning set forth in Section 16.07(e).

“Hazardous Waste Laws” has the meaning set forth in section 16.07(e).

“HUD” means the United States Department of Housing and Urban Development.

“HOPE VI Loan” means the loan entered into by the Company with the CHA in the amount of \$8,000,000, with a term of forty (40) years.

"Horizon Asset Management Fee" shall have the meaning set forth in Section 13.04(j)(iv).

"Horizon Special Managing Member" means Horizon Acquisition Corp., a North Carolina corporation.

"Incentive Management Fee" means the fee payable by the Company to the Managing Member pursuant to Section 8.12 of this Agreement.

"Initial Closing" means the date upon which one or more of the Project Loans is closed and the initial disbursement is made thereunder. The Initial Closing is anticipated to occur on or before November 2, 2007.

"Interest" or "Company Interest" means the ownership interest of a Member in the Company at any particular time, including the right of such Member to any and all benefits to which such Member may be entitled as provided in this Agreement and in the Act, together with the obligations of such Member to comply with all the terms and provisions of this Agreement and of said Act.

"Investor Member" means, initially, Apollo Housing Capital, L.L.C., an Illinois limited liability company, and any assignee of its interest permitted or Consented to hereunder (including, without limitation, a Fund).

"Investor Member Due Diligence Costs" has the meaning set forth in Section 5.01(f).

"Land" means the tract of land currently leased or to be leased by the Company upon which the Apartment Complex will be located, as more particularly described on Exhibit C attached hereto.

"Late Delivery Capital Adjustment" has the meaning set forth in Section 5.01(e)(ii).

"Lease-Up Reserve" means the reserve referred to in Section 4.02(o).

"Liquidator" means the Managing Member or, if there is none at the time in question, such other Person who may be appointed in accordance with applicable law and who shall be responsible for taking all action necessary or appropriate to wind up the affairs of, and distribute the assets of, the Company upon its dissolution.

"Loan Agreement" means any loan agreement and/or similar agreement with respect to the terms and conditions of the making of any of the Project Loans, which will be entered into between the Company and any one of the Project Lenders at or prior to the Final Closing.

"Low-Income Units" means the units within the Apartment Complex that shall be subject to the rent and income restrictions of Section 42 of the Code and are sufficient for the Company to receive the Projected Credits. It is anticipated that all 204 units in the Apartment Complex will be Low-Income Units.

"Losses" has the meaning set forth in the definition of "Profits" and "Losses."

"Management Agent" means the management and rental agent for the Apartment Complex designated pursuant to Section 8.14.

"Management Agreement" means the agreement between the Company and the Management Agent providing for the marketing and management of the Apartment Complex by the Management Agent.

"Managing Member" means collectively, Charlotte Revitalization One, LLC, a Delaware limited liability ("Charlotte") and GP Community Housing LLC, a North Carolina limited liability company ("Grubb"), and any other Person admitted as a managing member pursuant to this Agreement, and its successors as any such successor may be admitted pursuant to this Agreement, including those Persons admitted pursuant to the provisions of Sections 6.02 and 6.03.

"Managing Member Asset Management Fee" shall have the meaning set forth in Section 13.04(j)(iv).

"Managing Member Certificate" means the managing member certificate to be provided by the Managing Member in connection with requests for Capital Contributions from the Investor Member, in the form set forth in **Exhibit K**.

"Managing Member Loans" means the loans which may be made by the Managing Member to the Company pursuant to Section 5.07(a) hereof, including any accrued interest thereon. Operating Deficit Loans shall not constitute Managing Member Loans.

"Managing Member Pledge" has the meaning set forth in Section 8.18.

"Managing Member's Special Capital Contribution" has the meaning set forth in Section 5.01(b).

"Member" means any Managing Member, Investor Member or Special Member.

"Member Nonrecourse Debt" means any Nonrecourse Debt (or portion thereof) for which a Member or related Person (within the meaning of Treas. Reg. §1.752-4(b)) bears (or is deemed to bear) the Economic Risk of Loss.

"Member Nonrecourse Deductions" has the meaning set forth in Treas. Reg. §1.704-2(i)(2), and the amount of Member Nonrecourse Deductions with respect to a

Member Nonrecourse Debt for a fiscal year shall be determined in accordance with the rules of Treas. Reg. §1.704-2(i)(2).

"Minimum Gain" means the amount determined by computing with respect to each Nonrecourse Debt the amount of gain, if any, that would be realized by the Company if it disposed of the asset securing such liability (in a taxable transaction) in full satisfaction thereof (and for no other consideration), and by then aggregating the amounts so computed. For purposes of determining the amount of such gain with respect to a liability, the adjusted basis for federal income tax purposes of the asset securing the liability shall be allocated among all the liabilities that the asset secures in the manner set forth in Treas. Reg. §1.704-2(d)(2).

"Minimum Set-Aside Test" means the set-aside test selected by the Company pursuant to Section 42(g) of the Code with respect to the percentage of units in its Apartment Complex to be occupied by tenants with incomes equal to no more than a certain percentage of area median income. The Company has selected or will select the 40-60 Set-Aside Test as restricted by Code Section 42(g)(1) to require at least 40% of the units in the Apartment Complex be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size, as the Minimum Set-Aside Test.

"Mortgage" means any mortgage or deed of trust to be given by the Company in favor of any Project Lender as maker of a Project Loan, constituting a lien on the Apartment Complex and securing a Project Loan.

"Net Cash Flow" means the sum of (i) all cash received from rents, lease payments and all other sources, but excluding (A) tenant security or other deposits (except to the extent forfeited to the Company), (B) Capital Contributions and interest thereon (other than if used to pay for an item deducted below in determining Net Cash Flow), (C) proceeds from Capital Transactions and (D) interest on reserves not available for distribution, (ii) the net proceeds of any insurance, other than fire and extended coverage and title insurance, to the extent not used for rebuilding of the Apartment Complex, and (iii) any other funds deemed available for distribution by the Managing Member with the approval of the Project Lenders, if required, less the sum of (x) all cash expenditures, and all expenses unpaid but properly accrued, which have been incurred in the operation of the Company's business (whether or not such expenditure is deducted, amortized or capitalized for tax purposes), including the management fee to the Management Agent, the Managing Member Asset Management Fee, the Horizon Asset Management Fee and the Asset Management Fee, (y) all payments on account of any loans made to the Company (whether such loan is made by a Member or otherwise), but not including any amounts to be paid pursuant to the Development Agreement or pursuant to any loans made by any Members where repayment of such loans is to be made out of Net Cash Flow, and (z) any cash reserves for, among other purposes, working capital, capital expenditures, repairs, replacements and anticipated expenditures, in such amounts as may be required by the Project Lenders or the Special Member, or may be determined from time to time by the Managing Member with the Consent of the

Special Member and the Project Lenders, if required, to be advisable for the operation of the Company.

"Net Projected Tax Liabilities" means, as determined by the Accountants, based on the Company's tax records, and any final adjustments made prior to the availability of proceeds of Capital Transaction(s) for distribution, the cumulative amounts of the respective projected liabilities (collectively, the "Projected Tax Liabilities") of the Managing Member, the Special Member, the Investor Member, and their respective partners and members, if any (collectively, the "Company Taxpayers"), for any and all federal, state and local taxes, including any recapture of prior Tax Credits, to be imposed on the Company Taxpayers by reason of all Capital Transactions of the Company from which the proceeds in question are to be distributed, any and all prior Capital Transactions of the Company (to the extent proceeds from such prior Capital Transactions equal to the Projected Tax Liabilities for such prior transactions were not distributed), and any liquidation of the Company. Such projections of liabilities shall estimate the applicable tax rate or rates for the Managing Member (based on actual or projected taxable income) and shall assume the maximum applicable tax rate or rates for each of the Special Member's and Investor Member's partners or members, if any (without regard to actual taxable income), in effect at the time of each Capital Transaction in all cases without regard to the alternative minimum tax, limitations on the use of business tax credits, or other factors that may affect tax liability in particular cases, and without adjustment for any variance from actual tax liabilities that may later occur.

"New Allocation" has the meaning set forth in Section 11.07(m)(ii).

"Nonrecourse Debt" means any Company liability that is considered nonrecourse for purposes of Treas. Reg. §1.1001-2 (without regard to whether such liability is a recourse liability under Treas. Reg. §1.752-1(a)(1)).

"Nonrecourse Deductions" has the meaning set forth in Treas. Reg. §1.704-2(b)(1).

"Nonrecourse Liability" means any Company liability (or portion thereof) for which no Member or related Person (within the meaning of Treas. Reg. §1.752-4(b)) bears (or is deemed to bear) the Economic Risk of Loss.

"Note" means any promissory note given by the Company in favor of a Project Lender evidencing a Project Loan.

"Notice" means a writing containing the information required by this Agreement to be communicated to a Member and sent by express courier or telephone facsimile transmission, or by registered or certified mail, with postage prepaid and return receipt requested, to such Member at such Member's address as specified pursuant to Section 16.08, the date of receipt thereof (or the next business day if the date of receipt is not a business day) or, in the case of registered or certified mail, the date of registry thereof or the date of the certification receipt, as applicable, being deemed the date of such Notice;

provided, however, that any written communication containing such information sent to such Member actually received by such Member shall constitute Notice for all purposes of this Agreement.

"Operating Deficit" means the amount by which the gross receipts of the Company from rental payments made by tenants of the Apartment Complex, and all other income and receipts of the Company (other than tenant security deposits not applied toward tenant rents, insurance proceeds, proceeds of any loans to the Company, Capital Contributions, and investment earnings not available for distribution on funds on deposit in the Reserve Fund for Replacements, and other such reserve or escrow funds or accounts not available for distribution) for a particular period of time, is exceeded by the sum of all the operating expenses, including all debt service, operating and maintenance expenses, required deposits into the Reserve Fund for Replacements, any fees to the Project Lenders and/or any applicable mortgage insurance premium payments and all other Company obligations or expenditures, and excluding payments for construction of the Apartment Complex and fees and other expenses and obligations of the Company to be paid from the Capital Contributions of the Investor Member to the Company pursuant to this Agreement during the same period of time.

"Operating Deficit Loan" shall have the meaning set forth in Section 8.10(b) of this Agreement.

"Operating Reserve" means the reserve referred to in Section 4.02(n).

"Payment Date" means the date which is ninety (90) days after the end of the Company's fiscal year with respect to the preceding fiscal year.

"Percentage Interest" means the percentage Interest of each Member as set forth in Sections 5.01(a) and (c).

"Permanent Loan" means the HOPE VI Loan, RHF Loan, City Loan, AHP Loan and State Agency Loan, as more particularly described in **Exhibit F** attached hereto.

"Person" means any individual, company, corporation, trust, limited liability company or other entity.

"Plans and Specifications" means the plans and specifications for the Apartment Complex stamped with the seal of an architect and/or engineer, which are subject to the Consent of the Special Member, and any changes thereto made with the Consent of the Special Member.

"Post Closing Agreement" means the agreement which details those obligations to be performed by the Managing Member as a condition to the Investor Member's obligation to fund all or any portion of its Capital Contribution as more fully described on the Post Closing Agreement attached hereto as **Exhibit L**.

"Prime Rate" means a floating daily variable rate of interest announced from time to time by Manufacturers and Traders Trust Company, or its successor, if applicable (the "Bank"), as its "Prime Rate," without reference to prime interest rates of any other financial institutions. The prime rate may not necessarily be the lowest rate of interest charged by the Bank to any of its customers. Any change in the Prime Rate for purposes of this Agreement shall take effect on the day of the Bank's change in its Prime Rate.

"Profits" and "Losses" mean, for each fiscal year of the Company, an amount equal to the Company's taxable income or loss for such period from all sources, determined in accordance with §703(a) of the Code, adjusted in the following manner: (a) the income of the Company that is exempt from federal income tax shall be added to such taxable income or loss; (b) any expenditures of the Company which are not deductible in computing its taxable income and not properly chargeable to capital account under either §705(a)(2)(B) of the Code or the regulations promulgated under §704(b) of the Code shall be subtracted from such taxable income or loss; (c) in the event any Company asset is revalued in accordance with Treas. Reg. §1.704-1(b)(2)(iv)(f), then the amount of any adjustment to the value of such Company asset shall be taken into account as gain or loss from the disposition of such Company asset for purposes of computing Profits or Losses; (d) gain or loss resulting from any disposition of Company asset which has been revalued pursuant to Treas. Reg. §1.704-1(b)(2)(iv)(f) and with respect to which gain or loss is recognized for Federal income tax purposes shall be computed by reference to the adjusted value of such Company asset, notwithstanding that the adjusted tax basis of such Company asset differs from the adjusted value; (e) any depreciation, amortization or other cost recovery deductions taken into account in computing such taxable income or loss shall be recomputed based upon the adjusted value of any Company asset which has been revalued in accordance with Treas. Reg. §1.704-1(b)(2)(iv)(f); and (f) any items of income, gain, loss, deduction or credit which are specially allocated pursuant to Sections 11.07(a) and (d) through (j) shall not be taken into account in computing Profits or Losses.

"Project Documents" means and includes this Agreement (and all exhibits hereto), the Ground Lease, the Construction Contract, the Plans and Specifications, the Mortgage(s), Note(s), Loan Agreement(s), Regulatory Agreement, Extended Use Agreement, Management Agreement and all instruments delivered to (or required by) the Project Lenders or the Agency to the extent not otherwise listed in this definition.

"Project Lender" means any lender in its capacity as a lender of one of the Project Loans, or its successors and assigns in such capacity, acting through any authorized representative.

"Project Loans" means those loans set forth and described on **Exhibit F** hereto, the terms of which shall not be modified or amended without the Consent of the Special Member in its sole and absolute discretion.

"Project State" means the state in which the Apartment Complex is located.

"Projected Credit" means ninety-nine and ninety-nine one hundredths percent (99.99%) of the Tax Credits that the Managing Member has projected will be available to the Investor Member.

"Projections" means the construction, development and financing budget for the construction, development and financing of the Apartment Complex, including without limitation the construction or rehabilitation of all improvements, the furnishing of all personalty in connection therewith, and the operation of the Apartment Complex prior to Substantial Completion, which Budget is attached hereto as Exhibit H, and any amendments thereto made with the Consent of the Special Member. The Projections shall also include (i) a calculation of the Projected Credit for the Apartment Complex indicating the assumptions regarding basis which underlie such calculation, (ii) a capital account and minimum gain analysis, (iii) an operations budget, (iv) a debt/value analysis, and (v) such other items as may be requested by the Investor Member or Special Member.

"Public Housing Reserve" means the reserve referred to in Section 4.02(q).

"Qualified Contract" has the meaning set forth in Section 42(h)(6)(F) of the Code.

"Qualified Occupancy" means the achievement of occupancy of 100% of the Low-Income Units in the Apartment Complex by Qualified Tenants.

"Qualified Tenants" shall mean tenants under executed leases of at least six months who at the time of their initial occupancy of the Apartment Complex satisfy the (i) Rent Restriction Test and (ii) Minimum Set-Aside Test.

"REAC" shall refer to the Real Estate Assessment Center of the United States Department of Housing and Urban Development ("HUD").

"Recapture Amount" has the meaning set forth in Section 11.02(c).

"Regulatory Agreement" means, to the extent applicable, and collectively, any regulatory agreements and/or any declaration of covenants and restrictions to be entered into between the Company and any Project Lender or any applicable government agency at or after the Initial Closing setting forth certain terms and conditions under which the Apartment Complex is to be operated.

"Rent Restriction Test" means the test pursuant to Section 42(g) of the Code whereby the gross rent charged to tenants of the Low-Income Units in the Apartment Complex cannot exceed thirty percent (30%) of the imputed income limitation of the applicable units.

"Reserve Fund for Replacements" means the cash funded reserve for replacements required pursuant to Section 4.02 (m).

“RHF Loan” means the loan entered into by the Company with the CHA in the amount of \$843,000, with a term of forty (40) years.

“Service” means the Internal Revenue Service.

“Social Services Contract” means that certain Social Services Fee Agreement dated as of the date hereof, between the Company and the CHA setting forth certain terms and conditions under which CHA shall provide certain resident support services to the low-income residents of the Apartment Complex.

“Social Services Reserve” means the reserve referred to in Section 4.02(p).

“Special Additional Capital Contribution” means the Special Additional Capital Contributions of the Investor Member under Section 5.01(d)(v).

“Special Member” means Apollo Housing Manager II, Inc., a Delaware corporation, or its assignee and any Person who becomes a Special Member as provided herein, in its capacity as a Special Member of the Company.

“State Agency Loan” means the loan entered into by the Company and North Carolina Housing Finance Agency in the amount of \$2,529,431, with a term of thirty (30) years.

“State Designation” means, with respect to the Apartment Complex, the allocation by the Agency of Tax Credits, as evidenced by the receipt by the Company of a carryover allocation of Tax Credits meeting the requirements of Section 42(h)(1)(E) of the Code and Treasury Regulations executed by the Agency as to all buildings in the Apartment Complex for which such form is required.

“State of Formation” means the State of Delaware.

“Substantial Completion” means the date that the Company receives (i) an architect's certificate of substantial completion (using AIA Form G704) and (ii) all necessary permanent certificates of occupancy (or certificates of occupancy which contain conditions or qualifications which are Consented to by the Special Member) from the applicable governmental jurisdiction(s) or authority(ies) for one hundred percent (100%) of the apartment units in the Apartment Complex; provided, however, that Substantial Completion shall not be deemed to have occurred if on such date any liens or other encumbrances as to title to the Land and the Apartment Complex exist, other than those securing such Project Loan and/or those Consented to by the Special Member.

“Substitute Investor Member” means any Person admitted to the Company as an Investor Member pursuant to Section 9.02.

"Surplus Cash" means any Net Cash Flow which, pursuant to the Project Documents or rules or regulations of the Agency, is permitted to be distributed to the Members.

"Tax Credit" means the low-income housing tax credit allowed for low-income housing projects pursuant to Section 42 of the Code.

"Tax Credit Compliance Guaranty" has the meaning set forth in Section 8.10(c).

"Tax Credit Recapture Event" means (a) the filing of a tax return by the Company evidencing a reduction in the qualified basis of the Apartment Complex causing a recapture of Tax Credits previously allocated to the Investor Member, (b) a reduction in the qualified basis of the Apartment Complex following an audit by the Service which results in the assessment of a deficiency by the Service against the Company or the Investor Member with respect to any Tax Credits previously claimed in connection with the Apartment Complex, unless the Company shall timely file a petition with respect to such deficiency with the United States Tax Court or any other federal court of competent jurisdiction and the collection of such assessment shall be stayed pending the disposition of such petition, (c) a decision by the United States Tax Court or any other federal court of competent jurisdiction upholding the assessment of such deficiency against the Company or the Investor Member with respect to any Tax Credits previously claimed in connection with the Apartment Complex, unless the Company shall timely appeal such decision and the collection of such assessment shall be stayed pending the disposition of such appeal, or (d) the decision of a federal court of competent jurisdiction affirming such decision.

"Tax Credit Shortfall" means, as to any period of time, the difference between the Certified Credit for such period of time and the Actual Credit for such period of time. For purposes of determining the amount of the Tax Credit Shortfall for a particular period of time, if there is an adjustment to Capital Contributions under Section 5.01(e) because of a Late Delivery Capital Adjustment, the Tax Credit Shortfall for such period of time shall be reduced by the Late Delivery Capital Adjustment.

"Title Company" means Attorneys Title.

"Unpaid Tax Credit Shortfall" means the outstanding amount of any Tax Credit Shortfall for all the fiscal years of the Company, reduced by any amounts distributed to the Investor Member pursuant to Sections 11.03 (b)(ii) and 11.04(c)(i) of this Agreement. The Unpaid Tax Credit Shortfall shall bear interest at the "long-term applicable Federal rate" (as defined in Section 1274 of the Code) determined as of the date of the Investor Member's Fourth Capital Contribution, compounded monthly.

"Upward Capital Adjustment" has the meaning set forth in Section 5.01(e)(ii).

ARTICLE III
PURPOSE AND BUSINESS OF THE COMPANY

3.01 Purpose of the Company. The Company has been organized exclusively to acquire a leasehold interest in the Land, and to develop, finance, construct, rehabilitate, own, maintain, operate and sell or otherwise dispose of the Apartment Complex, in order to obtain long-term appreciation, cash income, Tax Credits and tax losses.

3.02 Authority of the Company. In order to carry out its purpose, the Company is empowered and authorized to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of its purpose, and for the protection and benefit of the Company, including but not limited to the following:

(a) acquire a leasehold interest in the Land on which the Apartment Complex is to be located;

(b) construct, operate, maintain, improve, buy, own, sell, convey, assign, mortgage, rent or lease any real estate and any personal property necessary to the operation of the Apartment Complex;

(c) provide housing, subject to the Minimum Set-Aside Test and the Rent Restriction Test and consistent with the requirements of the Extended Use Agreement, the Regulatory Agreement and the Loan Agreements so long as the Extended Use Agreement, the Regulatory Agreement and the Loan Agreements, as applicable, remain(s) in force;

(d) enter into any kind of activity, and perform and carry out contracts of any kind necessary to, in connection with, or incidental to, the accomplishment of the purposes of the Company;

(e) borrow money and issue evidences of indebtedness in furtherance of the Company business and secure any such indebtedness by mortgage, pledge, or other lien; provided, however, that the Project Loans, and any evidences of indebtedness thereof and any documents amending, modifying or replacing any of such loans shall have the legal effect that at and after Final Closing the Company and the Members shall have no personal liability for the repayment of the principal of or payment of interest on any Project Loan, and that the sole recourse of any Project Lender, with respect to the principal thereof and interest thereon, shall be to the property securing such Project Loan, except for usual and customary recourse liabilities associated with fraud, misrepresentation, misuse of insurance proceeds or other liabilities specified in the Project Loan documents for which the Special Member has provided its Consent (collectively, the "Carveouts");

(f) maintain and operate the Apartment Complex, including hiring the Management Agent and entering into any agreement for the management of the Apartment Complex during its rent-up and after its rent-up period;

(g) subject to the approval of the Agency and/or the Project Lenders, if required, and to other limitations expressly set forth elsewhere in this Agreement, negotiate for and conclude agreements for the sale, exchange, lease or other disposition of all or substantially all of the property of the Company, or for the refinancing of any mortgage loan on the property of the Company;

(h) enter into the Loan Agreement, the Regulatory Agreement and the Extended Use Agreement, providing for regulations with respect to rents, profits, dividends and the disposition of property;

(i) rent dwelling units in the Apartment Complex from time to time, in accordance with the provisions of the Code applicable to Tax Credits and in accordance with applicable federal, state and local regulations, collecting the rents therefrom, paying the expenses incurred in connection with the Apartment Complex, and distributing the net proceeds to the Members, subject to any requirements which may be imposed by the Extended Use Agreement, the Regulatory Agreement and/or the other Project Documents; and

(j) do any and all other acts and things necessary or proper in furtherance of the Company business.

ARTICLE IV
REPRESENTATIONS, WARRANTIES AND COVENANTS;
DUTIES AND OBLIGATIONS

4.01 Representations, Warranties and Covenants Relating to the Apartment Complex and the Company. As of the date hereof, the Managing Member, with respect to all matters other than those exclusively applicable to the Horizon Special Managing member, and the Horizon Special Managing Member, with respect to those matters that apply to it, hereby represent, warrant and covenant to the Company and to the Members that:

(a) Due Authorizations, Execution and Delivery. The execution and delivery of this Agreement by the Managing Member and the performance by the Managing Member of the transactions contemplated hereby have been duly authorized by all requisite corporate, company or trust actions or proceedings. The Managing Member is duly organized, validly existing and in good standing under the laws of the state of its formation with power to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by the Horizon Special Managing Member and the performance by the Horizon Special Managing Member of the transactions contemplated hereby have been duly authorized by all

requisite corporate, company or trust actions or proceedings. The Horizon Special Managing Member is duly organized, validly existing and in good standing under the laws of the state of its formation with power to enter into this Agreement and to consummate the transactions contemplated hereby.

(b) Construction of Apartment Complex. The construction and development of the Apartment Complex shall be undertaken and shall be completed in a timely and workmanlike manner, free from liens and defects, in accordance with (i) all applicable requirements of the Project Loans and the Project Documents, (ii) all applicable requirements of all appropriate governmental entities, and (iii) the Plans and Specifications of the Apartment Complex that have been or shall be hereafter approved by the Special Member, and, if required, the Project Lenders and any applicable Authorities, as such Plans and Specifications may be changed from time to time with the Consent of the Special Member as required pursuant to Section 8.02 hereof and the Project Lenders, if required, and any applicable Authorities, if such approval shall be required; it shall promptly provide copies of all change orders to the Special Member.

(c) Zoning and Related Matters. At the date hereof, at the Initial Closing and at the time of commencement of construction and thereafter continuously, the Land is and will be properly zoned for the Apartment Complex, all consents, permissions and licenses required by all applicable Authorities have been obtained, and the Apartment Complex conforms and will conform to all applicable federal, state and local land use, zoning, environmental and other governmental laws and regulations.

(d) Public Utilities. All appropriate public utilities, including sanitary and storm sewers, water, and electricity, are currently available and will be operating properly and in sufficient capacity for all units in the Apartment Complex at the time of first occupancy of such units.

(e) Title Insurance. An owner's leasehold title insurance policy issued by the Title Company or a financially responsible institution acceptable to the Special Member, in an amount equal to the total development costs for the Apartment Complex, in favor of the Company, will be issued at or prior to the Initial Closing subject only to such easements, covenants, restrictions and such other standard exceptions as are normally included in owner's title insurance policies and which are Consented to by the Special Member and with such endorsements to such policy as the Special Member may request and with date down endorsements (as more fully described in and delivered at the times set forth in Section 5.01(d) and Article IX of this Agreement). Marketable leasehold interest in the Land will be held by the Company. The Managing Member has not made any misrepresentation or failed to make any disclosure that will or could result in the Company lacking title insurance coverage based on imputation of knowledge of the Managing Member to the Company.

(f) Non-Recourse Loans. At and after the Final Closing, there shall be no direct or indirect personal liability of the Company, any of the Members, or any Affiliates of the Company or Members for the repayment of the principal of or payment

of interest on any Project Loan, and the sole recourse of any Project Lender under any Project Loan with respect to the principal thereof and interest thereon shall be to the property securing the indebtedness, except for any liability of the Managing Member with respect to Carveouts.

(g) No Defaults. The Managing Member is not aware of (i) any default or any circumstances which, with the giving of notice or the passage of time, would constitute a default, under any agreement, contract, lease, Project Loan, or other commitment, or (ii) of any claim, demand, litigation, proceedings or governmental investigation pending or threatened against the Managing Member, the Apartment Complex or the Company, or related to the business or assets of the Managing Member, the Apartment Complex or Company, which claim, demand, litigation, proceeding or governmental investigation could result in any judgment, order, decree, or settlement which would materially and adversely affect the business or assets of the Managing Member, the Apartment Complex or the Company. The Horizon Special Managing Member is not aware of any claim, demand, litigation, proceeding or governmental investigation pending or threatened against the Horizon Special Managing Member, or related to the business or assets of the Horizon Special Managing Member, which claim, demand, litigation, proceeding or governmental investigation could result in any judgment, order, decree or settlement which would materially and adversely affect the business or assets of the Horizon Special Managing Member.

(h) No Violation. The execution and delivery of the Project Documents, the incurrence of the obligations set forth in any of the Project Documents, and the consummation of the transactions contemplated by any of the Project Documents do not violate any provision of law, any order, judgment or decree of any court binding on the Company or the Managing Member or the Horizon Special Managing Member or any Affiliate(s) thereof, any provision of any indenture, agreement, or other instrument to which the Company or the Managing Member or the Horizon Special Managing Member is a party or by which the Company, Managing Member, Horizon Special Managing Member or the Apartment Complex is affected, and are not in conflict with, and will not result in a breach of or constitute a default under any such indenture, agreement, or other instrument or result in creating or imposing any lien, charge, or encumbrance of any nature whatsoever upon the Apartment Complex.

(i) Construction Contract. The Construction Contract has been entered into between the Company and the Contractor; no other consideration or fee shall be paid to the Contractor in its capacity as the Contractor for the Apartment Complex other than the amounts set forth in the Construction Contract or as evidenced by change orders approved by the Project Lenders and as otherwise disclosed in writing to and Consented to by the Special Member; and all change orders, if any, to date have been paid in full. In addition, no consideration or fee shall be paid to the Developer or Managing Member by the Contractor.

(j) Performance Bond; Letter of Credit. To the extent required by the Project Lenders and the Investor Member, either (i) one hundred percent (100%) payment

and performance bonds issued by a nationally, financially recognized bonding company, in forms acceptable to the Project Lenders and the Investor Member, and in amounts satisfactory to the Project Lenders and the Investor Member, or (ii) a letter of credit in an amount and in a form, and from an issuer satisfactory to the Project Lenders and the Investor Member, will be obtained by the Contractor at or before Initial Closing and shall remain in full force and effect under terms and conditions as shall be acceptable to the Project Lenders and the Investor Member; in the alternative, the obligations of the Contractor will be guaranteed by the Managing Member and the Affiliate Guarantor and secured by cash, letter of credit or other security acceptable to the Project Lenders and the Investor Member.

(k) Insurance. The Managing Member shall cause the Company to obtain and maintain insurance in accordance with the requirements of Exhibit I attached hereto.

(l) No Undisclosed Financial Responsibilities. Neither the Company, nor the Managing Member, nor the Horizon Special Managing Member, either individually or on behalf of the Company, has incurred any financial responsibility with respect to the Apartment Complex prior to the date of execution of this Agreement, other than (i) that disclosed to the Investor Member in writing prior to the date of this Agreement, or (ii) obligations which will be fully satisfied at or prior to the Initial Closing. As of the date hereof and hereafter continuously, unless the Special Member otherwise Consents or unless otherwise specifically provided for herein, the only indebtedness of the Company with respect to the Apartment Complex is the Project Loans. Without limiting the generality of the foregoing, neither the Managing Member, any of its Affiliates, the Horizon Special Managing Member, nor the Company, has entered, or shall enter, into any agreement or contract for any loans (other than the Project Loans) or for the payment of any Project Loan discounts, additional interest, yield maintenance or other interest charges or financing fees, or any agreement providing for the guarantee of payment of any such interest charges or financing fees relating to any Project Loan. The financial statements and other financial data delivered to the Investor Member in connection with the Apartment Complex and Managing Member, Developer and Affiliate Guarantor are true, complete and accurate in all material respects. No material adverse change has occurred in any such entity's financial position since the date of the financial statements and financial data last delivered to the Investor Member.

(m) Valid Company; Power of Authority. The Company is and will continue to be a valid limited liability company, duly organized under the laws of the State of Formation, and shall have and shall continue to have full power and authority to acquire the Land and to develop, construct, operate and maintain the Apartment Complex in accordance with the terms of this Agreement, and shall have taken and shall continue to take all action under the laws of the State of Formation and any other applicable jurisdiction that is necessary to protect the limited liability of the Members and to enable the Company to engage in its business.

(n) Restrictions on Sale or Refinancing. No restrictions on the sale or refinancing of the Apartment Complex, other than restrictions that may be set forth in the Project Documents, exist as of the date hereof, and no such restrictions shall, at any time while the Investor Member is a Investor Member, be placed upon the sale or refinancing of the Apartment Complex.

(o) Projected Credits; Projections. The Tax Credits that the Managing Member has projected will be available to the Company are \$10,000,000. The Projected Credits are \$9,999,000. The Projected Credits are based upon the Managing Member's representation that 100% of the residential units in the Apartment Complex will be occupied by Qualified Tenants. The Managing Member further covenants that there is and at all times shall continue to be sufficient eligible basis (as defined in Section 42(d) of the Code) to provide the full amount of the Projected Credits. The Projections attached hereto as Exhibit H are true, complete and accurate in all material respects. Without limiting the foregoing, (i) the Projections accurately allocate the Development Costs between non-depreciable and depreciable costs, and (b) no portion of the Incentive Management Fee or Development Fee is allocable to the organization of the Company, to the sale of any interests in the Company, or to any permanent financing arrangements.

(p) Compliance with Agreements. To the best of its knowledge after due inquiry, at the time of the execution of this Agreement, the Managing Member, either individually or on behalf of the Company, has fully complied with all applicable provisions and requirements of any and all contracts, options and other agreements with respect to the leasing of the Land and the development, financing and operation of the Apartment Complex; it shall take, and/or cause the Company to take, all actions as shall be necessary to achieve and maintain continued compliance with the provisions, and fulfill all applicable requirements, of such agreements.

(q) State Designation. By no later than December 31, 2007, the Company will receive valid State Designation with respect to the Apartment Complex in the amount of not less than \$10,000,000 for the Apartment Complex's ten-year Credit Period. In January 2007, the Company locked in the January 2007 Tax Credit percentage of 8.08%.

(r) Applicable Income and Rent Restrictions. The Apartment Complex is being developed in a manner which satisfies, and shall continue to satisfy, all restrictions, including tenant income and rent restrictions, applicable to projects generating Tax Credits under Section 42 of the Code. The Company will comply with the so-called "40-60 Set-Aside Test" of Code Section 42(g)(1)(B), as restricted by Code Section 42(i)(2)(E)(i), so that at least 40% of the units in the Apartment Complex will be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size; the Apartment Complex is not subject to any other rental restrictions under the Project Documents, other than the restrictions set forth in the Regulatory Agreements, and except to the extent that more than 40% of the residential units in the Apartment Complex will be rent and income restricted in order to generate the full amount of the Projected Credits.

(s) Term of Extended Use Agreement. The term of the Extended Use Agreement will not exceed 30 years, and neither the Extended Use Agreement nor any other document, instrument or agreement to which the Company is a party shall restrict, limit or waive the right of the Company to cause a termination of the Extended Use Agreement prior to the end of such 30-year term in accordance with Code Section 42(h)(6)(E)(i)(II).

(t) Ownership of Managing Member. Grubb Properties, Inc. owns and shall continue to own at all times during the term of the Company one hundred percent (100%) of all classes of interests of Grubb, and TCG Development Services, L.L.C. owns and shall continue to own at all times during the term of the company one hundred percent (100%) of all classes of interest of Charlotte; and Horizon Development Properties, Inc. owns and shall continue to own at all times during the term of the Company one hundred percent (100%) of all classes of interests of the Horizon Special Managing Member.

(u) Title to Apartment Complex; Taxes and Assessments. The Company has and shall have at all times good and marketable leasehold title to the Apartment Complex, subject only to permitted exceptions thereto to which the Special Member has given its Consent. All real estate taxes, assessments, water and sewer charges and other municipal charges, to the extent due and owing, have been paid in full on the Apartment Complex.

(w) Compliance with Federal Fair Housing Act. At all times during the term of this Agreement, the Company shall comply with the provisions of the Federal Fair Housing Act, as amended.

(x) Taxpayer Certifications. On behalf of the Company, the Managing Member will cause to be filed any and all certifications and other documents on a timely basis with the Service, the Agency and all other Authorities, as have been and may be required to support the full amount of Projected Credits. The Managing Member shall also elect to reduce the eligible basis by the amount of the City Loan on the Form 8609 when it is submitted to the Agency for approval.

(y) Taxation and Limited Liability. No event has occurred that has caused, and the Managing Member and the Horizon Special Managing Member will not act in any manner that will cause (i) the Company to be treated for federal income tax purposes as an "association" taxable as a corporation, rather than as a partnership; or (ii) the Investor Member or the Special Member to be liable for the Company's obligations in excess of their Capital Contributions.

(z) No Tax-Exempt Use Property. No portion of the Apartment Complex is or will be treated as "tax-exempt use property" as defined in Section 168(h) of the Code. In the event the Horizon Special Managing Member or any member or partner of the Horizon Special Managing Member is controlled by a tax-exempt entity,

such entity will make the election permitted under Section 168(h)(6)(F) of the Code. No portion of the Apartment Complex is or will be leased to tax-exempt entities.

(aa) No Abusive Tax Shelter. The Managing Member has not received notice from the Service that it has considered the Managing Member to be involved in any abusive tax shelter and is not aware of any facts, which if known to the Service, would cause such notice to be issued.

(ab) Required Consents. The Company has obtained all consents required for the admission of the Investor Member and Special Member to the Company, including but not limited to, the consent of the holder(s) of the Project Loans, if necessary, and any required consents of applicable Authorities. No consent is required for the transfer of the Investor Member's Interest to a Fund.

(ac) Bankruptcy. No Bankruptcy, including, without limitation, attachments, execution proceedings, assignments for the benefit of creditors, insolvency, reorganization or other proceedings is pending or threatened against the Company or the Managing Member or the Horizon Special Managing Member. The Managing Member and the Horizon Special Managing Member will not permit such a Bankruptcy to occur.

(ad) Governmental Actions. To the best of the Managing Member's knowledge, there is no official action of any Authority, pending or threatened, which in any way would (i) have a material adverse effect on the Company, the Apartment Complex, the Investor Member, or the Tax Credits; (ii) involve any intended public improvements which improvements may result in any charge in excess of \$10,000 being levied against the Land; or (iii) result in any special assessment, being levied against or assessed upon the Land or the Apartment Complex. There is no existing, proposed or contemplated, plan to widen, modify or realign any street or highway contiguous to the Land. The Managing Member will promptly notify the Investor Member of any such official actions or plans, if and as they arise.

(ae) Moratoria; Assessments; Dedications. There is no reassessment (except for real estate property taxes), reclassification, rezoning, proceeding, ordinance or regulation (including amendments and modifications to any of the foregoing) pending or proposed to be imposed, by any Authority or any public or private utility having jurisdiction over the Land which would have a material adverse effect upon the use or occupancy of the Apartment Complex. No special assessments have been levied against the Apartment Complex or by an Authority upon the commencement or completion of any construction, alteration or rehabilitation on or of the Apartment Complex or any portion thereof. The Managing Member will promptly notify the Investor Member of any such actions, if and as they arise. Except as previously disclosed in writing to and approved by the Special Member, the completion of the improvements, construction, alteration or rehabilitation on or to the Apartment Complex or any portion thereof will not require the dedication of any portion of the Apartment Complex by any Authority.

(af) No Defects, Compliance. Upon completion of the Apartment Complex, there will be no material physical or mechanical defects or deficiencies in the condition of the Apartment Complex, including, but not limited to, the roofs, exterior walls or structural components of the Apartment Complex and the heating, air conditioning, plumbing, ventilating, elevator, utility, sprinkler and other mechanical and electrical systems, apparatuses and appliances located in, or about, the Land which would materially and adversely affect the Apartment Complex or any portion thereof. The Apartment Complex is free from infestation by termites or other pests, insects, animals or other vermin and the Managing Member will keep and maintain the Apartment Complex in such condition. The Apartment Complex conforms (or will timely conform) to all governmental regulations, including, without limitation, all zoning, building, health, fire and environmental rules, regulations ordinances or requirements or environmental laws, regulations or procedures applicable to the Apartment Complex where the failure to conform would result in a material adverse effect. The Managing Member shall not cause or permit to occur any circumstances that would (i) give rise to a “flag” affecting the Investor Member or its Affiliates under HUD’s previous participation certification system, the effect of which would be to adversely impact the ability of the Investor Member or its Affiliates from participation in HUD loan or subsidy programs; or (ii) result in a determination by HUD, following any applicable appeal period, that the Apartment Complex has failed to comply with HUD’s minimum standards for physical condition (which under current REAC practice, would mean a score below 60), and that such noncompliance has not been remedied.

(ag) No Defective Soils Conditions. To the best of the Managing Member's knowledge after due inquiry, there are no defects or conditions of the soil that would have a material adverse effect upon the use, occupancy and operation of the Apartment Complex. The soil condition of the Land is such that it will support all of the improvements to be located thereon for its foreseeable life, without the need for unusual or new subsurface excavations, fill, footings, caissons or other installations. The improvements on the Land, as built, will be or are constructed in a manner compatible with the soil condition at the time of construction and all necessary excavations, fills, footings, caissons and other installations were then, have since been and will be provided.

(ah) Rights of First Refusal; Options. Except as contemplated by the Purchase Option and Right of First Refusal Agreement set forth in Exhibit J attached hereto, neither the Managing Member nor the Company has entered into (nor will enter into) any contracts for the sale of the Apartment Complex, the Tax Credits with respect thereto, or any interest in the Apartment Complex or Company other than in contemplation of this Agreement, nor do there exist any rights of first refusal or options to purchase the Apartment Complex, the Tax Credits with respect thereto, or any Interest in the Company.

(ai) Securities Law Compliance. The Managing Member has or will have timely complied or caused the timely compliance with all applicable Federal and state securities laws in connection with the offer and sale of the Interest in the Company to the Investor Member.

(aj) Truth and Completeness of Representations and Disclosures. No representation, warranty or statement of the Managing Member or the Horizon Special Managing Member in this Agreement or in any document, certificate or schedule furnished or to be furnished to the Investor Member or its counsel (including, without limitation, the tax certification letter dated on or about the date hereof) pursuant hereto contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading.

(ak) Survival of Representations and Warranties. All of the representations, warranties and covenants contained herein shall be deemed to be re-made as of the date of each Capital Contribution made by the Investor Member and shall survive the date of Final Closing and the funding date of each such Capital Contribution. The Managing Member shall indemnify and hold harmless the Investor Member against a breach of any of the foregoing representations, warranties and covenants and any damage, loss or claim caused thereby, including reasonable attorneys' fees and costs and expenses of litigation and collection.

(al) Intentionally Deleted.

(am) Tax Abatement. The Managing Member will timely file with the county assessor, or any other governmental unit with jurisdiction and authority, on an annual basis or such other periodic basis as required by law, a claim for exemption from property taxation for the Land pursuant to N.C. Gen. Stat. Section 157-26, or any other applicable statutory provisions and shall take all necessary legal actions, including prosecution of all appeals, to secure the property tax exemption. Once the exemption is obtained, the Managing Member shall undertake all necessary and reasonable actions to maintain such exemption.

4.02 Duties and Obligations Relating to the Apartment Complex and the Company. The Managing Member shall have the following duties and obligations with respect to the Apartment Complex and the Company:

(a) Qualifying for Tax Credits. The Managing Member shall ensure that all requirements shall be met which are necessary to obtain or achieve (i) compliance with the Minimum Set-Aside Test, the Rent Restriction Test, and any other requirements necessary for the Apartment Complex to initially qualify, and to continue to qualify, for Tax Credits, including all applicable requirements set forth in the Regulatory Agreement and the Extended Use Agreement, (ii) issuance of Service Form(s) 8609, (iii) issuance of all necessary permanent, unconditional certificates of occupancy, including all governmental approvals required to permit occupancy of all of the apartment units in the Apartment Complex, (iv) Initial Closing and Final Closing, and (v) compliance with all material provisions of the Project Documents.

(b) Tax Treatment of Company. While conducting the business of the Company, the Managing Member shall not act in any manner which it knows or should know after due inquiry will (i) cause the termination of the Company for federal income tax purposes without the Consent of the Special Member or (ii) cause the Company to be treated for federal income tax purposes as an association taxable as a corporation.

(c) Good Faith of Managing Member. The Managing Member shall exercise good faith in all activities relating to the conduct of the business of the Company, including the development, operation and maintenance of the Apartment Complex, and the Managing Member shall take no action with respect to the business and property of the Company which is not reasonably related to the achievement of the purpose of the Company as set forth in Section 3.01.

(d) No Security Interests or Encumbrances. The Managing Member shall ensure that all of (i) the fixtures, maintenance supplies, tools, equipment and the like now and to be owned by the Company or to be appurtenant to, or to be used in the operation of the Apartment Complex, as well as (ii) the rents, revenues and profits earned from the operation of the Apartment Complex, will be free and clear of all security interests and encumbrances except for the Project Loans, the Mortgages, and any additional security agreements executed in connection therewith.

(e) Basis Adjustments. The Managing Member will execute on behalf of the Company all documents necessary pursuant to Sections 732, 743 and 754 of the Code to elect to adjust the basis of the Company's property upon the request of the Investor Member, if, in the sole opinion of the Investor Member, such election would be advantageous to the Investor Member, provided such election would not materially affect the Managing Member.

(f) Payment of Development Fee. The Managing Member guarantees payment by the Company of the Development Fee as provided in Section 5.01(b).

(g) Tax Returns and Financial Statements. The Managing Member shall, during and after the period in which it is a Member, provide the Company with such information and sign such documents as are necessary for the Company to make timely, accurate and complete submissions of federal and state income tax returns and shall provide the Special Member with the opportunity to review and comment on drafts of all such returns at least twenty (20) days prior to their filing date, and will request that the Accountant incorporate the changes of the Special Member. In addition, the Managing Member shall provide the Special Member with the opportunity to have not less than twenty (20) days to review drafts of audited financial statements prior to their finalization and will request that the Accountant incorporate the changes of the Special Member.

(h) Compliance with Governmental and Contractual Obligations. The Managing Member shall comply and cause the Company to comply with the provisions of all applicable governmental and contractual obligations.

(i) Tax Elections. The Managing Member has made (if applicable) and shall make such elections, or refrain from making such elections, with respect to the Tax Credits, that the Special Member reasonably determines are in the Investor Member's best interest. At the direction of the Special Member, the Managing Member shall elect to defer the commencement of the Credit Period for all or any portion of the Tax Credits allowable to the Members under Section 42(g) of the Code, to the extent that any such deferral may be in the best economic interest of the Investor Member. The Managing Member shall cause the Company to report to the Investor Member all reportable transactions under Section 6111 and 6112 of the Code and Treasury Regulation 1.6011-4 in which the Company is engaged.

(j) Fines and Penalties. The Managing Member shall be responsible for the payment of any fines or penalties imposed by the Agency or any Project Lender pursuant to the Project Documents and any documents executed in connection with obtaining Tax Credits (other than with respect to payments of principal or interest under any Project Loan) attributable to any action or inaction of it or its Affiliates.

(k) Notification of Default or Service Proceedings. In addition to any requirements set forth in Article XIII hereof, the Managing Member shall immediately notify the Investor Member of any written or oral notice of (i) any default or failure of compliance with respect to any of the Project Loans, Project Documents or any other financial, contractual or governmental obligation of the Company or the Managing Member, or (ii) any Service proceeding regarding the Apartment Complex or the Company.

(l) Construction Monitoring; Notification of Construction Delays. Disbursements of equity and loan proceeds shall be made in accordance with the Equity Disbursement Agreement, the form of which is attached hereto as Exhibit M. If at any time during the construction or rehabilitation of the Apartment Complex, (i) construction or rehabilitation stops or is suspended for a period of ten (10) consecutive days, or (ii) construction or rehabilitation has been delayed so that in the reasonable determination of the Managing Member (A) Substantial Completion may not be achieved by the date set forth in the Construction Contract, or (B) the Projected Credits for any year during the Credit Period may not be achieved, the Managing Member shall immediately send Notice of such occurrence, together with an explanation of the circumstances surrounding such occurrence, to the Investor Member. The Company shall be solely responsible for the payment of the costs and expenses incurred by the Construction Inspector.

(m) Reserve Fund for Replacements. The Managing Member shall establish and maintain reasonable reserves to provide for working capital needs, improvements, replacements and any other contingencies of the Company. At a minimum, the Managing Member shall cause the Company to annually deposit commencing the earlier of (i) Final Closing or (ii) funding of the Second Capital Contribution, \$250 per unit from the Company's gross operating revenues into a segregated Reserve Fund for Replacements, which amount shall increase four percent

(4%) per year. The Managing Member shall be entitled to withdraw funds from the Reserve Fund for Replacements, subject to the Special Member's approval which may be evidenced either in an approved annual budget for the Apartment Complex or, if not so approved, upon the request of the Managing Member.

(n) Operating Reserve. In addition to the requirements of Section 4.02 (m), after Breakeven Operations, in order to meet operating expenses and debt service of the Company which exceed operating revenues available for the payment thereof, the Managing Member shall cause the Company to deposit, no later than the making of the Fourth Capital Contribution, an initial amount of \$532,113 (or such greater amount as may be required by the Project Lenders), into a segregated reserve account (the "Operating Reserve"). The initial \$532,113 of the Operating Reserve shall be funded from Capital Contributions and/or the proceeds of the Project Loan; provided, however, that if there are insufficient funds from the aforementioned sources upon the making of the Fourth Capital Contribution, the Managing Member shall be required to fund the Operating Reserve. The Managing Member shall be entitled to withdraw funds from the Operating Reserve, subject to the Special Member's approval which may be evidenced either in an approved annual budget for the Apartment Complex or, if not so approved, upon the request of the Managing Member.

(o) Lease-Up Reserve. In order to meet operating expenses during the lease-up period prior to Breakeven Operations, the Managing Member shall cause the Company to deposit, no later than the making of the Second Capital Contribution, an initial amount of \$61,200 into a segregated reserve account (the "Lease-Up Reserve"). Upon achievement of 93% of initial occupancy of all of the units in the Apartment Complex, any funds remaining in the Lease-Up Reserve shall be transferred to the Reserve Fund for Replacements. The Managing Member shall be entitled to withdraw funds from the Lease-Up Reserve, subject to the Special Member's approval which may be evidenced either in an approved annual budget for the Apartment Complex or, if not so approved, upon the request of the Managing Member.

(p) Social Services Reserve. In order for the CHA to provide certain case management and community social services to public housing residents of the Apartment Complex, the Managing Member shall cause the Company to deposit \$102,000 on the date on which Apollo makes its Third Capital Contribution, and the balance, \$398,000, on the date on which Apollo makes its Fourth Capital Contribution. Such funds shall be deposited into a segregated, interest-bearing reserve account, requiring the authorized signatures of both the CHA and the Managing Member, on behalf of the Company (the "Social Services Reserve"). Once the \$500,000 is deposited in the Social Services Reserve, then the CHA is deemed paid for its social services. CHA and the Managing Member, on behalf of the Company, shall then disburse up to \$102,000 per year until the reserve is fully disbursed. The first disbursement is to be made by December 1, 2009, with annual payments to be made on September 30 of each year thereafter, until the reserve is fully disbursed. Any interest earned on funds deposited in the Social Services Reserve shall be disbursed to CHA upon CHA's request. The Managing Member shall also cause the Company to cause CHA to provide optional

social services to the non-public housing residents of the Apartment Complex. No fee for such services shall be paid to CHA.

(q) Public Housing Reserve. In order to meet operating expenses of the public housing units which exceed operating revenues from the public housing units, the Managing Member shall cause the Company to deposit no later than the making of the Fourth Capital Contribution, an amount of \$210,154 into a segregated reserve account (the "Public Housing Reserve"). If there are insufficient funds from the Fourth Capital Contribution, the Managing Member shall be required to fund the Public Housing Reserve. The Managing Member shall be entitled to withdraw funds from the Public Housing Reserve subject to the Special Member's approval which may be evidenced either in an approved annual budget for the Apartment Complex or, if not so approved, upon the request of the Managing Member.

(r) Pre-Development Activities. The Managing Member shall be specifically and solely responsible for the following duties:

- (1) Analyzing the Qualified Allocation Plan ("QAP") for targeted areas within a state.
- (2) Identifying potential land sites.
- (3) Analyzing the demographics of potential sites.
- (4) Analyzing a site's economy and forecast future growth potential.
- (5) Determining the site's zoning status and possible rezoning actions.
- (6) Contacting local government officials concerning access to utilities, public transportation, impact fees and local ordinances.
- (7) Performing environmental tests on selected sites.
- (8) Negotiating the acquisition of the land upon which the Apartment Complex is located and its related financing.
- (9) Performing any other duties or activities relating to the acquisition of the land upon which the Apartment Complex is located.

The Managing Member shall not assign any of the foregoing duties to the Developer.

(s) Leasehold Obligations. The Managing Member shall comply and cause the Company to comply in all respects with the provisions of the Ground Lease and shall not default nor permit any default thereunder to remain uncured within the time periods allowed to the Company under the Ground Lease. Upon any breach of this covenant by the Managing Member, the Investor Member and/or the Special Member, shall have the right to effect such cure of any default or alleged default under the Ground Lease in the place of the Company, and charge back any costs and expenses thereof against the Managing Member. The Managing Member shall reimburse the Investor Member or Special Member, as the case may be, for such costs and expenses upon written demand. Further, the Managing Member shall not amend, modify or terminate, nor permit any amendment, modification or termination of the Ground Lease, without in each case obtaining the prior written Consent of the Investor Member. Any and all notices given to the Company under the Ground Lease, and any requests for consents, actions, or forbearances on the part of the Company to be given or withheld under the Ground Lease, shall immediately, upon receipt by the Managing Member, be forwarded to the Investor Member by the Managing Member.

4.03 Single Purpose Entity. Grubb and Charlotte shall engage in no other business or activity other than that of being the Managing Member of the Company. Grubb and Charlotte were formed exclusively for the purpose of acting as the Managing Member of the Company and has never engaged in any other activity, business or endeavor. As of the date of this Agreement, Grubb and Charlotte have no liabilities or indebtedness other than their liability for the debts of the Company, and Grubb and Charlotte shall not incur any indebtedness other than their liability for the debts of the Company. If Grubb or Charlotte determines it needs additional funds for any purpose, it shall obtain such funds solely from capital contributions from its members. Grubb and Charlotte have observed and shall continue to observe all necessary or appropriate limited liability company formalities in the conduct of their business. Grubb and Charlotte shall keep their books and records separate and distinct from those of their shareholders, members and/or other of their Affiliates, and shall maintain the Company accounts in financial institutions, whose accounts are federally insured, segregated from any other accounts and funds of Grubb and Charlotte or any of their shareholders, members and/or other of their Affiliates. Grubb and Charlotte shall clearly identify themselves as a legal entity separate and distinct from their shareholders, members and/or other of its Affiliates in all dealings with other Persons. Grubb and Charlotte has been adequately capitalized for the purposes of conducting their business and will not make distributions at a time when it would have unreasonably small capital for the continued conduct of their business.

4.04 Taxation as a Partnership, Managing Member Net Worth. If there is a change in federal income tax laws whereby the Managing Member is required to maintain a specific level of net worth to support a determination that the Company will be taxed as a partnership and not as a corporation, the Managing Member shall obtain an opinion of an independent qualified tax counsel that it has met such new requirements. Furthermore, the Managing Member shall, thereafter through the term of the Company,

maintain a net worth in such amount that in the opinion of such tax counsel the Company will be taxed as a partnership and not as a corporation.

ARTICLE V
MEMBERS, MEMBERSHIP INTERESTS
AND OBLIGATIONS OF THE COMPANY

5.01 Members; Capital Contributions; Membership Interests.

(a) Managing Member's Initial Capital Contribution. The Managing Member, its principal address or place of business, its Capital Contribution and its Percentage Interest are as follows:

Managing Member	Capital Contribution	Percentage Interest
Charlotte Revitalization One, LLC 8484 Georgia Avenue, Suite 620 Silver Spring, Maryland 20910	\$45.00	.004275%
GP Community Housing LLC 1523 Elizabeth Avenue, Suite 220 Charlotte, North Carolina 28204	\$45.00	.004275%
Horizon Acquisition Corp. c/o Housing Authority of the City of Charlotte, N.C. 1301 South Blvd. Charlotte, North Carolina 28203	\$10.00	.00045%

(b) Managing Member's Special Capital Contribution. In the event that the Company has not timely paid all or part of the amounts due under the Development Agreement, the Managing Member shall contribute to the Company an amount equal to any such remaining payments (the "Managing Member's Special Capital Contribution") and the Company shall thereupon make a payment in an equal amount to pay off all amounts due under the Development Agreement by the final date by which all amounts must be paid thereunder.

(c) Investor Members. The Investor Member and the Special Member, respectively, their principal office and place of business, their Capital Contributions and their Percentage Interests are as follows:

Investor Member	Capital Contribution	Percentage Interest
Apollo Housing Capital, L.L.C. 600 Superior Avenue Suite 2300 Cleveland, Ohio 44114	Capital Contribution is as set forth immediately below in Section 5.01(d)	99.99%
Special Member Apollo Housing Manager II, Inc. 600 Superior Avenue Suite 2300 Cleveland, Ohio 44114	\$10.00	.001%

(d) Investor Member Capital Contributions. Subject to the provisions of this Agreement, including, without limitation, the provisions of Sections 5.01(e) and 5.03, the Investor Member shall be obligated to make Capital Contributions to the Company in the aggregate amount of Nine Million Seven Hundred Ninety-Nine Thousand Twenty and No/100 Dollars (\$9,799,020.00) in installments as follows:

(i) First Capital Contribution. The amount of the first Capital Contribution shall be disbursed following approved draw request in an amount up to Six Million Eight Hundred Fifty-Nine Thousand Three Hundred Fifteen and No/100 Dollars (\$6,859,315.00) (the "First Capital Contribution"). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the First Capital Contribution:

- (A) Title Policy. The Title Company shall have issued an ALTA-form leasehold policy of owner's title insurance in an amount equal to the acquisition and development cost of the Apartment Complex, showing the Company as owner of a leasehold interest in the Land and subject to only such exceptions as are acceptable to the Investor Member, and containing extended coverage and such endorsements as the Investor Member may require, including, without limitation, access, blanket easement (CLTA 103.1 or its equivalent) (if applicable), contiguity (if the Land is comprised of adjoining lots), fairway, non-imputation, (protecting the Investor Member against the knowledge of all other Members, including any withdrawing Members), owner's comprehensive (with minerals if applicable) protecting the existing improvements or, if the Apartment Complex has yet to be constructed, protecting the planned improvements as shown on specified plans (ALTA Form 9.1 or 9.2 or an equivalent), separate tax lot, subdivision (if applicable), survey and zoning 3.1;
- (B) Environmental Matters. The Investor Member shall have received an environmental phase I site assessment report upon which it can rely (as confirmed in writing by the Person preparing such report) prepared in accordance with American Society for Testing Materials (ASTM) Standard E-1527-05 requirements for Phase I environmental site

assessments (and phase II report, if recommended by the terms of the phase I or if requested by the Investor Member) dated within six months of the date of the making of the First Capital Contribution satisfactory to the Investor Member from an environmental consultant satisfactory to the Investor Member confirming no recognized environmental conditions exist at or in close proximity to the Land;

- (C) Legal Opinion. The Investor Member shall have received a legal opinion as set forth in Section 5.04;
- (D) Project Loans. The closing of the HOPE VI Loan, RHF Loan, City Loan and Construction Loan;
- (E) Sworn Statements/Draw Request. The Investor Member shall have received a written request for an advance from the Managing Member in form satisfactory to the Investor Member, accompanied by lien waivers, owner's sworn statement, construction budget, contractor's sworn statement or schedule of values, affidavits or other evidence required by the Title Company, Project Lenders or Investor Member to insure that all bills then due and payable to contractors, subcontractors, suppliers and other hard and soft cost vendors have been paid in full;
- (F) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to satisfy its due diligence requirements including, without limitation, (i) those documents listed on the Investor Member's closing checklist, a copy of which has been previously delivered to the Managing Member (ii) the documents required pursuant to the Post Closing Agreement, if any, as set forth on Exhibit L attached hereto and (iii) such additional items requested by the Investor Member to otherwise verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV; and
- (G) Managing Member Elections. The Horizon Special Managing Member will provide evidence that it has made the election to be taxable under Code Section 168(h)(6)(F)(ii) and that such election was effective prior to placement in service of the Project. The Horizon Special Managing Member will also provide evidence that it has filed Form 8832 with the IRS electing to be taxed as a corporation and that such election was effective prior to placement in service of the Project.

Amounts disbursed pursuant to Sections 5.01(d)(i) to pay for the costs of construction, shall be disbursed as follows: (i) \$1,175,882 at Initial Closing, (ii) then after the City Loan, RHF Loan and HOPE VI Loan are completely disbursed, \$1,273,873, and (iii) then the remainder of the First Capital Contribution on a pro-rata basis with the Construction Loan, until the First Capital Contribution is completely disbursed.

(ii) Second Capital Contribution. The amount of the second Capital Contribution shall be One Million Seven Hundred Seventy-One Thousand Two Hundred Eighty-Six and No/100 Dollars (\$1,271,285.00) (the "Second Capital Contribution"). After satisfaction of all of the conditions set forth below, and review and approval by the Investor Member of the items described below, the Investor Member shall make the Second Capital Contribution to the Company following (and conditioned upon):

- (A) First Capital Contribution Conditions. All conditions to funding the Investor Member's First Capital Contribution have been satisfied;
- (B) Substantial Completion. Substantial Completion of the Apartment Complex shall have occurred;
- (C) Environmental Matters. In addition to the reports described in Section 5.01(d)(i)(B), the Managing Member shall have provided the Investor Member (i) intentionally deleted, (ii) a certification from either the Environmental Consultant or the Construction Inspector that any actions recommended to be taken which were contained in any environmental assessment reports prepared in conjunction with the development of the Apartment Complex have been appropriately completed in a manner that fully complies with such recommendations and all laws, regulations, ordinances, orders or decrees pertaining to environmental matters, and (iii) intentionally deleted;
- (D) Survey. The Investor Member shall have received and approved an updated and recertified as-built survey satisfactory to the Investor Member dated no more than thirty (30) days prior to the date of funding;
- (E) As-Built Plans and Specifications. The Investor Member shall have received and approved As-Built Plans and Specifications;
- (F) Permits, Licenses and Certificates of Occupancy. The Investor Member shall have received a copy of any permits and licenses which are required for the operation and use of the Apartment Complex and a copy of the final and unconditional certificate or certificates of occupancy, or the equivalent, issued by the appropriate governmental authorities for the Apartment Complex in its entirety;
- (G) Extended Use Agreement. Receipt by the Investor Member of a copy of an as-recorded Extended Use Agreement;
- (H) Managing Member Certificate. Receipt by the Investor Member of the Managing Member Certificate;

- (I) Legal Opinion. The Investor Member shall have received an update of the legal opinion previously delivered to the Investor Member in connection with its making the Initial Capital Contribution;
- (J) Final Construction Documentation. The Managing Member shall have delivered to the Investor Member (i) an architect's certificate of substantial completion in the form requested by the Investor Member, (ii) the Construction Inspector shall have delivered its final report, (iii) a final sworn statement or affidavit of final construction cost executed by the Managing Member, (iv) copies of any change orders not previously submitted to the Investor Member; (v) a list of all warranties and maintenance agreements applicable to the completed construction; and (vi) final soil reports confirming that the Apartment Complex has been constructed in a manner compatible with the soil conditions at the time of construction and all necessary excavations, fills, footings, caissons and other installations have been provided;
- (K) Payment of Taxes. The Investor Member shall have received satisfactory evidence (which may be included in the title policy described in subparagraph (L) immediately below) that all real property taxes and assessments for the Apartment Complex due and payable through the date of funding have been timely and fully paid;
- (L) Title Policy. The Title Company shall have issued a final "date down" endorsement to the title policy extending the date of the title policy through the date of final funding of the Project Loans and the Second Capital Contribution and showing no exceptions to title other than those exceptions reflected on the title policy as of Initial Closing and other exceptions as may be acceptable to the Investor Member;
- (M) Insurance Certificates. The Investor Member shall have received current certificates of insurance evidencing the insurance coverages required to be maintained by the Company as required hereunder;
- (N) Tax Returns. The Investor Member shall have received a copy of the Company's Federal tax return for the most recent reporting period; and
- (O) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request (including without limitation, the documents required pursuant to the Post Closing Agreement, if any, as set forth on Exhibit L) to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV.
 - (iii) Third Capital Contribution. The amount of the third Capital Contribution shall be equal to One Hundred Two Thousand and No/100 Dollars

(\$102,000.00) (the "Third Capital Contribution"). The Investor Member shall make the Third Capital Contribution to the Company following (and conditioned upon):

- (A) Second Capital Contribution Conditions. All conditions to funding the Investor Member's Second Capital Contribution have been satisfied; and
- (B) December 1, 2009.

(iv) Fourth Capital Contribution. The amount of the fourth Capital Contribution shall be equal to One Million Five Hundred Sixty-Six Thousand Four Hundred Twenty and No/100 Dollars (\$1,566,420.00) (the "Fourth Capital Contribution"). The Investor Member shall make the Fourth Capital Contribution to the Company following (and conditioned upon):

- (A) Third Capital Contribution Conditions. All conditions to funding the Investor Member's Third Capital Contribution have been satisfied;
- (B) Occupancy Requirements. Achievement of Qualified Occupancy, and the Managing Member, if requested by the Investor Member, shall demonstrate such occupancy by submitting to the Investor Member certified rent rolls and tenant qualification forms that confirm that Qualified Tenants qualify under Section 42 of the Code;
- (C) Cost Certification. Receipt of an audited cost certification of Eligible Basis (as defined in Code Section 42(d)) for the Apartment Complex prepared by the Accountants, and approved by the Special Member as to form and substance.
- (D) Form(s) 8609. Receipt of the Form(s) 8609 for the entire Apartment Complex executed by the Agency;
- (E) Breakeven Operation. The last day of the month following the month in which Breakeven Operations occurs;
- (F) Final Closing. Achievement of Final Closing, provided that the Investor Member has received fifteen (15) days' prior written notice of the date of Final Closing;
- (G) Net Operating Income. Occupancy. Operation of the Apartment Complex shall have resulted in net operating income of \$10,500 per month for the three-month period prior to the month in which the Fourth Capital Contribution is to be made, and achievement of ninety percent (90%) occupancy of the Apartment Complex;
- (H) Managing Member Certificate. Receipt by the Investor Member of the Managing Member Certificate;

- (I) Evidence of Minimum Set-Aside. The Investor Member shall have received satisfactory evidence that the Minimum Set-Aside Test has been achieved;
- (J) Punchlist Completion. The Investor Member shall have received evidence that all "punchlist" items have been completed by the Contractor;
- (K) City Loan. Commencement of interest payments on the City Loan; and
- (L) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request (including without limitation, the Post Closing Agreement, if any, as set forth on Exhibit L) to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV.

(v) Investor Member's Special Additional Capital Contributions. If, in any fiscal year of the Company, the Investor Member's Capital Account balance may be reduced to or below zero, the Investor Member may, in its sole and absolute discretion, make a special additional capital contribution to the Company, in an amount reasonably required to avoid the reduction of the Investor Member's Capital Account balance to or below zero (the "Special Additional Capital Contribution"). If the Investor Member makes a Special Additional Capital Contribution to the Company pursuant to this paragraph, the Investor Member shall receive a guaranteed payment pursuant to Section 5.06 for the use of its Special Additional Capital Contribution. Whenever the Investor Member makes a Special Additional Capital Contribution to the Company pursuant to this paragraph, the Managing Member shall have the option, in its sole and absolute discretion, to make special additional capital contributions to the Company, up to the same amount and on the same terms in the aggregate as the Special Additional Capital Contribution made by the Investor Member at that time. The Investor Member (or an Affiliate of the Investor Member), in the Investor Member's sole and absolute discretion, may loan funds to the Company to meet the needs of the Company, in the event the Investor Member determines in good faith that such funds are not otherwise available to the Company when needed. Such advances ("Investor Member Advances") shall bear interest at the Prime Rate plus 2%, per annum. Investor Member advances shall be paid as provided in Section 11.03 and 11.04.

(e) Adjustment to Capital Contributions of Investor Member; Managing Member Payments. (i) Following determination of Certified Credits or other evidence of a Late Delivery Capital Adjustment, the Accountants shall calculate the Downward Capital Adjustment, as defined below. If events subsequent to such calculation result in a decrease due to a Late Delivery Capital Adjustment, as defined below, or there is a subsequent determination of the Certified Credits, then the Accountants shall recalculate the Downward Capital Adjustment, and the Members or the

Company, as appropriate, shall make payments pursuant to Section 5.01(e)(i) to reflect such recalculation.

(ii) If there is a Downward Capital Adjustment, then the Capital Contributions of the Investor Member shall be immediately reduced by the Downward Capital Adjustment. The Downward Capital Adjustment shall reduce the Fourth Capital Contribution (if it has not previously been funded). If the Downward Capital Adjustment exceeds the total of all unfunded Capital Contributions (prior to the reduction under this provision), then the Managing Member shall make a payment to the Company equal to the amount of such excess, and the Company shall immediately distribute such amount to the Investor Member as a return of its Capital Contributions. Such payment by the Managing Member shall constitute a non-reimbursable funding by it of Excess Development Costs and shall not give rise to any right as a loan or Capital Contribution or result in any increase in the Capital Account of the Managing Member. Such payment shall be made within 20 days following a demand therefore from the Investor Member, failing which interest shall accrue at the Default Rate.

If there is an Upward Capital Adjustment, subject to the Special Member's receipt of the Company's prior year tax return, then the Capital Contribution of the Investor Member shall be increased by the Upward Capital Adjustment. The additional Investor Member Capital Contribution shall increase the Fourth Capital Contribution. The Company shall use the increase in the Fourth Capital Contribution (i) first to prepay the Development Fee, (ii) then to repay any Managing Member Loans or Operating Deficit Loans, (iii) then to make capital improvements to the Apartment Complex, subject to the Special Member and the Horizon Special Managing Member's approval, (iv) then to fund any shortfalls in the Operating Reserve, and (v) then to the Reserve Fund for Replacements.

(iii) The following definitions shall apply for purposes of determining adjustments to Capital Contributions:

- (A) "Certified Credit Capital Adjustment" shall equal the product of (A) Certified Credits for the Credit Period (excluding any Tax Credits resulting from a change in qualified basis under Code Section 42(f)(3)), minus \$9,999,000 and (B) \$.98. The Certified Credit Capital Adjustment may be a positive or negative number.
- (B) "Downward Capital Adjustment" means a negative Capital Adjustment.
- (C) "Upward Capital Adjustment" means a positive Capital Adjustment.
- (D) "Capital Adjustment" shall mean the sum of (i) the Certified Credit Capital Adjustment, and (ii) Late Delivery Capital Adjustment or the Early Delivery Capital Adjustment, if any.

- (E) "Late Delivery Capital Adjustment" shall mean for calendar year 2008 and calendar year 2009, the amount, if any, by which \$166,650 and \$914,530, respectively (as may be adjusted to account for any Upward Capital Adjustment) exceeds Actual Credits for such year. If the Apartment Complex does not achieve Qualified Occupancy by the end of the first year of the Credit Period for the Apartment Complex, then the Late Delivery Capital Adjustment shall be the sum of (i) the amount determined under the preceding sentence and (ii) the positive difference, if any, between the Projected Credits and the Actual Credits projected to be available in years 2009 through 2019, or 2010 through 2020, as applicable, applying an annual discount rate of ten percent (10%), as calculated by the Investor Member at the end of the first year of the Credit Period. Notwithstanding the foregoing, in the event that the Certified Credits shall vary from the Projected Credits in effect as of Initial Closing, then the Projected Credits for 2008 and 2009 for purposes of this paragraph (E) shall be adjusted by the same percentage by which the Certified Credits varies from the Projected Credits. For purposes of calculating the Capital Adjustment, the Late Delivery Capital Adjustment shall be a negative number.
- (F) "Early Delivery Capital Adjustment" shall equal the product of (a) for calendar years 2008 and 2009, the amount, if any, by which Actual Credits exceeds \$166,650 and \$914,530, respectively, and (b) \$0.25. The sum of any Upward Capital Adjustment and Early Delivery Capital Adjustment shall not exceed \$500,000.

(f) Tax Opinion and Due Diligence Costs. The Company shall pay the costs and expenses incurred by the Special Member in connection with the due diligence activities of the Special Member and the closing of the transactions described herein, including Special Member's legal fees (including without limitation, preparation of the tax opinion), costs and expenses (including any costs associated with the Environmental Consultant), in an amount equal to \$0. Such payment shall be due upon execution of this Agreement or, at the Special Member's election, deducted from the Investor Member's First Capital Contribution.

(g) Additional Investor Members. Without the Consent of all of the Members, no additional Persons may be admitted as additional Investor Members, other than as provided under Section 9.01 hereof, and Capital Contributions may be accepted only as and to the extent expressly provided for in this Article V.

(h) Deposit of Capital Contributions. The cash portion of the Capital Contributions of each Member shall be deposited at the Managing Member's discretion in a checking, savings and/or money market or similar account to be established and maintained in the name of the Company or invested in government securities or certificates of deposit issued by any bank, or, if requested by the Investor Member, the cash portion may be deposited directly to a construction escrow account. Thereafter, such

amounts shall be utilized for the conduct of the Company business pursuant to the terms of this Agreement. The Investor Member shall have the right to make payment of its Capital Contribution directly to a construction escrowee or other third party to be utilized for payment of costs contemplated by the Projections or as required by the Project Documents. Such direct payments shall be credited to the Investor Member as if such payment was paid directly to an account maintained for or by the Company.

(i) No Liability for Investor Member. Except as may otherwise be provided under applicable law, no Investor Member shall be bound by, or personally liable for, the expenses, liabilities or obligations of the Company.

(j) Payment of Environmental Assessment Consultant Fees. The Managing Member acknowledges that, on behalf of the Investor Member, the Investor Member or Affiliate will retain an environmental consultant (the "Environmental Consultant") to review and give recommendations related to environmental reports that are provided to the Investor Member by the Managing Member (including, but not limited to, Phase I and Phase II environmental assessments, wetlands reports, lead and asbestos reports, abatement reports and other environmental reports required by the Environmental Consultant, to the reasonable satisfaction of the Environmental Consultant) for the Land, or the construction and rehabilitation of existing buildings, if the reports indicate the possible presence of hazardous materials on or near the Apartment Complex or if such reports appear incomplete or inadequate for purposes of making such a determination. The fees and expenses of the Environmental Consultant shall be paid for by the Special Member.

5.02 Return of Capital Contribution. Except as provided in this Agreement, no Member shall be entitled to demand or receive the return of its Capital Contribution.

5.03 Withholding of Capital Contribution Upon Default.

(a) Conditions Giving Rise to Withholding. In the event that (a) the Managing Member, or any successor Managing Member shall not have complied with any material provisions under this Agreement or the Operating Agreement as to an Affiliated Company, or (b) the Affiliate Guarantor shall have failed to perform any of its obligations under the Affiliate Guaranty, or (c) any Project Lender shall have declared the Company to be in default under any Project Loan or under any of the mortgage loans as to an Affiliated Company, or (d) foreclosure proceedings shall have been commenced against the Apartment Complex or against the apartment complex owned by an Affiliated Company, then the Company and the Managing Member shall be in default of this Agreement, and the Investor Member, at its sole election, may cause the withholding of payment of any Capital Contribution otherwise payable to the Company, and the Managing Member shall make no further payment to the Developer pursuant to the Development Agreement without the Consent of the Special Member.

(b) Release to Company Following Cure. All amounts so withheld by the Investor Member under this Section 5.03 shall be promptly released to the Company

only after the Managing Member or the Company has cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Investor Member.

5.04 Legal Opinions.

(a) Local Law Opinion. As a condition precedent to the Investor Member's obligation to make its Capital Contributions hereunder, the Investor Member must receive (i) the opinion of Klein Hornig LLP, and the opinion of The Brockmann Law Firm, P.C., counsel to the Company, Charlotte, TCG Development Services, L.L.C., and the Developer; and the opinion of Womble Carlyle Sandridge & Rice, PLLC, counsel to Grubb, Grubb Properties Community Development, LLC and Grubb Properties, Inc., and (ii) the opinion of the Banks Law Firm, counsel to the Horizon Special Managing Member, all of which opinions shall explicitly state that counsel to the Investor Member may explicitly rely upon it, and which shall be in the form of **Exhibit O** attached hereto.

(b) Tax Opinion. In addition, the Managing Member, the Horizon Special Managing Member, Horizon Development Properties, Inc., and the Affiliate Guarantor shall cause to be prepared and delivered to counsel to the Investor Member, the Projections and the Managing Member's tax certification ("Tax Certification") generally in the form attached hereto as **Exhibit P** and certify to the Investor Member and its counsel such matters as may be required to enable such counsel to deliver an overall tax opinion that addresses all material tax issues and indicates that the financial projections and tax credit calculation contained in the Projections appear reasonable and complete. The fees and expenses of the tax opinion are included in the tax opinion and due diligence costs described in Section 5.01(f).

5.05 Repurchase Obligation.

(a) Conditions for Repurchase. If (i) the entire Apartment Complex is not placed in service by December 1, 2009 (or such later date as may be Consented to by the Special Member); (ii) the Company has not received State Designation in 2007, (iii) the Service Forms 8609 are not issued by the Agency so as to allow the Credit Period to commence as of 2008, for five (5) of the ten (10) residential buildings in the Apartment Complex; (iv) Final Closing has not occurred by January 1, 2010 (or such later date as may be Consented to by the Special Member); (v) the Company fails to meet the Minimum Set-Aside Test and the Rent Restriction Test by the close of the first year of the Credit Period or at any time thereafter; (vi) the Company's basis in the Apartment Complex for federal income tax purposes, as finally determined by the Accountants or pursuant to an audit by the Service, as of the later of December 31, 2007 or six months after the date of the State Designation, shall have been less than ten percent (10%) of the Company's reasonably expected basis in the Apartment Complex, as required pursuant to Section 42(h)(1)(E) of the Code; (vii) Breakeven Operations has not occurred within 18 months following Substantial Completion; (viii) at any time before Breakeven Operations (1) an action is commenced and successfully prosecuted to foreclose, abandon or permanently enjoin construction of the Apartment Complex; (2) it is determined that the Apartment Complex will qualify for less than 70% of the Projected Tax Credits; or (3) if

applicable, the Apartment Complex fails to comply with HUD's minimum standards for physical condition as determined pursuant to HUD's REAC inspection process, following any applicable appeal period, and that such noncompliance has not been remedied; (ix) commitments received by the Company for any Project Loans are withdrawn and a comparable commitment has not been received within thirty (30) days of such withdrawal, or (x) an Extended Use Agreement is not in effect before the end of the first year of the Credit Period, then the Managing Member shall, within fifteen (15) days of the occurrence thereof, send to the Investor Member Notice of such event and of its obligation to purchase the Interest of the Investor Member hereunder and return to the Investor Member its Capital Contributions in the event the Investor Member, in its sole discretion, requires in a Notice to the Managing Member such purchase of the Interest of the Investor Member.

(b) Thereafter, the Managing Member, within thirty (30) days of the mailing date of Notice by the Investor Member of such election, shall acquire the entire Interest of the Investor Member in the Company by making payment to the Investor Member, in cash, of an amount equal to the sum of (i) 100% of its Capital Contributions, (ii) interest on such amount at the rate of fourteen percent (14%) per annum accruing from the date or dates of the Investor Member's Capital Contributions, but in no event higher than the highest rate permitted by applicable law, and (iii) the cost incurred by the Investor Member of purchasing a bond to protect the Investor Member against any Tax Credit Recapture Event related to a disallowance of any Tax Credits allocated to the Investor Member prior to the date the Company purchases the Investor Member's Interest hereunder.

(c) Upon receipt by the Investor Member of any such payment of its Capital Contributions, the Interest of the Investor Member and all further obligations of the Investor Member hereunder shall terminate, and, to the extent that the Investor Member has acted in accordance with the terms of this Agreement, the Managing Member shall indemnify and hold harmless the Investor Member from any losses, damages, and/or liabilities, to or as a result of claims of Persons other than Members or Affiliates thereof, to which the Investor Member (as a result of its respective participation hereunder) may be subject.

5.06 Guaranteed Payments. No later than ninety (90) days after the end of the Company's fiscal year, any Member who has made a Special Additional Capital Contribution pursuant to Section 5.01(d)(v) shall receive, as a guaranteed payment for the use of its capital, an amount equal to the annual interest earned by the Company, if any, on such Special Additional Capital Contribution. The Company shall invest any amounts contributed pursuant to Section 5.01(d)(v) as reasonably directed by the contributing Member. Any guaranteed payment due to a Member shall be deemed an expense of the Company for purposes of determining Net Cash Flow. Any guaranteed payment which is not paid when due shall remain a liability of the Company and shall bear interest as set forth above.

5.07 Managing Member Loans.

(a) Managing Member Loans. The Managing Member shall have the right, but not the obligation, after funding all other obligations under this Operating Agreement, including, without limitation, its obligation to fund Excess Development Costs under its Construction Completion Guaranty under Section 8.10(a) or Operating Deficit under its Operating Deficit Guaranty under Section 8.10(b) hereof, to make "Managing Member Loans" pursuant to this Section 5.07(a) to fund Operating Deficits of the Company or to fund other reasonable and necessary obligations of the Company. Managing Member Loans shall be on the following terms: (i) interest shall accrue on the Managing Member Loans at an annual interest rate of eight percent (8%), compounded annually; and (ii) Managing Member Loans shall be repayable solely as set forth in Sections 5.01(E)(ii), 11.03 and 11.04 of this Agreement.

(b) Documentation of Managing Member Loans. At the request of a Member, which request may be made quarterly, any Managing Member Loan shall be evidenced by a non-negotiable promissory note or notes reflecting any such Managing Member Loans made during the preceding calendar quarter. Managing Member Loans shall be unsecured loans by such Member. Managing Member Loans shall not be considered Capital Contributions and shall not increase such Member's Capital Account.

(c) Usury Savings Clause. Notwithstanding anything to the contrary herein or in any note evidencing a Managing Member Loan, in no event shall interest accrue on any Managing Member Loan at a rate in excess of the highest rate permitted by applicable law, and if such designated interest rate should be in excess of such interest rate, the interest rate designated hereunder shall be reduced to the maximum rate of interest permitted by such law.

ARTICLE VI
CHANGES IN MANAGING MEMBERS

6.01 Withdrawal of the Managing Member.

(a) The Managing Member and the Horizon Special Managing Member may withdraw from the Company or sell, transfer or assign its respective Interest in the Company only with the prior Consent of the Special Member, and of the Agency and the Project Lenders, if required, and only after being given written approval by the necessary parties as provided in Section 6.02, and by the Agency and the Project Lenders, if required, of the Member(s) to be substituted for it or to receive all or part of its Interest as Member.

(b) In the event that the Managing Member or the Horizon Special Managing Member withdraws from the Company or sells, transfers or assigns its entire Interest pursuant to Section 6.01(a), it shall be and shall remain liable for all obligations and liabilities incurred by it as Managing Member or Horizon Special Managing Member

before such withdrawal, sale, transfer or assignment shall have become effective, but shall be free of any obligation or liability incurred on account of the activities of the Company from and after the time such withdrawal, sale, transfer or assignment shall have become effective.

6.02 Admission of a Successor or Additional Managing Member. A Person shall be admitted as a Managing Member of the Company only if the following terms and conditions are satisfied:

(a) the admission of such Person shall have been Consented to by the Managing Member, the Horizon Special Managing Member and the Special Member, and consented to by the Agency and the Project Lenders, if required;

(b) the successor or additional Person shall have accepted and agreed to be bound by (i) all the terms and provisions of this Agreement by executing a counterpart thereof, (ii) all the terms and provisions of the Loan Agreement and the Project Documents by executing counterparts thereof or an assumption agreement, if requested by the Project Lenders, and (iii) all the terms and provisions of such other documents or instruments as may be required or appropriate in order to effect the admission of such Person as a Managing Member, and a certificate of amendment to the Articles of Organization evidencing the admission of such Person as a Managing Member shall have been filed, and all other actions required by Section 1.07 in connection with such admission shall have been performed;

(c) if the successor or additional Person is a corporation, it shall have provided the Company with evidence satisfactory to counsel for the Company of its authority to become a Managing Member, to do business in the Project State and to be bound by the terms and provisions of this Agreement; and

(d) Counsel for the Company shall have rendered an opinion that the admission of the successor or additional Managing Member is in conformity with the Act and that none of the actions taken in connection with the admission of the successor Managing Member will cause the termination or dissolution of the Company or will cause it to be classified other than as a partnership for federal income tax purposes.

6.03 Effect of Bankruptcy, Death, Withdrawal, Dissolution or Incompetence of a Managing Member.

(a) In the event of the Bankruptcy of a Managing Member or the withdrawal, death or dissolution of a Managing Member, or an adjudication that a Managing Member is incompetent (which term shall include, but not be limited to, insanity) the business of the Company shall be continued by the other Managing Member(s); provided, however, that if the withdrawn, Bankrupt, deceased, dissolved or incompetent Managing Member is then the sole Managing Member, or if such Managing Member withdraws from the Company in contravention of the provisions of Section 6.01(a) of this Agreement, then the Company shall be terminated, unless within ninety

(90) days after receiving Notice of such Bankruptcy, withdrawal, death, dissolution or adjudication of incompetence or breach of Section 6.01(a), the Investor Member elects to designate the Special Member or such other entity as the Investor Member may desire as a successor Managing Member and continue the Company upon the conversion of such Special Member to the Managing Member of the Company. Consequences of the removal of the Managing Member shall be determined under Section 8.13 hereof.

(b) Upon the Bankruptcy, death, dissolution or adjudication of incompetence of a Managing Member or breach of Section 6.01(a), such Managing Member shall immediately cease to be a Managing Member and its Interest shall without further action be converted to an Investor Member Interest; provided, however, that, if such Bankrupt, dissolved, incompetent, deceased or defaulted Managing Member is the sole remaining Managing Member, such Managing Member shall cease to be a Managing Member only upon the expiration of ninety (90) days after Notice to the Investor Member of the Bankruptcy, death, dissolution, declaration of incompetence or default of such Managing Member; and provided further that, if such Bankrupt, dissolved, incompetent, deceased or defaulted Managing Member is the sole remaining Managing Member, the converted Company Interest of such replaced Managing Member shall be ratably reduced to the extent necessary to insure that the substitute Managing Member(s) holds a .00855% Percentage Interest (as set forth in Section 5.01).

(c) Except as set forth above, such conversion of a Managing Member Interest to a Investor Member Interest shall not affect any rights, obligations or liabilities (including without limitation, any of the Managing Member's obligations under Section 8.10 herein) of the Bankrupt, deceased, dissolved, removed, incompetent or defaulted Managing Member existing prior to the Bankruptcy, death, dissolution, removal, incompetence or default of such person as a Managing Member (whether or not such rights, obligations or liabilities were known or had matured).

(d) If, at the time of the withdrawal, Bankruptcy, death, dissolution, adjudication of incompetence or default under Section 6.01(a) of a Managing Member, the Bankrupt, withdrawn, deceased, dissolved, incompetent or defaulted Managing Member was not the sole Managing Member of the Company, the remaining Managing Member or Managing Members shall immediately (i) give Notice to the Investor Members of such Bankruptcy, death, dissolution, adjudication of incompetence or default, and (ii) make such amendments to this Agreement and execute and file such amendments or documents or other instruments as are necessary to reflect the conversion of the Interest of the Bankrupt, deceased, dissolved, incompetent or defaulted Managing Member and his having ceased to be a Managing Member. The remaining Managing Member or Managing Members are hereby granted an irrevocable power of attorney, coupled with an interest, to execute any or all documents on behalf of the Members and the Company and to file such documents as may be required to effectuate the provisions of this Section 6.03.

6.04 Restrictions on Transfer of Managing Member's Interests. This is an agreement under which applicable law excuses the Investor Member from accepting

performance from any Managing Member which is a debtor in a case under the Bankruptcy Code, 11 U.S.C. § 101 et seq., from a trustee of any such debtor and from the assignee of any such debtor or trustee. The Investor Member has entered into this Agreement with the Managing Member in reliance upon the unique knowledge, experience and expertise of the Managing Member, and its officers in the planning and implementation of the acquisition of the Project and in the area of affordable housing and development in general. The foregoing restriction on transfer is based in part on the above factors. The Managing Member expressly agrees that the Investor Member shall not be required to accept performance under this Agreement from any person other than the Managing Member, including, without limitation, any trustee of the Managing Member appointed under the Bankruptcy Code, 11 U.S.C. § 101 et seq., and any assignee of any such trustee.

6.05 Removal of the Managing Member.

(a) Conditions for Removal. The Special Member, so long as it is a Member, shall have the right to remove the Managing Member, in its capacity as both manager and member of the Company:

(i) for any fraud, gross negligence, intentional misconduct, breach of fiduciary duty, or failure to exercise reasonable care with respect to any material matter in the discharge of its duties and obligations as Managing Member (provided that such violation results in, or is likely to result in, a material detriment to the Company or the Investor Member or an impairment of the Apartment Complex or assets of the Company), or

(ii) upon the occurrence of any of the following:

(A) the Managing Member or the Company shall have violated any material provisions of the Regulatory Agreement, the Extended Use Agreement and/or the Loan Agreement, or any material provisions of any other Project Document or other document required in connection with any Project Loan or any material provisions of a Project Lender and/or Agency requirements applicable to the Apartment Complex (including the failure to remedy any conditions noted in a HUD REAC inspection report), which violation has not been explicitly waived in writing by the applicable Project Lender or the Agency, as applicable;

(B) the Managing Member or the Company shall have (i) violated any material provision of this Agreement, including, without limitation, any of its guarantees or payment obligations under Sections 5.01(e), 5.05 and/or 8.10, (ii) violated any material provision of applicable law, or (iii) breached any representation and warranty contained in Section 4.01 in any material respect;

(C) any event occurs which, with the giving of notice or passage of time would constitute an event of default under any Project Loan that cannot be cured or for which the applicable cure period has expired;

(D) the Managing Member shall have conducted its own affairs or the affairs of the Company in such manner as would:

(1) cause the termination of the Company for federal income tax purposes; or

(2) cause the Company to be treated for federal income tax purposes as an association, taxable as a corporation; or

(3) in the reasonable opinion of the Special Member, cause a recapture or reduction in Certified Credits beyond that which the Managing Member has funded pursuant to the Tax Credit Compliance Guaranty; or

(4) violate any federal or state securities laws;
or

(5) cause the Investor Member to be liable for Company obligations in excess of its Capital Contributions;
or

(E) the Managing Member fails to timely and promptly discharge the Management Agent if at any time cause for such removal exists; or

(F) any default by the Affiliate Guarantor under the Affiliate Guaranty; or

(G) the amount of Actual Credits for any year are, or are projected by the Accountants to be, less than eighty-five percent (85%) of the Projected Credits for that year; or less than eighty-five percent (85%) of Certified Credits if Certified Credits have been determined and adjustments to the Capital Contribution of the Investor Member have been made as may be required under Section 5.01(e); or

(H) cause for removal as a Managing Member of an Affiliated Company shall exist pursuant to the Operating Agreement of an Affiliated Company; or

(I) the Managing Member shall fail to obtain the dismissal of any case commenced against the Managing Member (i) for the appointment of a trustee for the Managing Member, or any of its property, or (ii) in Bankruptcy within sixty (60) days following the filing of such case.

The Special Member, so long as it is a Member, shall have the right to remove the Horizon Special Managing Member for any fraud, gross negligence, intentional misconduct, breach of fiduciary duty, or failure to exercise reasonable care with respect to any material matter in the discharge of its duties and obligations as Horizon Special Managing Member (provided that such violation results in, or is likely to result in, a material detriment to the Company or the Investor Member or an impairment of the Apartment Complex or assets of the Company).

(b) Procedure for Removal. The Special Member shall give Notice to all Members and to the Project Lenders of its determination that the Managing Member and/or the Horizon Special Managing Member shall be removed. The Managing Member and/or the Horizon Special Managing Member shall have thirty (30) days after receipt of such Notice to cure any default or other reason for such removal, in which event it shall remain as Managing Member; provided, however, that no Notice shall be required with respect to a default set forth in paragraphs a(i) (other than a failure to exercise reasonable care), (a)(ii)(G) or (a)(ii)(I) above. If, at the end of thirty (30) days, the Managing Member and/or the Horizon Special Managing Member has not cured any default or other reason for such removal, at the election of the Special Member, and upon notice of removal to the Managing Member, the Managing Member shall cease to be Managing Member and/or the Horizon Special Managing Member and the powers and authorities conferred on it as Managing Member and/or the Horizon Special Managing Member under this Agreement shall cease and the Interests of such Managing Member and/or the Horizon Special Managing Member shall be transferred to the Special Member or its designee which, without further action, shall become the Managing Member; in such event, upon becoming the Managing Member, such designee shall be bound by all applicable terms and conditions of this Agreement and of the Project Documents.

(c) Managing Member Obligations and Liability Following Removal. In the event that the Managing Member and/or the Horizon Special Managing Member is removed pursuant to the terms of this Agreement, it shall be and shall remain liable for all obligations and liabilities incurred by it as Managing Member or as Horizon Special Managing Member, respectively, of the Company before such removal shall become effective, including but not limited to the obligations and liabilities of the Managing Member with respect to its obligations set forth in Sections 5.01(e), 5.05, 8.10 and 16.07 of this Agreement; provided however, that if amounts otherwise payable to the Managing Member as fees or other payments are applied to meet the obligations of the Managing Member as stated in Sections 5.01(e), 5.05, 8.10 and 16.07 of this Agreement, such application shall serve to reduce any such liabilities of the Managing Member or any successor, except for any liability incurred as the result of its negligence, misconduct, fraud or breach of its fiduciary duties as Managing Member of the Company. If the

Managing Member and/or the Horizon Special Managing Member is removed as Member of the Company as aforesaid, the Managing Member and/or the Horizon Special Managing Member shall not be entitled to payment of any further installments of the Incentive Management Fee, or other fees or payments which otherwise would have been due and payable under this Agreement.

(d) Power of Attorney. The Special Member hereby is granted an irrevocable power of attorney, coupled with an interest, to execute any and all documents on behalf of the Members and the Company as shall be legally necessary and sufficient to effect all of the foregoing provisions of this Section 6.05. The election by the Special Member to remove the Managing Member under this Section shall not limit or restrict the availability and use of any other remedy which the Investor Member or any other Member might have with respect to the Managing Member in connection with its undertakings and responsibilities under this Agreement.

ARTICLE VII ASSIGNMENT TO THE COMPANY

The Managing Member and the Horizon Special Managing Member hereby transfer and assign to the Company all of its right, title and interest in and to the Apartment Complex, including the following:

- (a) all contracts with architects, contractors and supervising architects with respect to the development of the Apartment Complex;
 - (b) all plans, specifications and working drawings, heretofore prepared or obtained in connection with the Apartment Complex and all governmental approvals obtained, including planning, zoning and building permits;
 - (c) any and all commitments with respect to the Project Loans and the Tax Credits;
 - (d) any and all rights under and pursuant to the Project Documents;
- and
- (e) any other work product related to the Apartment Complex.

ARTICLE VIII RIGHTS, OBLIGATIONS AND POWERS OF THE MANAGING MEMBER

8.01 Management of the Company.

(a) Except as otherwise set forth in this Agreement, the Managing Member, within the authority granted to it under this Agreement, shall have full, complete and exclusive discretion to manage and control the business of the Company for the purposes stated in Article III, shall make all decisions affecting the business of the Company and shall manage and control the affairs of the Company to the best of its ability and use its best efforts to carry out the purpose of the Company. In so doing, the Managing Member shall take all actions necessary or appropriate to protect the interests of the Investor Members and of the Company. The Managing Member shall devote such time as is necessary to the affairs of the Company.

(b) Except as otherwise set forth in this Agreement and subject to the applicable Project Lender and/or Agency rules and regulations and the provisions of the Loan Agreement, the Managing Member (acting for and on behalf of the Company), in extension and not in limitation of the rights and powers given by law or by the other provisions of this Agreement, shall, in its sole discretion, have the full and entire right, power and authority in the management of the Company business to do any and all acts and things necessary, proper, convenient or advisable to effectuate the purpose of the Company. In furtherance and not in limitation of the foregoing provisions, the Managing Member is specifically authorized and empowered to execute and deliver, on behalf of the Company, the Loan Agreements, the Regulatory Agreement, the Extended Use Agreement, the Notes, the Mortgages, and the other Project Documents, and to execute any and all other instruments and documents, and amendments thereto provided the Special Member shall be provided with the opportunity to review and Consent to any such documents prior to their execution by the Managing Member, as shall be required in connection with the Project Loans, including, but not limited to, executing any mortgage, note, contract, building loan agreement, bank resolution and signature card, release, discharge, or any other document or instrument in any way related thereto or necessary or appropriate in connection therewith. Copies of all applications for advances of proceeds of the Project Loans provided to the Title Company and the Project Lenders shall be provided to the Investor Member prior to the disbursement of any funds pursuant to thereto and shall be subject to the Consent of the Special Member; and provided further that any such applications which provide for the disbursement of funds of the Company in lieu of or in addition to the proceeds of the Project Loans shall be subject to the Consent of the Special Member. All decisions made for and on behalf of the Company by the Managing Member shall be binding upon the Company. No Person dealing with the Managing Member shall be required to determine its authority to make any undertaking on behalf of the Company, nor to determine any facts or circumstances bearing upon the existence of such authority.

(c) Except as otherwise set forth in this Agreement, the Horizon Special Managing Member shall assist the Managing Member in its duties as may be mutually agreed to by the Managing Member and the Horizon Special Managing Member. The Managing Member shall not, without the Consent of the Horizon Special Managing Member, have any authority to:

(i) sell or otherwise dispose of, at any time, all or substantially all of the assets of the Company;

(ii) refinance, prepay or materially modify the terms of any mortgage or long-term liability of the Company, or sell, grant an option to acquire, exchange, mortgage, encumber, pledge or otherwise transfer all or any portion of any interest in the Company or the Company's interest in the Apartment Complex, or borrow funds or participate in a merger or consolidation with any other entity;

(iii) contract for, negotiate, lease and demise any Company property on such terms and conditions as the Managing Member deems appropriate and to amend or modify any lease the Managing Member deems appropriate, or release, waive discharge, or otherwise modify the obligations of any tenant thereunder;

(iv) settle, compromise, defend or prosecute, as the case may be, any claims by or against the Company, at Company expense, in such manner as the Managing Member, in its sole discretion, deems appropriate;

(v) transfer, pledge or convey any Company property as security for any indebtedness of the Company or any obligations of the Company under or pursuant to any contracts, leases or other agreements with third parties;

(vi) perform any act or thing which the Act or this Agreement requires to be approved, consented to or authorized by the Members;

(vii) dissolve the Company or take any action which would result in dissolution;

(viii) knowingly compromise the liability of any Member for Capital Contributions or for excessive distributions:

(ix) make any expenditure or incur any liability on behalf of the Company in excess of \$500,000 which is not identified in any budget Consented to by the Horizon Special Managing Member, except with respect to emergency repairs necessary to protect the safety and comfort of the tenants or the structural integrity of the Apartment Complex; and

(x) hire any affiliates of the Managing Member.

8.02 Limitations Upon the Authority of the Managing Member.

(a) The Managing Member shall not have any authority to:

(i) perform any act in violation of any applicable law or regulation thereunder;

(ii) perform any act in violation of the provisions of the Regulatory Agreement, the Extended Use Agreement, the Loan Agreements, or any other Project Documents;

(iii) do any act required to be approved or ratified in writing by the Investor Members under the Act unless the right to do so is expressly otherwise given in this Agreement;

(iv) knowingly rent apartments in the Apartment Complex such that the Apartment Complex would not meet the requirements of the Rent Restriction Test or Minimum Set-Aside Test;

(v) borrow from the Company or commingle Company funds with funds of any other Person; or

(vi) execute or deliver any general assignment for the benefit of creditors or file a petition or acquiesce in the filing of a petition for Bankruptcy.

(b) The Managing Member shall not, without the Consent of the Special Member, have any authority to:

(i) sell or otherwise dispose of, at any time, all or substantially all of the assets of the Company;

(ii) amend the terms of any Project Loan to be other than those set forth on **Exhibit F** attached hereto;

(iii) borrow in excess of \$10,000.00 in the aggregate at any one time outstanding on the general credit of the Company, except for (x) Managing Member Loans, (y) Operating Deficit Loans, and (z) as and to the extent provided for in an approved budget pursuant to Section 8.19;

(iv) agree to any change order for the Construction Contract in excess of \$25,000, for any one line item or change orders in excess of \$100,000 in the aggregate, so long as the construction contingency at the time of Initial Closing is no less than \$525,312;

(v) following Final Closing, construct any new or replacement capital improvements on the Apartment Complex which substantially alter the Apartment Complex or its use or which are at a cost in excess of \$10,000.00 in a single Company fiscal year, or rebuild the Apartment Complex with the use of insurance proceeds, except (a) replacements and remodeling in the ordinary course of business or under emergency conditions, or (b) reconstruction paid for from insurance proceeds, or (c) as and to the extent provided for in an approved budget pursuant to Section 8.19;

(vi) acquire any real property in addition to the Apartment Complex other than easements reasonable and necessary for the operation of the Apartment Complex;

(vii) following Final Closing, refinance any Project Loan;

(viii) confess a judgment against the Company in excess of \$5,000, or commence or settle, or acquiesce in the commencement or settlement of any legal actions, arbitration, or other like proceedings involving the Company or the Managing Member;

(ix) admit any Person as a Managing Member or a Investor Member, or withdraw as Managing Member;

(x) do any act in contravention of this Agreement or any other agreement to which the Company is a party;

(xi) execute or deliver any assignment for the benefit of the creditors of the Company;

(xii) transfer or hypothecate the Managing Member's interest as a Managing Member in the Company, including its interest in Company allocations or distributions, except as otherwise provided in this Agreement;

(xiii) dissolve the Company or take any action which would result in dissolution;

(xiv) refinance, prepay or materially modify the terms of any mortgage or long-term liability of the Company, or sell, grant an option to acquire, exchange, mortgage, encumber, pledge or otherwise transfer all or any portion of any interest in the Company or the Company's interest in the Apartment Complex, or borrow funds or participate in a merger or consolidation with any other entity;

(xv) change the nature of the business of the Company, or do any act which would make it impossible to carry on the ordinary business of the Company;

(xvi) materially change any accounting method or practice of the Company;

(xvii) file a voluntary petition for bankruptcy of the Company;

(xviii) make any expenditure or incur any liability on behalf of the Company in excess of \$10,000 which is not identified in any budget Consented to by the Special Member, except with respect to emergency repairs necessary to protect the safety and comfort of the tenants or the structural integrity of the Apartment Complex;

(xix) possess Company property or assign rights in specific property for other than a business purpose of the Company;

(xx) take any action which would cause the termination of the Company for federal income tax purposes under Code Section 708;

(xxi) make, amend or revoke any tax election required of or permitted to be made by the Company under the Code or Regulations, including, without limitation, any election under Section 42 (including an election to treat any year other than 2008 or 2009, as applicable, as the first year of the Credit Period (as defined in Code Section 42(f) for the Apartment Complex) or Section 754 of the Code;

(xxii) enter into any agreement or take any action without the prior Consent of the Special Member or Investor Member with respect to any matters for which the prior Consent of the Special Member or Investor Member is a prerequisite;

(xxiii) approve any increase in fees to the Managing Member or any Affiliate of the Managing Member;

(xxiv) change in ownership, control or management of the Managing Member; or

(xxv) allow this Agreement to be amended.

8.03 Sale of Apartment Complex.

(a) Investor Member Request for Sale. Notwithstanding the foregoing Section 8.02, and subject to all Agency regulations then in effect and the receipt of all required approvals and consents of the Project Lenders, and subject further to the extended use requirements applicable pursuant to Section 42(h)(6) of the Code and the Purchase Option and Right of First Refusal Agreement set forth in **Exhibit J**, attached hereto, at any time after the fourteenth (14th) anniversary of the first day of the first taxable year of the applicable Tax Credit compliance period the Investor Member may request that the Company do one of the following: (i) sell the Apartment Complex subject to the Extended Use Agreement (a "Continued Compliance Sale"); or (ii) request that the Agency arrange for the sale of the Apartment Complex after receipt of a Qualified Contract (a "Compliance Termination Sale").

(b) Continued Compliance Sale. After receipt of a request for a Continued Compliance Sale, the Managing Member shall use its best efforts to find a third party purchaser for the Apartment Complex and to cause the Company to consummate a sale of the Apartment Complex subject to the Extended Use Agreement and on terms Consented to by the Investor Member. If such efforts are not successful on terms reasonably satisfactory to the Investor Member within four (4) months, the Investor Member shall have the right thereafter to locate a purchaser for the Apartment Complex.

If the Investor Member locates such a purchaser, the Managing Member shall be given a right of first refusal to purchase the Apartment Complex on the same terms and conditions as would be applicable to such purchaser. If such right of first refusal is not exercised by the Managing Member within thirty (30) days, then the Managing Member shall be obligated to Consent to the sale to such purchaser so long as the purchase price and other terms offered by such purchaser are at least as favorable to the Company as the best offer, if any, located by the Managing Member.

(c) Compliance Termination Sale. After receipt of a request for a Compliance Termination Sale, the Managing Member shall make a request to the Agency to obtain a buyer who is willing to operate the low-income units of the Apartment Complex as a qualified low-income building and who will submit a Qualified Contract for the Apartment Complex, and if no Qualified Contract is submitted within one year of the date of the Managing Member's request to the Agency, the Managing Member shall use its best efforts to find a third party purchaser and to cause the Company to consummate a sale of the Apartment Complex to such purchaser on terms Consented to by the Investor Member and free of the restrictions imposed by the Extended Use Agreement. If such efforts are not successful on terms reasonably satisfactory to the Investor Member within six (6) months, the Investor Member shall have the right thereafter to locate a purchaser for the Apartment Complex. If the Investor Member locates such a purchaser, the Managing Member shall be given a right of first refusal to purchase the Apartment Complex on the same terms and conditions as would be applicable to such purchaser. If such right of first refusal is not exercised by the Managing Member within thirty (30) days, then the Managing Member shall be obligated to consent to the sale to such purchaser so long as the purchase price and other terms offered by such purchaser are at least as favorable to the Company as the best offer, if any, located by the Managing Member.

8.04 Management Purposes. In conducting the business of the Company, the Managing Member shall be bound by the Company's purposes set forth in Article III.

8.05 Delegation of Authority. The Managing Member may delegate all or any of its powers, rights and obligations hereunder, and may appoint, employ, contract or otherwise deal with any Person for the transaction of the business of the Company, which Person may, under supervision of the Managing Member, perform any acts or services for the Company as the Managing Member may approve, but in no event shall such delegation of duties relieve the Managing Member of its obligations hereunder, including its fiduciary obligations to the other Members.

8.06 Managing Member or Affiliates Dealing with Company. The Managing Member or any Affiliates thereof shall have the right to contract or otherwise deal with the Company for the sale of goods or services to the Company in addition to those set forth herein, if (a) compensation paid or promised for such goods or services is reasonable (i.e., at fair market value) and is paid only for goods or services actually furnished to the Company, (b) the goods or services to be furnished shall be reasonable for and necessary to the Company, (c) the fees, terms and conditions of such transaction

are at least as favorable to the Company as would be obtainable in an arm's-length transaction, (d) no agent, attorney, accountant or other independent consultant or contractor who also is employed on a full-time basis by the Managing Member or any Affiliate shall be compensated by the Company for his services. Any contract covering such transactions shall be in writing and shall be terminable without penalty on sixty (60) days' Notice. Any payment made to the Managing Member or any Affiliate for such goods or services shall be fully disclosed to all Investor Members in the reports required under Section 13.04. Neither the Managing Member nor any Affiliate shall, by the making of lump sum payments to any other Person for disbursement by such other Person, circumvent the provisions of this Section 8.06.

8.07 Other Activities. Except as limited in Section 8.06, Affiliates of the Managing Member may engage in or possess interests in other business ventures of every kind and description for their own account, including, without limitation, serving as Managing Member of other entities which own, either directly or through interests in other entities, government assisted housing developments similar to the Apartment Complex. Neither the Company nor any of the Members shall have any rights by virtue of this Agreement in or to such other business ventures or to the income or profits derived therefrom.

8.08 Liability for Acts and Omissions. No Managing Member or Affiliate thereof shall be liable, responsible or accountable in damages or otherwise to any of the Members for any act or omission performed or omitted by it in good faith on behalf of the Company and in a manner reasonably believed by it to be within the scope of the authority granted to it by this Agreement and in the best interest of the Company, provided that the protection afforded the Managing Member pursuant to this Section 8.08 shall not apply in the case of gross negligence, intentional misconduct, fraud or any breach of fiduciary duty as Managing Member with respect to such acts or omissions. Any loss or damage incurred by any Managing Member or Affiliate thereof by reason of any act or omission performed or omitted by it or any of them in good faith on behalf of the Company and in a manner reasonably believed by it to be within the scope of the authority granted by this Agreement and in the best interests of the Company (but not, in any event, any loss or damage incurred by the Managing Member or Affiliate thereof by reason of gross negligence, intentional misconduct or fraud of the Managing Member or Affiliate thereof, or any breach of fiduciary duty as Managing Member, with respect to such acts or omissions) shall be paid from Company assets to the extent available (but the Investor Members shall not have any personal liability to the Managing Member or Affiliate(s) thereof under any circumstances on account of any such loss or damage incurred by the Managing Member or Affiliate(s) thereof or on account of the payment thereof).

8.09 Indemnification of Investor Member; Horizon Special Managing Member and the Company. (a) The Managing Member and the Company shall, jointly and severally, indemnify, defend, and save harmless the Investor Member from and against any claim, loss, expense, action or damage, including without limitation, reasonable costs and expenses of litigation and appeal (and the reasonable fees and expenses of counsel)

asserted against the Investor Member based on any act, omission, malfeasance or nonfeasance of the Company or the Managing Member, including without limitation any claim that the Investor Member is liable for any indebtedness of the Company and excluding only liability directly caused by the Investor Member's gross negligence or willful misconduct. In addition, the Managing Member and the Company shall, jointly and severally, indemnify, defend, save and hold harmless the Investor Member, and its representatives, from and against any and all costs, losses, liabilities, damages, lawsuits, proceedings (whether formal or informal), investigations, judgments, orders, settlements, recoveries, obligations, deficiencies, claims and expenses (whether or not arising out of third party claims), including, without limitation, interest, penalties, attorneys' fees and all amounts paid in investigation, or settlement of any of the foregoing, incurred in connection with or arising out of or resulting from the operations of the Managing Member, the Company or the Apartment Complex prior to the date of this Agreement, excluding liability directly caused by the Investor Member's gross negligence or willful misconduct.

(b) The Managing Member and the Company shall, jointly and severally, indemnify, defend, and save harmless the Horizon Special Managing Member from and against any claim, loss, expense, action or damage, including without limitation, reasonable costs and expenses of litigation and appeal (and the reasonable fees and expenses of counsel) asserted against the Horizon Special Managing Member based on any act, omission, malfeasance or nonfeasance of the Company or the Managing Member, including without limitation any claim that the Horizon Special Managing Member is liable for any indebtedness of the Company and excluding only liability directly caused by the Horizon Special Managing Member's gross negligence or willful misconduct. In addition, the Managing Member and the Company shall, jointly and severally, indemnify, defend, save and hold harmless the Horizon Special Managing Member, and its representatives, from and against any and all costs, losses, liabilities, damages, lawsuits, proceedings (whether formal or informal), investigations, judgments, orders, settlements, recoveries, obligations, deficiencies, claims and expenses (whether or not arising out of third party claims), including, without limitation, interest, penalties, attorneys' fees and all amounts paid in investigation, or settlement of any of the foregoing, incurred in connection with or arising out of or resulting from the operations of the Managing Member, the Company or the Apartment Complex prior to the date of this Agreement, excluding liability directly caused by the Horizon Special Managing Member's gross negligence or willful misconduct.

8.10 Construction of the Apartment Complex, Construction Cost Overruns, Operating Deficits; Other Managing Member Guarantees.

(a) Construction Completion Guaranty.

(i) The Company has entered into the Construction Contract. The Managing Member shall be responsible for:

(A) achieving completion of construction of the Apartment Complex on a timely basis in a good and workmanlike manner without construction defects in accordance with the Plans and Specifications for the Apartment Complex, the terms of this Agreement, the Project Documents and all applicable federal, state and local governmental requirements, including, without limitation, all local building and zoning laws, codes, ordinances, rules, regulations and orders and, if applicable, any deficiencies noted in any HUD REAC inspection report for the Apartment Complex;

(B) meeting all requirements for obtaining all necessary unconditional certificates of occupancy for all the apartment units in the Apartment Complex;

(C) fulfilling all actions required of the Company to assure that the Apartment Complex satisfies the Minimum Set-Aside Test and the Rent Restriction Test;

(D) causing the making of the Project Loans by the respective Project Lenders;

(E) paying for all operating costs of the Project prior to Breakeven Operations that are not paid for by the Company; and

(F) achieving Final Closing.

(ii) The Managing Member hereby is obligated to pay all Excess Development Costs; the Company shall have no obligation to pay any Excess Development Costs. Any amounts paid by the Managing Member pursuant to this clause (ii) shall not be repaid by the Company, nor shall such amounts be considered or treated as Capital Contributions of the Managing Member to the Company.

(iii) In the event that the Managing Member shall fail to pay any such Excess Development Costs as required in this Section 8.10(a), the total of any remaining unpaid installments of the Development Fee due pursuant to Section 8.11 shall be suspended by the Company until such obligations are met by the Managing Member.

(iv) Any suspension of funds otherwise payable pursuant to Section 8.11 as aforesaid shall not constitute reductions in amounts owed pursuant to Section 8.11 and the Development Agreement, and the Managing Member shall have the obligation to make a Capital Contribution pursuant to Section 5.01(b) sufficient to make such installment payments as they become due under the Development Agreement.

(b) Operating Deficit Guaranty. In the event that, at any time during the period commencing on achievement of Breakeven Operations and ending on the third

anniversary of such date, an Operating Deficit shall exist, after all funds in the Operating Reserve have been used, the Managing Member shall provide such funds to the Company as shall be necessary to pay such Operating Deficit(s); provided, however, that the Managing Member shall not be obligated to provide such funds to the extent that the provision of such funds, if considered an Operating Deficit Loan as hereinafter defined, would cause the aggregate unpaid balance of all Operating Deficit Loans to exceed \$500,000. Funds provided after the achievement of Breakeven Operations shall be in the form of a loan to the Company (the "Operating Deficit Loan(s)"). Any Operating Deficit Loan shall be on the following terms: (i) it shall be unsecured; (ii) it shall bear interest at the rate of 8% per annum; (iii) it shall be repayable solely from Net Cash Flow and proceeds of a Capital Transaction at the time and in the amounts set forth in Sections 11.03(b), 11.04 and 12.02(a) of this Agreement; and (iv) Operating Deficit Loans shall be fully subordinated to payment of Project Loans, Managing Member Loans, indebtedness of the Company to all Persons other than Members and the Asset Management Fee. In the event that the Managing Member shall fail to make any such Operating Deficit Loan as aforesaid, the Company shall suspend amounts otherwise payable as installments of the Development Fee pursuant to Section 8.11 of this Agreement until such obligation to fund the Operating Deficit Loan is met by the Managing Member. Any amounts of the Development Fee so suspended shall not constitute reductions of amounts owed pursuant to Section 8.11 and the Development Agreement, and the Managing Member shall have the obligation to make a Capital Contribution pursuant to Section 5.01(b) sufficient to make such installment payments as they become due under the Development Agreement. For the purpose of this Section 8.10(b), all expenses shall be paid on a sixty (60) day current basis.

(c) Tax Credit Compliance Guaranty. The following is herein referred to as the "Tax Credit Compliance Guaranty":

(i) If with respect to any fiscal year of the Company there is a Tax Credit Shortfall, the Managing Member irrevocably and unconditionally guarantees, within forty-five (45) days following the close of such fiscal year, payment to the Investor Member of an amount equal to (A) the amount of the Tax Credit Shortfall for the fiscal year immediately preceding the payment due date, (B) all penalties and interest imposed by the Code and assessed against the Investor Member by the Service with respect to any Tax Credit Shortfall, and (C) an amount sufficient to pay any tax liability owed by the Investor Member resulting from the receipt of the amounts specified in the foregoing clauses (A), (B) and this clause (C) of this Section 8.10(c)(i) (such calculation to be made assuming the Investor Member is subject to the highest federal and state tax rates imposed on corporate tax payers under the Code at that time for the taxable year of the Investor Member in which such payment is taken into income by the Investor Member) together with interest on such amounts at the Prime Rate accruing from such payment due date.

(ii) The Managing Member irrevocably and unconditionally guarantees payments specified in this Section 8.10(c)(ii) to the Investor Member if there is a Tax Credit Recapture Event. The payments required by this Section 8.10(c)(ii) shall

be the sum of the following amounts: (A) the amount of Tax Credits previously allocated to the Investor Member and subsequently disallowed because of such Tax Credit Recapture Event; (B) the "credit recapture amount" (as defined in Code Section 42(j)(2)) allocated to the Investor Member because of such Tax Credit Recapture Event; (C) all penalties and interest imposed by the Code and assessed against the Investor Member by the Service with respect to such Tax Credit Recapture Event; (D) an amount sufficient to pay any tax liability owed by the Investor Member resulting from the receipt of the amounts specified in the foregoing clauses (A), (B), (C) and this clause (D) of this Section 8.10(c)(ii) (such calculation to be made assuming the Investor Member is subject to the highest federal and state tax rate imposed on corporate taxpayers under the Code at that time for the taxable year of the Investor Member in which such payment is taken into income by the Investor Member) together with interest on such amounts at the Prime Rate accruing from the date the Investor Member remits funds to a taxing authority with respect to a Tax Credit Recapture Event; and (E) if the cause of the Tax Credit Recapture Event will, in the determination of the Investor Member, decrease the maximum amount of Tax Credits that will be available to the Company and allocated to the Investor Member during the remainder of the compliance period under Section 42 of the Code, assuming full compliance with Section 42 of the Code, then an amount equal to the total amount of such decrease. The Managing Member shall make such payment to the Investor Member within forty-five (45) days of the Tax Credit Recapture Event.

(iii) The Tax Credit Compliance Guaranty set forth herein shall not apply to amounts due solely to the transfer by the Investor Member of all or a portion of its Interest in the Company or to changes in the Code after the date hereof with which the Managing Member is unable to comply despite the exercise of its good faith and reasonable efforts.

(iv) Notwithstanding anything to the contrary herein, the maximum aggregate liability of the Managing Member under this Tax Credit Compliance Guaranty shall not exceed \$1,000,000; provided however that any amounts due to the Investor Member under this Section 8.10(c) in excess of such maximum aggregate liability shall be paid to the Investor Member in accordance with Sections 11.03(b)(ii) and 11.04 (c)(i) hereof.

(d) Project Loan Funding Guaranty. The Managing Member irrevocably and unconditionally guarantees and covenants that the Company shall receive full funding of the Project Loans on or before January 1, 2010, on the terms set forth on **Exhibit F** attached hereto. The Managing Member represents and warrants that the source of funds for the Project Loans does not include, in whole or in part, "federal subsidies" within the meaning of Code Section 42(i). The Project Loan documents shall contain such other terms as may be Consented to by the Investor Member, which consent shall be deemed provided unless the Investor Member provides Managing Member with written notice of unacceptable terms within ten (10) business days of receipt of the final Project Loan documents.

8.11 Development Fee. The Company has entered into the Development Agreement of even date herewith with the Developer in the form attached hereto as **Exhibit A** for its services in connection with the development and construction of the Apartment Complex. In consideration for such services, a Development Fee in a total amount equal to \$1,704,613 shall be payable by the Company, in accordance with the terms of the Development Agreement and Article XI of this Agreement. Of the total Development Fee, \$0 is anticipated to be deferred and paid out of Net Cash Flow.

8.12 Incentive Management Fee. The Company has entered into an Incentive Management Fee Agreement in the form attached hereto as **Exhibit B**, with the Managing Member of even date herewith for its services in managing the business of the Company for the period from the date hereof throughout the term of the Company. In no event shall the Incentive Management Fee be cumulative. Payment of such fee shall be in accordance with any applicable requirements of the Project Lenders.

8.13 Withholding of Fee Payments.

(a) Conditions for Withholding. In the event that (i) the Managing Member or any successor Managing Member shall not have substantially complied with any material provisions under this Agreement, or under the Operating Agreement with respect to an Affiliated Company, after Notice from the Investor Member of such noncompliance and failure to cure such noncompliance within a period of thirty (30) days from and after the date of such Notice, or (ii) any Project Lender shall have declared the Company to be in default under any Project Loan or under any of the mortgage loans as to an Affiliated Company, or (iii) foreclosure proceedings shall have been commenced against the Apartment Complex or against an apartment complex owned by the Affiliated Company, then (A) the Managing Member shall be in default of this Agreement, and the Company shall withhold payment of any installment of fees and/or allowance payable pursuant to Sections 8.11 and/or 8.12 and (B) the Managing Member shall be liable for the Company's payment of any and all installments of the Development Fee payable pursuant to Section 8.11. Any amount of the Development Fee withheld hereunder shall be withheld only until such time as the final payment is due under the Development Agreement and shall be paid in accordance with Section 5.01(b) hereof.

(b) Release of Fees. All amounts so withheld by the Company under this Section 8.13 shall be promptly released to the payees thereof only after the Managing Member has cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Investor Member.

8.14 Selection of Management Agent. The Company shall engage such person, firm or company as the Managing Member may select, and as the Special Member may approve, which approval shall not be unreasonably withheld (hereinafter referred to as "Management Agent") to manage the operation of the Apartment Complex during the rent up period and following Final Closing. The Management Agent shall be paid a management fee subject to the approval of the Agency and/or the Project Lenders and HUD, if required, and the Special Member, of \$34.00 per unit per month, and an initial

front-line reimbursement fee of \$7.00 per unit per month, adjusted annually to reflect actual costs incurred. The contract between the Company and the Management Agent for the Apartment Complex shall be in the form set forth in **Exhibit G**, with such changes acceptable to the Agency and/or the Project Lenders, if required, and reasonably acceptable to the Special Member. Such contract shall provide, among other things, that it shall be cancelable upon thirty (30) days' prior notice from the Company, and that the Management Agent will accrue the management fee to the extent necessary at any time to prevent a default under any Project Loan. Further, if the Management Agent is an Affiliate of the Managing Member, the Management Agent will accrue the management fee until all other operating expenses are paid. Community Management Corporation is approved by the parties hereto as the initial Management Agent.

8.15 Removal of the Management Agent. The Managing Member:

(a) may, upon receiving any required approval of the Agency and Project Lenders, if required and the Special Member, dismiss the Management Agent as the entity responsible for the Apartment Complex under the terms of the contract between the Company and the Management Agent, and

(b) shall, at the request of the Special Member, remove the Management Agent if the Special Member reasonably determines that the same is necessary to protect the interests of the Company or if the Management Agent is declared Bankrupt, is dissolved, or makes an assignment for the benefit of its creditors, or for any intentional misconduct by the Management Agent or its gross negligence in the discharge of its duties and obligations as Management Agent (subject to the fulfillment and expiration of any notice and/or opportunity to cure provisions of the Management Agreement), including, without limitation, for any action or failure to take any action which:

(i) violates in any material respect any provision of the Management Agreement entered into with the Company and approved by the Project Lenders, if required, and/or any material provision of the Project Documents and/or the Loan Documents applicable to the Apartment Complex, or the Project Lenders' approved management plan for the Apartment Complex;

(ii) violates in any material respect any provision of this Agreement or any provision of applicable law; or

(iii) causes the Apartment Complex to be operated in a manner which if continued would give rise to an event which would cause or would likely cause a recapture of Tax Credit; and

(c) shall include in any Management Agreement with an Affiliate of the Managing Member, a provision that the Special Member shall have the right to terminate the Management Agreement in the event the Managing Member is removed pursuant to the terms of this Agreement.

8.16 Replacement of the Management Agent. Upon the removal of the Management Agent as the entity responsible for the management of the Apartment Complex, a substitute Management Agent which is not an Affiliate of the Managing Member shall be named by the Managing Member, subject to the approval of the Project Lenders, if required, and the approval of the Special Member.

8.17 Loans to the Company. The Company is authorized to receive Operating Deficit Loans and Managing Member Loans on the terms set forth in this Agreement. In addition, if (a) additional funds are required by the Company for any purpose relating to the business of the Company or for any of its obligations, expenses, costs or expenditures, and (b) the Company has not received an Operating Deficit Loan, or Managing Member Loan to pay such amounts, then the Company may borrow such funds as are needed from a Person or organization, other than a Member or an Affiliate of a Member, in accordance with the terms of this Section 8.17, for such period of time and on such terms as the Managing Member and the Investor Member may agree; provided, however, that no such additional loans shall be secured by any mortgage or other encumbrance on the property of the Company without the prior Consent of the Special Member except that such Consent shall not be required in the case of the hypothecation of personal property purchased by the Company and not included in the security agreements executed by the Company at the time of Initial Closing. Nothing in this Section 8.17 shall modify or affect the obligation of the Managing Member to make Operating Deficit Loans and to perform its obligations when and as required by this Agreement.

8.18 Affiliate Guaranty. Concurrently with the execution of this Agreement, the Managing Member shall deliver to the Investor Member (a) the Affiliate Guaranty fully executed by each Affiliate Guarantor, (b) a pledge and security agreement executed by the Managing Member in the form of Exhibit E attached hereto (the "Managing Member Pledge"), wherein the Managing Member pledges and grants a security interest in its managing member interest in the Company and in each Affiliated Company to secure its obligations under this Agreement, and (c) an opinion of counsel to the Affiliate Guarantor in form satisfactory to the Investor Member regarding the Affiliate Guaranty and the Managing Member Pledge.

8.19 Operating and Capital Budgets. Not less than sixty (60) days prior to the commencement of each fiscal year, the Managing Member shall submit to the Special Member for its review and approval (which approval shall not be unreasonably withheld), detailed proposed operating and capital budgets for the Apartment Complex and the Company for the next fiscal year. Such budgets shall specifically list all budgeted expenses in all major categories including, but not limited to, administration, operation, repairs and maintenance, utilities, taxes, insurance, interest, debt service with respect to the Project Loans, capital improvements, and all budgeted expenses which are to be paid to the Managing Member or its Affiliates. The Special Member shall submit its response to such proposed budgets to the Managing Member within forty-five (45) days (or such shorter period of time as may be requested by any Project Lender, but in no event less

than thirty (30) days) after its receipt of such proposed budgets; such response shall either evidence its approval of the proposed budgets or shall contain specific comments and recommendations with respect thereto. If no such response is submitted to the Managing Member within such period, the Special Member will be deemed to have approved such budgets.

ARTICLE IX
TRANSFERS AND RESTRICTIONS ON TRANSFERS
OF INTERESTS OF INVESTOR MEMBERS

9.01 Transfer of Investor Members' Interests.

(a) The Investor Member shall have the right to sell, transfer and/or assign interests within the Investor Member or to transfer Interests of the Investor Member, without the Consent of the Managing Member, to (i) a Fund, at any time and from time to time or (ii) to any other Person once during the term of this Agreement. The Investor Member shall provide Notice to the Managing Member(s) of such transfer.

(b) Except as described in Section 9.01(a), under no circumstances will any offer, sale, transfer, assignment, hypothecation or pledge of any Investor Member Interest be permitted unless the Managing Member, in its sole discretion, shall have Consented thereto, and the Project Lenders, if required, also shall have Consented thereto, provided however, that the Managing Member's Consent shall not be required for a pledge by the Investor Member of its Investor Member Interest or a transfer of its right to receive distributions hereunder, so long as no pledgee or transferee shall have any right to become a Substitute Investor Member in the Company or exercise any voting rights of the Investor Member. In connection with any transfer of the Investor Member's Interest, the Company shall pay such reasonable expenses as may be incurred by the Company in connection with such transfer, to include, without limitation, environmental and title insurance update costs, tax and judgment lien searches and legal opinion updates. Notwithstanding the foregoing, in no event shall the Managing Member's Consent to a transfer of the Investor Member's Interest be required after the Investor Member has made all Capital Contributions required hereunder.

9.02 Admission of Substitute Investor Members.

(a) An assignee of the Interest of a Investor Member pursuant to Section 9.01(a) (which shall be understood to include a Fund, or any purchaser, transferee, donee, or other recipient of any disposition of such Interest) shall be deemed admitted as a Substitute Investor Member of the Company upon Notice to the Managing Member without the need for further action of any parties or the need for an amendment hereto; provided, however, an amended Articles evidencing the admission of such Person as a Investor Member shall be promptly filed for recording pursuant to the requirements of the Act, if required.

(b) Subject to the other provisions of this Article IX, an assignee of the Interest of a Investor Member other than pursuant to Section 9.01(a), shall be deemed admitted as a Substitute Investor Member of the Company upon completion of the following:

(i) Consent of the Managing Member (which may be withheld in its sole discretion), and the consent of the Project Lenders, if required, shall have been given; such Consent of the Managing Member may be evidenced by the execution by the Managing Member of an amended Agreement and/or Articles evidencing the admission of such Person as a Investor Member pursuant to the requirements to the Act, provided, however, that no Consent shall be required for any sale, transfer or assignment pursuant to Section 9.01 (a);

(ii) the assignee shall have accepted and agreed to be bound by the terms and provisions of this Agreement by executing the Assignment pursuant to which it assumes all of the obligations of the Investor Member to be performed hereunder from and after the effective date of the Assignment;

(iii) an amended Agreement or Articles evidencing the admission of such Person as a Investor Member shall have been filed for recording pursuant to the requirements of the Act, if required;

(iv) if the assignee is a corporation, the assignee shall have provided the Managing Member with evidence satisfactory to Counsel for the Company of its authority to become a Investor Member under the terms and provisions of this Agreement; and

(v) the assignee or the assignor shall have reimbursed the Company for all reasonable expenses, including all reasonable legal fees and recording charges, incurred by the Company in connection with such assignment.

(c) For the purpose of allocation of profits, losses and credits, and for the purpose of distributing cash of the Company, a Substitute Investor Member shall be treated as having become, and as appearing in, the records of the Company as a Member upon his signing of an assumption agreement agreeing to be bound hereby in the case of an assignment pursuant to Section 9.01(a) or an amendment to this Agreement agreeing to be bound hereby in the case of an assignment pursuant to Section 9.01(b).

(d) The Managing Member shall cooperate with the Person seeking to become a Substitute Investor Member by preparing the documentation required by this Section and making all official filings and publications. In such event, the Company shall take all such action, including the filing, if required, of any amended Agreement and/or Articles evidencing the admission of any Person as a Investor Member, and the making of any other official filings and publications, as promptly as practicable after the satisfaction by the assignee of the Interest of a Investor Member of the conditions contained in this Article IX to the admission of such Person as a Investor Member of the

Company. Any cost or expense incurred in connection with such admission shall be borne by the Substitute Investor Member.

(e) Prior to admission of the Substitute Investor Member, the Managing Member agrees to provide, at the expense of the Company, upon the request of the Investor Member or its assignee a "date down" title endorsement as described in Section 5.01(d) and to execute such documents as the Title Company may require in connection therewith and an environmental update.

9.03 Rights of Assignee of Company Interest.

(a) Except as provided in this Article and as required by operation of law, the Company shall not be obligated for any purpose whatsoever to recognize the assignment by any Investor Member of its Interest until the Company has received actual Notice thereof.

(b) Any Person who is the assignee of all or any portion of a Investor Member's Interest, but does not become a Substitute Investor Member, and who desires to make a further assignment of such Interest, shall be subject to all the provisions of this Article IX to the same extent and in the same manner as any Investor Member desiring to make an assignment of its Interest.

ARTICLE X RIGHTS AND OBLIGATIONS OF INVESTOR MEMBERS

10.01 Management of the Company. No Investor Member shall take part in the management or control of the business of the Company nor transact any business in the name of the Company. Except as otherwise expressly provided in this Agreement, no Investor Member shall have the power or authority to bind the Company or to sign any agreement or document in the name of the Company. No Investor Member shall have any power or authority with respect to the Company except insofar as the consent of any Investor Member shall be expressly required and except as otherwise expressly provided in this Agreement.

10.02 Limitation on Liability of Investor Members. The liability of each Investor Member is limited to its Capital Contribution as and when payable under the provisions of this Agreement, and as provided under the Act. No Investor Member shall have any other liability to contribute money to, or in respect of the liabilities or obligations of, the Company, nor shall any Investor Member be personally liable for any obligations of the Company, except as and to the extent provided in the Act. No Investor Member shall be obligated to make loans to the Company.

10.03 Other Activities. Any Investor Member may engage in or possess interests in other ventures of every kind and description for its own account, including without limitation, serving as managing or investor member of other entities which own,

either directly or through interests in other entities, government-assisted housing projects similar to the Apartment Complex. Neither the Company nor any of the Members shall have any right by virtue of this Agreement in or to such other business ventures to the income or profits derived therefrom.

10.04 Inspection. The Investor Member shall have the right, from time to time, upon prior reasonable notice during business hours, to make a physical inspection of the Apartment Complex, subject to the rights of existing tenants.

10.05 Default by Investor Member. The Investor Member hereby pledges to the Company and grants the Managing Member and Company a subordinate security interest in the Investor Member's Interest as security for the payment of the Investor Member's Capital Contributions. In furtherance of the foregoing pledge, the Investor Member and any transferee of the Investor Member's Interest shall, if the Managing Member so requires, execute and deliver to the Managing Member and Company a Uniform Commercial Code Financing Statement prepared by the Managing Member to perfect the security interest created hereunder. Upon failure by the Investor Member to make any payment of its Capital Contributions when due in accordance with the terms and conditions hereof, and the continuation of such default beyond the notice and cure period specified herein, the Managing Member and Company may realize upon such collateral by disposing of the Interest of the Investor Member at public or private sale, at which the Company, any Member, or any third party may bid. The Managing Member and Company may offer to sell the defaulting Investor Member's Interest to any other Person on such commercially reasonable terms and conditions as the Managing Member deems most favorable under the circumstances. If any notification of an intended disposition of the collateral is required by law, such notification shall be deemed reasonably and properly given if mailed at least ten (10) days before such disposition. Any amount which the Person acquiring the Interest of the defaulting Investor Member shall pay in consideration of the acquisition of such Interest shall be applied in the following order: first, to the payment of the Capital Contribution payment then required to be paid by the defaulting Investor Member; second, to the payment, if any, of any future additional Capital Contributions of the defaulting Investor Member; third, to the payment of all reasonable fees and expenses, including legal expenses, incurred by the Managing Member and Company in connection with such sale or the related default; and fourth, any balance to the defaulting Investor Member. Notwithstanding anything in this Agreement or the Uniform Commercial Code of Delaware to the contrary, the Managing Member and Company's sole and exclusive remedy in the realization of its security interest under this Section 10.05 shall be to dispose of the collateral at a public or private sale in the manner provided in this Section 10.05 or by any available judicial procedure. The obligations of a defaulting Investor Member to the Managing Member and Company shall be extinguished upon completion of the transfer of the defaulting Investor Member's Interest to a purchaser; and the rights and benefits of a defaulting Investor Member attributable to such Interest in the Company shall terminate on the date of admission of a purchaser of such Interest pursuant to Article IX as a Substitute Investor Member, provided, however, the obligation of a defaulting Investor Member to make Capital Contributions shall be extinguished only by, and to the extent of, the aggregate of

payments to be made by the purchaser or purchasers of the defaulting Investor Member's Interest. Upon payment of the Investor Member's Capital Contributions, the Investor Member's pledge to the Company and grant to the Managing Member and Company of a subordinate security interest in the Investor Member's Interest shall automatically be terminated and the Managing Member shall execute and deliver an instrument to the Investor Member to memorialize such termination and to terminate any financing statements with respect thereto filed by the Managing Member.

The Managing Member and Company acknowledge that the Investor Member has pledged or may be required to pledge a security interest in its Investor Member Interest to the Investor Member's lender.

ARTICLE XI PROFITS, LOSSES AND DISTRIBUTIONS

11.01 Allocation of Profits and Losses Other Than From Capital Transactions.

(a) Manner of Determination. Profits, Losses and credits for all purposes of this Agreement shall be determined in accordance with the definition of the same under Article II of this Agreement (as applicable) and in accordance with the accrual accounting method and in accordance with applicable Code sections and Treasury Regulations governing same.

(b) Allocations. All Profits and Losses, except those items in Sections 11.02, 11.05 and 11.07 below, shall be allocated to the Members in accordance with their Percentage Interests. Every item of income, gain, loss, deduction, or tax preference entering into the computation of such Profits and Losses, or applicable to the period during which such Profits and Losses were realized, shall be considered allocated to each Member in the same proportion as Profits and Losses are allocated to such Member.

11.02 Allocation of Profits and Losses from Capital Transactions. Except to the extent provided in Sections 11.07, Profits and Losses recognized by the Company upon a Capital Transaction shall be allocated in the following manner:

(a) Profits shall be allocated (i) first, to the Members with negative Capital Account balances, that portion of gains (including any gains treated as ordinary income for federal income tax purposes) which is equal in amount to, and in proportion to, such Members' respective negative Capital Accounts in the Company; provided that no gain shall be allocated under this Section 11.02(a)(i) to a Member once such Member's Capital Account is brought to zero and (ii) second, gains in excess of the amount allocated under (i) shall be allocated to the Members in the amounts and to the extent necessary to increase the Members' respective Capital Accounts so that the proceeds distributed under Section 11.04(e)-(f) will be distributed in accordance with the Members' respective Capital Accounts.

(b) Losses shall be allocated (i) first, to the extent and in such proportions as the respective positive balances in all Members' Capital Accounts, and (ii) second, any remaining loss to the Members in accordance with the manner in which they bear the economic risk of loss associated with such loss or, if none, to the Members in accordance with their Percentage Interests.

(c) Any portion of the Profits treated as ordinary income for federal income tax purposes under Sections 1245 and 1250 of the Code ("Recapture Amount") shall be allocated on a dollar for dollar basis to those Members to whom the items of Company deduction or loss giving rise to the Recapture Amount had been previously allocated.

11.03 Distributions: Net Cash Flow.

(a) Determination of Net Cash Flow. Net Cash Flow shall be determined separately for each fiscal year or portion thereof commencing on the day after Final Closing and shall not be cumulative. Wherever there is a reference to the distribution of Net Cash Flow pursuant to the provisions of this Agreement, Net Cash Flow shall be deemed to be limited to Surplus Cash available for distribution. Income received by the Company from operation of the Apartment Complex from the period commencing with the date of receipt of the initial certificate of occupancy with respect to the Apartment Complex and ending on the date of the Final Closing shall not be distributed during such period and shall be treated as Net Cash Flow with respect to the first Payment Date following Final Closing.

(b) Manner of Distribution. Subject to the approval of the Project Lenders, if required, Net Cash Flow shall be applied and/or distributed on each Payment Date in the following priority:

(i) first, to repayment of the RHF Loan in an amount equal to interest only payments based on a fixed rate of 2.30%, then to repayment of the HOPE VI Loan in an amount equal to the lesser of (a) interest-only payments based on the greater of (a) "long-term applicable Federal rate" or (b) 5.25% of the outstanding balance or (b) the required amount to maintain a Debt Service Coverage Ratio of 1.10.

(ii) second, to the Investor Member until the aggregate amount of distributions made to the Investor Member under this Section 11.03(b)(i) for the current and all prior years equals the Assumed Investor Member Tax Liability for the current and all prior years;

(iii) third, to the Investor Member in an amount equal to any Unpaid Tax Credit Shortfall or Investor Member Advances;

(iv) fourth, to the Managing Member in accordance with its respective Percentage Interest until the aggregate amount of distributions made to the Managing

Member under this Section 11.03(b)(iii) for the current and all prior years equals the Assumed Managing Member Tax Liability for the current and all prior years, and to the Horizon Special Managing Member in accordance with its respective Percentage Interest until the aggregate amount of distributions made to the Horizon Special Managing Member under this Section 11.03(b)(iii) for the current and all prior years equals the Assumed Horizon Special Managing Member Tax Liability for the current and all prior years;

(v) fifth, until all amounts due under the Development Agreement have been paid in full;

(vi) sixth, to the replenishment of the Operating Reserve;

(vii) seventh, to the pro-rata payment of any outstanding Operating Deficit Loans and Managing Member Loans (excluding the HOPE VI Loan, RHF Loan and AHP Loan), based upon the respective outstanding balances of each;

(viii) eighth, eighty percent (80%) to the payment of the Incentive Management Fee, of which, nine and ninety-nine one hundredths percent (9.99%) to the Horizon Special Managing Member, and ninety and one hundredths percent (90.01%) to the Managing Member, to be split equally between Grubb and Charlotte; and

(ix) thereafter, the remaining twenty percent (20%), forty-nine and ninety-nine hundredths percent (49.99%) to the Investor Member; forty and one hundredths percent (40.01%) to the Managing Member, to be split equally between Charlotte and Grubb, nine and ninety-nine one hundredths percent (9.99%) to the Horizon Special Managing Member, and one hundredths percent (.01%) to the Special Member.

(c) Distributions to be Subject to Regulatory Restrictions. Notwithstanding the foregoing, during such time as regulations of the Project Lenders are applicable to the Apartment Complex, the total amount of Net Cash Flow which may be so distributed to the Members with respect to any fiscal year shall not exceed such amounts as such regulations permit to be distributed.

11.04 Distributions: Capital Transactions and Liquidation of Company. Except as may be required under Section 12.02(b), the proceeds resulting from the liquidation of the Company assets pursuant to Section 12.02, and the net proceeds resulting from any Capital Transaction, as the case may be, shall be distributed and applied in the following order of priority:

(a) to the payment of all matured debts and liabilities of the Company (including amounts due pursuant to any Project Loan (including the HOPE VI Loan, RHF Loan and AHP Loan) and all expenses of the Company incident to any such sale or refinancing), excluding (1) debts and liabilities of the Company to Members or any Affiliates, and (2) all unpaid fees owing to the Managing Member under this Agreement;

(b) to the setting up of any reserves which the Liquidator (or the Managing Member if the distribution is not pursuant to the liquidation of the Company) deems reasonably necessary for contingent, unmatured or unforeseen liabilities or obligations of the Company;

(c) to the payment of any debts and liabilities (including unpaid fees) owed to the Members or any Affiliates by the Company for Company obligations; provided, however, that the foregoing debts and liabilities owed to Members and their Affiliates shall be paid or repaid, as applicable, in the following order of priority, if and to the extent applicable: (i) to the Investor Member, an amount equal to any Unpaid Tax Credit Shortfall (applied first to accrued but unpaid interest (at the Default Rate) and then principal) or Investor Member Advances; (ii) to the payment of any outstanding accrued and unpaid Asset Management Fees; (iii) intentionally deleted; (iv) to the payment of any outstanding Managing Member Loans and loans made by the Managing Member pursuant to Section 8.10(a)(ii); (v) amounts due under the Development Agreement; (vi) amounts due with respect to Operating Deficit Loans, if any; (vii) to the payment of any outstanding accrued and unpaid Managing Member Asset Management Fee or Horizon Asset Management Fee; and (viii) any other such debts and liabilities;

(d) to the Investor Member, an amount equal to any Special Additional Capital Contribution;

(e) to the Managing Member and Investor Members in proportion to the relative amounts of Net Projected Tax Liabilities of the Managing Member and the Investor Member's partners or members and their respective partners or members until they each have received, cumulatively, an amount equal to their respective Net Projected Tax Liabilities;

(f) the balance, eighty and one hundredths percent (80.01%) to the Managing Member, to be split equally between Grubb and Charlotte, nine and ninety-nine hundredths percent (9.99%) to the Horizon Special Managing Member, nine and ninety-nine hundredths percent (9.99%) to the Investor Member, and one hundredths percent (.01%) to the Special Member.

Written determination of the proposed distributions of proceeds of Capital Transactions, showing all relevant calculations and assumptions, shall be delivered to the Investor Member and Special Member not later than twenty (20) days prior to the Company entering into any agreement for a Capital Transaction, and written confirmation or any revision thereof shall be delivered to the Investor Member and Special Member not later than twenty (20) days prior to the making of any such distribution.

11.05 Distributions and Allocations: General Provisions.

(a) In any year in which a Member sells, assigns or transfers all or any portion of an Interest to any Person who during such year is admitted as a substitute

Member, the share of all profits and losses allocated to, and of all Net Cash Flow and of all cash proceeds distributable under Section 11.04 distributed to, all Members which is attributable to the Interest sold, assigned or transferred shall be divided between the assignor and the assignee ratably on the basis of the number of monthly periods in such year before, and the number of monthly periods on and after, the first day of the month during which such Person is admitted as a substitute Member.

(b) The Company shall, subject to any applicable limitation on the distribution of Net Cash Flow and any required approval by the Project Lenders, distribute Net Cash Flow not less frequently than annually in the manner provided in Section 11.03(b).

(c) In the event that there is a determination that there is any original issue discount or imputed interest attributable to the Capital Contribution of any Member, or any loan between a Member and the Company, any income or deduction of the Company attributable to such imputed interest or original issue discount on such Capital Contribution or loan (whether stated or unstated) shall be allocated solely to such Member.

(d) In the event that the deduction of all or a portion of any fee paid or incurred by the Company to a Member or an Affiliate of a Member is disallowed for federal income tax purposes by the Service with respect to a taxable year of the Company, the Company shall then allocate to such Member an amount of gross income of the Company for such year equal to the amount of such fee as to which the deduction is disallowed.

(e) If any Member's Interest in the Company is reduced but not eliminated because of the admission of new Members or otherwise, or if any Member is treated as receiving any items of property described in Section 751(a) of the Code, the Member's Interest in such items of Section 751(a) property that was property of the Company while such Person was a Member shall not be reduced, but shall be retained by the Member so long as the Member has an Interest in the Company and so long as the Company has an Interest in such property.

(f) In accordance with Section 704(c) of the Code (relating to allocations with respect to appreciated contributed property) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall be allocated, solely for tax purposes, among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and its fair market value. Any elections or other decisions relating to such allocations shall be made by the Managing Member in any manner that reasonably reflects the purpose and intention of this Agreement.

(g) In the event that the Managing Member makes any Operating Deficit Loans pursuant to Section 8.10(b), any deductions or losses of the Company

attributable to the use of those funds shall be specially allocated to the Managing Member.

(h) Any income attributable to the Capital Contribution of the Managing Member will be allocated to the Managing Member.

(i) The Horizon Special Managing Member shall have no more than a 9.99% interest in all items of Company income, gain, loss, deduction, credit and basis and such percentage shall not be changed without the consent of the Investor Member.

11.06 Capital Accounts.

(a) Establishment and Maintenance. A separate Capital Account shall be maintained and adjusted for each Member. There shall be credited to each Member's Capital Account the amount of its Capital Contribution, the fair market value of any property contributed to the Company (net of any liabilities secured by such property) and such Member's distributive share of the net income gains and profits for tax purposes of the Company; and there shall be charged against each Member's Capital Account the amount of all cash flow distributed to such Member, the fair market value of any property distributed to such Member (net of any liabilities secured by such property), the net proceeds resulting from the liquidation of the Company's assets or from any sale or refinancing of the Apartment Complex distributed to such Member, and such Member's distributive share of the losses for tax purposes of the Company. Each Member's Capital Account shall be maintained and adjusted in accordance with the Code and the Treasury Regulations thereunder. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treas. Reg. § 1.704-1(b), and shall be interpreted and applied in a manner consistent with such regulations. It is the intention of the Members that the Capital Accounts maintained under this Agreement be determined and maintained throughout the full term of this Agreement in accordance with the accounting rules of Treas. Reg. § 1.704-1(b)(2)(iv).

(b) Deficit Capital Accounts; Regulatory Liquidation. In the event that the Company is liquidated within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g), if the Managing Member's Capital Account has a deficit balance (after giving effect to all contributions, distributions and allocations), the Managing Member shall make Capital Contributions in the amount of such deficit in compliance with Treas. Reg. § 1.704-1(b)(2)(ii)(b)(3). In the event that the Investor Member's Capital Account should have a deficit balance at such time, it shall have no obligation to fund or otherwise contribute capital to the Company in connection with such deficit. Notwithstanding the foregoing, in the event the Company is liquidated within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g) but no event has occurred under Section 12.01 to dissolve the Company, the Company assets shall not be liquidated, the Company's liabilities shall not be paid or discharged, and the Company's affairs shall not be wound up. Instead, the Company shall be deemed to have contributed all of its assets and liabilities to a new Company in exchange for an interest in the new Company. Immediately thereafter, the terminated

Company shall be deemed to have distributed interests in the new Company to the Members of the terminated Company in proportion to their respective interests in the terminated Company in liquidation of the terminated Company.

11.07 Special Allocations. Notwithstanding anything to the contrary contained in Section 11.01(a) or (b), the following special allocations in all events apply in determining the allocation of Profits and Losses among the Members and are made prior to the allocations required under §11.01(a) and (b):

(a) Depreciation and Tax Credits.

(i) Depreciation (cost recovery) deductions and Tax Credits are allocated to the Members in accordance with their Percentage Interests.

(ii) Any recapture of Tax Credits is allocated to the Members that were allocated (or whose predecessors-in-interest were allocated) the depreciation/cost recovery deduction and Tax Credits associated therewith.

(b) Limitation on Allocations of Losses.

(i) To the extent the allocation of any Losses to a Member would cause that Member to have an Adjusted Capital Account Deficit at the end of any fiscal year of the Company, then those Losses will not be allocated to that Member, but rather will be specially allocated to the remaining Members in proportion with their relative interests in the Company.

(ii) In the event some but not all of the Members would have Adjusted Capital Account Deficits due to an allocation of Losses, the limitation set forth in this Section 11.07(b) shall be applied on a Member-by-Member basis so as to allocate the maximum permissible Losses to each Member who is not a Managing Member under Treas. Reg. §1.704-1(b)(2)(ii)(d). All Losses in excess of the limitation set forth in this Section 11.07(b) shall be allocated to the Managing Member.

(c) Profit Chargeback. To the extent any Losses are specially allocated to a Member in accordance with Section 11.07(b), then Profits will thereafter first be specially allocated to such Member in proportion to and in an amount (1) up to but not exceeding the amount of any such special allocation of Losses away from such Member under such subparagraph (b) but (2) not to the extent that Losses or depreciation deductions would be allocated to the remaining Members in excess of the amount permitted by 11.07(b).

(d) Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year shall be allocated to the Members in accordance with their Percentage Interests.

(e) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any fiscal year shall be specially allocated to the Member or Members

that bear the Economic Risk of Loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Treas. Reg. §1.704-2(b)(4) and Treas. Reg. §1.704-2(i).

(f) Company Minimum Gain Chargeback. Notwithstanding any other provision of this Agreement, if there is a net decrease in the Company's Minimum Gain attributable to Nonrecourse Liabilities during any taxable year, each Member shall be specially allocated a *pro rata* portion of each of the Company's items of income and gain for such year (and, if necessary for subsequent years) in proportion to, and to the extent of, an amount equal to such Member's share of the net decrease in such Minimum Gain during such taxable year as determined in accordance with the provisions of Treas. Reg. §1.704-2(g)(2). In the event that such net decrease in the Company's Minimum Gain occurs in connection with the disposition of all or any portion of the Apartment Complex, then any items of Company income or gain allocated in accordance with the previous sentence shall first consist of gain recognized by the Company as a result of such disposition. It is the intent that the allocations provided in this Section 11.07(f) shall be determined in accordance with and only to the extent required by Treas. Reg. §1.704-2(f) and (j)(2)(i).

(g) Member Minimum Gain Chargeback. Notwithstanding any other provision of this Agreement, if there is a net decrease in the amount of the Company's Minimum Gain during any taxable year with respect to a Member Nonrecourse Debt, the Member bearing the Economic Risk of Loss with respect to such Member Nonrecourse Debt shall be specially allocated a *pro rata* portion of each of the Company's items of income and gain for such taxable year (and, if necessary, for subsequent years) in proportion to, and to the extent of the amount of such Member's share of the net decrease in such Minimum Gain during such taxable year as determined in accordance with the provisions of Treas. Reg. §1.704-2(i)(4). In the event that such net decrease in the Company's Minimum Gain occurs in connection with the disposition of all or any portion of Apartment Complex, then any items of Company income or gain allocated in accordance with the previous sentence shall first consist of gain recognized by the Company as a result of such disposition. It is the intent that the allocations provided in this Section 11.07(g) shall be determined in accordance with and only to the extent required by the provisions of Treas. Reg. §1.704-2(i) and (j)(2)(ii).

(h) Qualified Income Offset. If a Member unexpectedly receives any adjustments, allocations, or distributions described in §1.704-1(b)(2)(ii)(d)(4), (5) or (6) of the Regulations, then items of Company income or gain will be specially allocated to that Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of that Member as quickly as possible. The special allocations required pursuant to this subparagraph (h) are made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article 11 have been tentatively made as if this subparagraph (h) were not in this Agreement. This subparagraph (h) is intended to comply with the qualified income offset requirements of §1.704-1(b)(2)(ii)(d) of the Regulations and will be interpreted consistently therewith.

(i) Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any fiscal year in excess of the sum of (i) the amount that such Member must restore pursuant to any provision of this Agreement, if any, and (ii) the amount such Member is deemed obligated to restore pursuant to the penultimate sentence of Treas. Reg. § 1.704-2(g) and § 1.704-2(i)(5), such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 11.07(i) shall be made if and only to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article XI have been tentatively made as if this Section 11.07(i) and Section 11.07(h) hereof were not in this Agreement.

(j) §754 Adjustment. To the extent an adjustment to the adjusted tax basis of any Company Property undertaken pursuant to §734(b) or 743(b) of the Code is required to be taken into account in determining the Capital Accounts of the Members under Treas. Reg. §1.704-1(b)(2)(iv)(m), then the amount of such adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss will be specially allocated to the Members in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to the aforementioned section of the regulations.

(k) Curative Allocations. In the event that income, loss or items thereof are allocated to one or more Members pursuant to Sections 11.07(h) through (i), subsequent income, loss or items thereof shall be allocated (subject to the provisions of Sections 11.07(h) and (i)) to the Members so that, to the extent possible in the judgment of the Managing Member, the net amount of allocations shall be equal to the amount that would have been allocated had Section 11.07 not been applied. Notwithstanding the foregoing, the allocation of depreciation deductions will be governed by Section 11.07(a) and this section 11.07(k) shall not apply to allocations of depreciation deductions.

(l) Excess Nonrecourse Liabilities. Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Treas. Reg. §1.752-3(a)(3), the Members' respective interests in Company Profits shall equal their Percentage Interests (determined without regard to Section 11.07(a)-(k)).

(m) Authority to Vary Allocations to Preserve and Protect Members'

Intent

(i) It is the intent of the Members that each Member's distributive share of income, gain, loss, deduction, or credit (or item thereof) shall be determined and allocated in accordance with this Article XI to the fullest extent permitted by Section 704(b) of the Code. In order to preserve and protect the determinations and allocations provided for in this Article XI, the Managing Member, shall upon the direction in writing of the Special Member, allocate income, gain, loss, deduction, or

credit (or item thereof) arising in any year differently than otherwise provided for in this Article XI as necessary to ensure that all allocations of income, gain, loss, deduction or credit (or item thereof) to the Members are permitted by Section 704(b) of the Code and Treasury Regulations promulgated thereunder. Any allocation made pursuant to this Section 11.07 shall be deemed to be a complete substitute for any allocation otherwise provided for in this Article XI and no amendment of this Agreement or approval of any Member shall be required.

(ii) In making any allocation (the "new allocation") under Section 11.07(m)(i), the Managing Member is authorized to act only upon the direction in writing of the Special Member or the Investor Member.

(iii) If the Managing Member receives a recommendation from the Accountants to make any new allocation in a manner less favorable to the Investor Member than is otherwise provided for in this Article XI, then the Managing Member shall do so only with the Investor Member's or the Special Member's Consent and only after having given the Investor Member and the Special Member the opportunity to discuss such allocation with the Accountants, and only after the Managing Member has been advised by the Accountants that it is permitted by Section 704(b) of the Code, to allocate income, gain, loss, deduction, or credit (or item thereof) arising in later years in such manner so as to bring the allocations of income, gain, loss, deduction, or credit (or item thereof) to the Investor Members as nearly as possible to the allocations thereof otherwise contemplated by this Article XI.

(n) Grant Income. Any income recognized as a result of any receipt of grants by the Company shall be allocated one hundred percent (100%) to the Managing Member. However, if the Managing Member is exempt from federal income taxation under Code Section 501(c)(3) or any other Code provision, then the allocations to the Managing Member under this Section 11.07(n) shall be limited to the highest percentage of the Company's property treated as tax-exempt use property, as reflected in the Projections.

11.08 Designation of Tax Matters Member. The Managing Member hereby is designated as Tax Matters Member of the Company, and shall engage in such undertakings as are required of the Tax Matters Member of the Company, as provided in regulations pursuant to Section 6231 of the Code. Each Member, by its execution of this Agreement, Consents to such designation of the Tax Matters Member and agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such Consent. Notwithstanding any other provision of this Agreement, the Special Member hereby is granted authority at any time to be admitted as a Managing Member by converting all or portion of its Investor Member Interest to a Managing Member Interest for the purpose of acting as the Tax Matters Member with all the authority, powers and obligations given to the Managing Member as Tax Matters Member of the Company under the Code and under this Agreement. Unless otherwise specifically provided or agreed, the new Tax

Matters Member in these circumstances will not be responsible for or have the right to conduct any operational or managerial functions of the Company besides those required to discharge its responsibilities as Tax Matters Member. The Special Member may exercise its right to assume the Tax Matters Member responsibilities for the Company, as provided herewith, upon ten (10) days notice to the then existing Tax Matters Member and Managing Member and may continue as Tax Matters Member indefinitely. In the event that the Special Member exercises its right to become a Managing Member and to assume duties of the Tax Matters Member, the pre-existing Tax Matters Member will resign in accordance with Treas. Reg. § 301.6231(a)(7)-1(i) and will redesignate the new Managing Member as Tax Matters Member in accordance with Treas. Reg. § 301.6231(a)(7)-1(e). Each Member, by its execution of this Agreement, Consents to such admission and designation and agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such Consent. The Special Member shall, upon such admission, replace the Managing Member as Tax Matters Member and shall have thereafter all the authority and powers given to the Managing Member as Tax Matters Member of the Company under the Code and under this Agreement.

11.09 Authority of Tax Matters Member.

(a) The Tax Matters Member shall have and perform all of the duties required under the Code, including the following duties:

(i) Furnish the name, address, profits interest, and taxpayer identification number of each Member to the Service; and

(ii) Within five calendar days after the receipt by the Managing Member or an Affiliate thereof or the Company of any correspondence or communication relating to the Company or a Member or an Affiliate of a Member from the Service, the Tax Matters Member shall forward to each Member a photocopy of all such correspondence or communication(s). The Tax Matters Member shall, within five calendar days thereafter, advise each Member in writing of the substance and form of any conversation or communication held with any representative of the Service.

(b) The Tax Matters Member shall, upon request by the Investor Member, permit the Investor Member to include its attorney in the power of attorney (Form 2848) for the Company for any taxable years under a tax audit or in a tax administrative Appeals process.

(c) The Tax Matters Member shall not without the Consent of the Special Member:

(i) Extend the statute of limitations for assessing or computing any tax liability against the Company (or the amount of character of any Company tax items);

(ii) Engage an accounting firm or counsel to represent the Company before the Service;

(iii) Settle any audit with the Service concerning the adjustment or readjustment of any Company item(s) (within the meaning of Section 6231(a)(3) of the Code);

(iv) File a request for an administrative adjustment with the Service at any time or file a petition for judicial review with respect to any such request or select the forum for judicial review of any Service determination;

(v) Initiate or settle any judicial review or action concerning the amount or character of any Company tax item(s) (within the meaning of Section 6231(a)(3) of the Code);

(vi) Intervene in any action brought by any other Member for judicial review of a final Company administrative adjustment; or

(vii) Take any other action not expressly permitted by this Section 11.09 on behalf of the Members of the Company in connection with any administrative or judicial tax proceeding.

(d) In the event of any Company-level proceeding instituted by the Service pursuant to Sections 6221 through 6233 of the Code, the Tax Matters Member shall consult with the Special Member regarding the nature and content of all action and defense to be taken by the Company in response to such proceeding. The Tax Matters Member also shall consult with the Special Member regarding the nature and content of any proceeding pursuant to Sections 6221 through 6233 of the Code instituted by or on behalf of the Company (including the decision to institute proceedings, whether administrative or judicial, and whether in response to a previous Service proceeding against the Company or otherwise).

11.10 Expenses of Tax Matters Member. The Company shall indemnify and reimburse the Tax Matters Member for all expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial proceeding with respect to the tax liability of the Members. The payment of all such expenses shall be made before any distributions are made from Net Cash Flow or any discretionary reserves are set aside by the Managing Member. The Managing Member shall have the obligation to provide funds for such purpose to the extent that Company funds are not otherwise available therefor. The taking of any action and the incurring of any expense by the Tax Matters Member in connection with any such proceeding, except to the extent required by law, is a matter in the sole discretion of the Tax Matters Member and the provisions on limitations of liability of the Managing Member and indemnification set forth in Section 8.08 of this Agreement shall be fully applicable to the Tax Matters Member in its capacity as such.

ARTICLE XII
SALE, DISSOLUTION AND LIQUIDATION

12.01 Dissolution of the Company. The Company shall be dissolved upon the earlier of the expiration of the term of the Company, or upon:

(a) the withdrawal, Bankruptcy, death, dissolution or adjudication of incompetency of the Managing Member who is at that time the sole Managing Member, subject to the provisions of Section 6.03, unless a majority in interest of the other Members, within ninety (90) days after receiving Notice of such withdrawal, Bankruptcy, death, dissolution or adjudication of incompetence, elects to designate a successor Managing Member(s) and continue the Company upon the admission of such successor Managing Member(s) to the Company;

(b) the sale or other disposition of all or substantially all of the assets of the Company, subject to the provisions of Section 6.03 and the Consent required pursuant to Section 8.02(b) hereof;

(c) the election by the Managing Member, with the Consent of a majority in interest of the other Members; or

(d) any other event causing the dissolution of the Company under the laws of the State of Formation or the Project State.

12.02 Winding Up and Distribution.

(a) Upon the dissolution of the Company pursuant to Section 12.01, (i) a certificate of cancellation shall be filed in such offices within the State of Formation and the Project State as may be required or appropriate and (ii) the Company business shall be wound up and its assets liquidated as provided in this Section 12.02 and the net proceeds of such liquidation, except as provided in Section 12.02(b) below, shall be distributed in accordance with Section 11.04.

(b) It is the intent of the Members that, upon liquidation of the Company, any liquidation proceeds available for distribution to the Members be distributed in accordance with the Members' respective positive Capital Account balances. The Members believe that distributions under Section 11.04 will effectuate such intent. In the event that, upon liquidation, there would otherwise be any conflict between a distribution pursuant to the Members' respective positive Capital Account balances and the intent of the Members with respect to distribution of proceeds as provided in Section 11.04, the Liquidator shall, notwithstanding the provisions of Sections 11.01, 11.02, 11.03 and 11.05, allocate the Company's gains, profits and losses in a manner that will, as nearly as possible, cause the distribution of liquidation proceeds to the Members to be in accordance both with the Members' economic expectations as set forth in Section 11.04 and their respective Capital Account balances. If the Company's

gains, profits and losses are insufficient to cause the Members' Capital Accounts to be in such amounts as will permit liquidation proceeds to be distributed both in accordance with the Members' respective positive Capital Account balances and Section 11.04, then liquidation proceeds shall be distributed in accordance with the Members' respective positive Capital Account balances after the allocations described herein have been made.

(c) The Liquidator shall file all certificates and notices of the dissolution of the Company required by law. The Liquidator shall proceed without any unnecessary delay to sell and otherwise liquidate the Company's property and assets; provided, however, that if the Liquidator shall determine that an immediate sale of part or all of the Company property would cause undue loss to the Members, then in order to avoid such loss, the Liquidator may, except to the extent provided by the Act, defer the liquidation as may be necessary to satisfy the debts and liabilities of the Company to Persons other than the Members. Upon the complete liquidation and distribution of the Company assets, the Members shall cease to be Members of the Company, and the Liquidator shall execute, acknowledge and cause to be filed all certificates and notices required by the law to terminate the Company.

(d) Upon the dissolution of the Company pursuant to Section 12.01, the Accountants shall promptly prepare, and the Liquidator shall furnish to each Member, a statement setting forth the assets and liabilities of the Company upon its dissolution. Promptly following the complete liquidation and distribution of the Company property and assets, the Accountants shall prepare, and the Liquidator shall furnish to each Member, a statement showing the manner in which the Company assets were liquidated and distributed.

ARTICLE XIII
BOOKS AND RECORDS, ACCOUNTING,
TAX ELECTIONS, ETC.

13.01 Books and Records. The books and records of the Company shall be maintained on an accrual basis in accordance with sound federal income tax accounting principles. These and all other records of the Company, including information relating to the status of the Apartment Complex and information with respect to the sale by the Managing Members or any Affiliate of goods or services to the Company, shall be kept at the principal office of the Company and shall be available for examination there by any Member, or his duly authorized representative, at any and all reasonable times. Any Member, or his duly authorized representative, upon paying the costs of collection, duplication and mailing, shall be entitled to a copy of the list of names and addresses of the Investor Members.

13.02 Bank Accounts. All funds of the Company not otherwise invested shall be deposited in one or more accounts maintained in such banking institutions as the Managing Member shall determine, and withdrawals shall be made only in the regular course of Company business on such signature or signatures as the Managing Member

may, from time to time, determine. No funds of the Company shall be deposited in any financial institution in which any Member is an officer, director or holder of any proprietary interest.

13.03 Accountants. The Accountants shall annually prepare for execution by the Managing Member all tax returns of the Company, shall annually audit the books of the Company, and shall certify, in accordance with tax basis accounting with adjustment for generally accepted accounting principles, a balance sheet, a profit and loss statement, and a cash flow statement. With respect to each fiscal year during the Company's operations, at such time as the Accountants shall have prepared the proposed tax return for such year, the Accountants shall provide copies of such proposed tax return to the Investor Member for its review and comment. Any material changes in such proposed tax return recommended by the Investor Member's accountants shall be made by the Accountants prior to the completion of such tax return for execution by the Managing Member. The Company shall reimburse the Investor Member for its expenses incurred in causing the Company's proposed tax return to be reviewed by the Investor Member's accountants when such review exceeds the scope of the Investor Member's accountant's standard review, as determined by the Investor Member in its sole discretion. A full detailed statement shall be furnished to all Members showing such assets, properties, and net worth and the profits and losses of the Company for the preceding fiscal year. All Members shall have the right and power to examine and copy, at any and all reasonable times, the books, records and accounts of the Company.

13.04 Reports to Members. In addition to the information required pursuant to the provisions of Section 8.19 hereof, the Managing Member shall provide to the Members the following:

(a) Monthly Reports. The Managing Member shall cause to be prepared and distributed to all Persons who were Members at any time during the month prior to the date the report is due, the following monthly reports:

- (i) Prior to Substantial Completion, a monthly report, certified by the Managing Member to be true, complete and correct in all respects, providing:
- (A) an analysis of the quality of construction and any known non-compliance with Plans and Specifications;
 - (B) any changes or deviations from the construction budget and construction schedule;
 - (C) any known environmental issues arising since the Initial Closing;
 - (D) any known delay in payment, or non-payment, of construction costs for which equity has been expended, or construction loan proceeds have been requisitioned or disbursed; and

- (E) copies of all construction draw documentation submitted by the General Contractor in connection with a request for payment, including change orders.
- (ii) Prior to Breakeven Operations, a monthly report, certified by the Managing Member to be true, complete and correct in all respects providing:
 - (A) a rent roll commencing at initial occupancy;
 - (B) statement of income and expense, and cash flow for the month, together with a balance sheet, each of which may be unaudited;
 - (C) a summary of any tenant compliance review conducted by the Managing Member (which must be conducted not less frequently than every twelve (12) months) summarizing compliance with the Minimum Set-Aside Test, Rent Restriction Test and other requirements to qualify for the Tax Credits, including those set forth in the Regulatory Agreement and Extended Use Agreement;
 - (D) upon commencement of leasing activity, a schedule of budgeted leasing activity with comparison against actual leasing activity for such month as well as a description of all marketing activities; and
 - (E) a summary of any on-site physical inspection of the Apartment Complex by the Managing Member (including photographs), which must be conducted not less frequently than every twelve (12) months.

Monthly reports as described in this Section 13.04 shall be delivered to the Members within twenty (20) days after the last day of the prior month which is the subject of the report.

(b) Quarterly Reports. The Managing Member shall cause to be prepared and distributed to all Persons who were Members at any time during the fiscal quarter prior to the date the report is due, the following reports:

- (i) all monthly reports not previously delivered as required under Section 13.04(a),
- (ii) a quarterly statement of income and expense and a cash flow statement for the quarter and the period then ending, which may be unaudited,
- (iii) a balance sheet, which may be unaudited,
- (iv) a statement of operations describing significant or material activities affecting the Company and Apartment Complex during the quarter,

(v) a schedule of all fees, other compensation, distributions and reimbursements of expenses paid on behalf of the Company to the Managing Member or any of its Affiliates during the quarter, and

(vi) intentionally deleted.

All quarterly reports from the Managing Member as described in this subsection (b) shall be delivered to the Members within thirty (30) days of the last day of the fiscal quarter which is the subject of the report.

(c) Annual Reports. The Managing Member shall cause to be prepared and distributed to all Persons who were Members at any time during the fiscal year of the Company, the following reports:

(i) all monthly reports not previously delivered as required under Section 13.04(a),

(ii) all quarterly reports not previously delivered as required under Section 13.04(b),

(iii) within sixty (60) days after the close of each fiscal year of the Company audited financial statements of the Company and the Affiliate Guarantor for the fiscal year prepared by the Accountants (or other independent accountants approved by the Special Member) in accordance with tax basis accounting with adjustments for generally accepted accounting principles, such financial information with respect to each fiscal year of the Company as shall be reportable for federal and state income tax purposes, and a copy of the Company's Federal tax return for the most recent reporting period.

(iv) within sixty (60) days after the close of each fiscal year of the Company:

- (A) tax basis balance sheet, statements of income and expense, Members' equity, and cash flows (including a calculation of Net Cash Flow and Surplus Cash) prepared by the Accountants and accompanied by an Accountant's report and opinion;
- (B) an unaudited report of the Managing Member detailing distributions made during the fiscal year, separately identifying distributions from Net Cash Flow for the reporting fiscal year and prior fiscal years, proceeds from Capital Transactions, and proceeds from reserves or other deposits held by or for the benefit of the Company;
- (C) a schedule of all fees, other compensation, distributions and reimbursements of expenses to the Managing Member or any of its

Affiliates during the fiscal year, not previously reported to the Members under Section 13.04(a) or (b) above; and

(D) intentionally deleted.

(v) the current rent roll for the Apartment Complex.

(d) Annual Certification as to Project Loans and Other Matters.

Within sixty (60) days after the end of each fiscal year of the Company, the Managing Member shall provide to the Investor Member:

(i) a certification by the Managing Member that (A) all Project Loan payments and taxes and insurance payments with respect to the Apartment Complex are current as of the date of the year-end report, (B) there is no material default under the Project Documents or this Agreement, or if there is any material default, a description thereof, and (C) it has not received notice of any building, health or fire code violation or similar violation of a governmental law, ordinance or regulation against the Apartment Complex or, if any such notice of any violation has been received, a description thereof;

(ii) a descriptive statement of all transactions during the fiscal year between the Company and the Managing Member and/or any Affiliate, including the nature of the transaction and the payments involved (including accrued cash or other payments); and

(iii) a copy of the annual report to be filed with the Agency concerning the status of the Apartment Complex as low-income housing.

(e) Information Upon Investor Member Request. Upon the written request of the Investor Member for further information with respect to any matter covered in Section 13.04(a) through (d) above, the Managing Member shall furnish such information within seven (7) days of receipt of such request.

(f) Annual Reports on Occupancy and Other Operational Matters. The Managing Member, on behalf of the Company, shall send to the Investor Member, on or before March 31 in each year, a report which shall state:

(i) the then occupancy level of the Apartment Complex;

(ii) if there are any Operating Deficits or anticipated Operating Deficits, the manner in which such Deficits will be funded; and

(iii) such other matters as shall be material to the operation of the Company, including, without limitation, any building, health or fire code violation or similar violation of a governmental law, ordinance or regulation by the Apartment Complex of which the Managing Member is aware.

(g) Estimates of Tax Items and Budgets. Not less than sixty (60) days prior to the end of each fiscal year, the Managing Member, on behalf of the Company, shall send to the Investor Member, for its Consent, an estimate of the Investor Member's share of the Tax Credits, profits and losses of the Company for federal income tax purposes for the current fiscal year, and the budget for the Company and Apartment Complex for the fiscal year to come.

(h) Reports on Defaults and Other Matters. The Managing Member shall send the Investor Member a detailed report of any of the following events within fifteen (15) days after the end of any calendar quarter during which such event occurs:

(i) a material default by the Company under the Project Documents or in payment of any mortgage, taxes, interest or other obligations on secured or unsecured debt;

(ii) the reduction or termination of any reserve by application of funds therein for purposes materially different from those for which such reserve was established;

(iii) the receipt by the Managing Member of any notice of a material fact which may substantially affect further distributions; or

(iv) the pledge or collateralization by any Member of its Interest in the Company.

(i) After the date of Substantial Completion, the Managing Member, on behalf of the Company, shall send to the Investor Member, a copy of all applicable periodic reports covering the status of the Apartment Complex as may be required by the Agency or the Project Lenders, within ten (10) days of submission of such reports to the Agency and/or applicable Project Lender.

(j) Fees and Penalties.

(i) In the event that the reports of information provided for in Sections 13.04(a) through (d) above are, at any time, not provided within the time frames set forth therein, the Managing Member shall be obligated to pay to the Special Member, upon demand, the sum of \$150.00 per day, as liquidated damages, for each day from the date upon which such report(s) or information is (are) due pursuant to the provisions of the aforesaid Sections until the date upon which such report(s) or information is (are) provided in form acceptable to the Special Member. In the event the Managing Member does not pay such fee as required above, the amount owed by the Managing Member shall be distributed to the Special Member from Net Cash Flow prior to any payment of Net Cash Flow which might otherwise be payable to the Managing Member or its Affiliates pursuant to the provisions of Section 11.03. Such amount shall be included as an amount guaranteed by the Affiliate Guarantor pursuant to the Affiliate Guaranty.

(ii) In the event that the Accountants fail to meet the reporting requirements set forth in any of the above provisions of this Section 13.04 and such failure involves a material tax matter for which the Accountants were responsible, the Investor Member, in its reasonable discretion, may direct the Managing Member to dismiss the Accountants, and to designate successor Accountants, subject to the approval of the Special Member, which approval shall not be unreasonably withheld, conditioned or delayed; provided, however, that if the Managing Member and the Investor Member cannot agree on the designation of successor Accountants, the successor Accountants shall be designated by the Investor Member in its sole reasonable discretion, and the fees of such successor Accountants shall be paid by the Company.

(iii) The Company shall pay, as an operational expense of the Company, an annual fee (the "Asset Management Fee") equal to \$5,000 to the Special Member or its Affiliate for an annual review of the operations of the Company and the Apartment Complex. Such fee shall be paid quarterly and shall be cumulative to the extent not paid in full in any year, commencing June 1, 2008. Such fee shall increase annually by three percent (3%) of the Asset Management Fee for the preceding year.

(iv) The Company shall pay, as an operational expense of the Company, an annual fee (the "Managing Member Asset Management Fee") equal to \$4,500 to the Managing Member, to be split equally between Charlotte and Grubb, for an annual review of the operations of the Company and the Apartment Complex. Such fee shall be paid quarterly, and shall be cumulative to the extent not paid in full in any year, commencing June 1, 2008. Such fee shall increase annually by three percent (3%) of the Managing Member Asset Management Fee for the preceding year.

(v) The Company shall pay, as an operational expense of the Company, an annual fee (the "Horizon Asset Management Fee") equal to \$7,500 to the Horizon Special Managing Member or its Affiliate for an annual review of the operation of the Company and the Apartment Complex. Such fee shall be paid quarterly, and shall be cumulative to the extent not paid in full in any year, commencing June 1, 2008. Such fee shall increase annually by three percent (3%) of the Horizon Asset Management Fee for the preceding year.

(k) Notification of Default, Service Proceedings and HUD REAC Reports. In addition to any requirement set forth in Article XIII hereof, the Managing Member shall immediately notify the Investor Member of any written or oral notice of (i) any default or failure of compliance with respect to any of the Project Loans, Project Documents or any other financial, contractual or governmental obligation of the Company or the Managing Member, (ii) any Service proceeding regarding the Apartment Complex or the Company, and (iii) all HUD REAC reports, investigations, scores and related documents concerning the Apartment Complex. Any such notice shall be accompanied by copies of the foregoing documents.

13.05 Section 754 Elections. In the event of a transfer of all or any part of the Interest of a Managing Member or of a Investor Member, the Company may elect, pursuant to Sections 743 and 754 of the Code (or any corresponding provision of succeeding law), to adjust the basis of the Company property if, in the opinion of the Investor Member, based upon the advice of the Accountants, such election would be most advantageous to the Investor Member. Each Member agrees to furnish the Company with all information necessary to give effect to such election.

13.06 Fiscal Year and Accounting Method. The fiscal year of the Company shall be the fiscal year of the Investor Member, which ends at December 31; provided, however, that upon request from the Investor Member, the fiscal year of the Company shall become the calendar year. All Company accounts shall be determined on an accrual basis.

ARTICLE XIV AMENDMENTS

14.01 Proposal and Adoption of Amendments. This Agreement may be amended by the Managing Member with the Consent of the Investor Member; provided that such Consent shall not be unreasonably withheld as to any proposed amendment which does not affect the obligations of the Managing Member or the rights of any of the Members under this Agreement; and further provided that, if the Investor Member proposes an amendment to this Agreement which either (a) increases or imposes upon the Investor Member the obligation to restore a deficit balance in its Capital Account, or (b) prospectively decreases the obligation of the Investor Member to restore a deficit balance in its Capital Account in a subsequent Fiscal Year of the Company, the Managing Member shall effectuate the adoption of such amendment; provided, however, that the Managing Member shall not be liable to the Investor Member for any adverse tax consequences that may result from any such increase or decrease.

ARTICLE XV CONSENTS, VOTING AND MEETINGS

15.01 Method of Giving Consent. Any Consent required by this Agreement may be given by a written Consent given by the consenting Member and received by the Managing Member at or prior to the doing of the act or thing for which the Consent is solicited.

15.02 Submissions to Investor Members. The Managing Member shall give the Investor Member Notice of any proposal or other matter required by any provision of this Agreement or by law to be submitted for consideration and approval of the Investor Members. Such Notice shall include any information required by the relevant provision or by law.

15.03 Meetings: Submission of Matter for Voting. A majority in Interest of the Investor Members shall have the authority to convene meetings of the Company and to submit matters to a vote of the Members.

ARTICLE XVI
GENERAL PROVISIONS

16.01 Burden and Benefit. The covenants and agreements contained herein shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties hereto.

16.02 Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Formation. The parties agree that venue for the prosecution of any state court proceedings brought to enforce this Agreement, shall be Dover, Delaware, and for the prosecution of any federal court proceeding, shall be the U.S. District Court for the District of Delaware.

16.03 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

16.04 Separability of Provisions. Each provision of this Agreement shall be considered separable, and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.

16.05 Entire Agreement. This Agreement sets forth all (and is intended by all parties to be an integration of all) of the representations, promises, agreements and understandings among the parties hereto with respect to the Company, the Company business and the property of the Company, and there are no representations, promises, agreements or understandings, oral or written, express or implied, among them other than as set forth or incorporated herein.

16.06 Liability of the Investor Member. Notwithstanding anything to the contrary contained herein, neither the Investor Member nor any of its members or partners, general or limited, as the case may be, shall have any personal liability to any of the parties to this Agreement with regard to the representations and covenants extended, or the obligations undertaken, by the Investor Member under this Agreement, except that the Investor Member shall be personally obligated to fund its Capital Contributions when, as and if required by this Agreement and subject to any defenses and offsets it may have with respect to the funding of such Capital Contributions. In the event that the Investor Member shall be in default under any of the terms of this Agreement, the sole recourse of any party hereto for any indebtedness due hereunder, or for any damages resulting from

any such default by the Investor Member, shall be either against the Interest of the Investor Member and the capital contributions of the investor members of the Investor Member (either directly or through another Investor Member) allocated to, and remaining for investment in, the Company; provided, however, that under no circumstances shall the liability of the Investor Member for any such default be in excess of the amount of Capital Contribution payable by the Investor Member to the Company, under the terms of this Agreement, at the time of such default, less the value of the Interest of the Investor Member, if such Interest is claimed as compensation for damages.

16.07 Environmental Protection.

(a) The Managing Member represents and warrants that (i) except as disclosed in the Phase I Environmental Site Assessment, prepared by ECS Carolinas, LLP, dated March 3, 2006, it has no knowledge of any deposit, storage, disposal, burial, discharge, spillage, uncontrolled loss, seepage or filtration of any Hazardous Substances at, upon, under or within the Land or any contiguous real estate and (ii) it has not caused or permitted to occur, and it shall not permit to exist, any condition which may cause a discharge of any Hazardous Substances at, upon, under or within the Land or on any contiguous real estate.

(b) The Managing Member further represents and warrants that, to the best of its knowledge (i) neither it nor any other party has been, is or will be involved in operations at or, pursuant to the Managing Member's best knowledge, near the Land, which operations could lead to (A) a determination of liability under the Hazardous Waste Laws as to the Company or (B) the creation of a lien on the Land under the Hazardous Waste Laws or under any similar laws or regulations; and (ii) the Managing Member has not permitted, and will use best efforts not to permit, any tenant or occupant of the Apartment Complex to engage in any activity that could impose liability under the Hazardous Waste Laws on such tenant or occupant, on the Land or on any other owner of the Apartment Complex.

(c) The Managing Member shall comply strictly and in all respects with all material requirements of the Hazardous Waste Laws and related regulations and with all similar laws and regulations.

(d) The Managing Member shall at all times indemnify and hold harmless the Company and the Investor Member against and from any and all claims, suits, actions, debts, damages, costs, charges, losses, obligations, judgments and expenses, of any nature whatsoever, suffered or incurred by the Company or the Investor Member, under or on account of the Hazardous Waste Laws or any similar laws or regulations, including the assertion of any lien thereunder.

(e) For purposes of this Section 16.07, the term "Hazardous Substances" shall mean and include, without limitation, any hazardous, toxic or dangerous substance, waste or material, specifically including for purposes of this Agreement any petroleum or crude oil or fraction thereof, friable asbestos or asbestos

containing material, polychlorinated biphenyls or urea formaldehyde foam insulation defined as such in, regulated by or for the purpose of, or in violation of any Hazardous Waste Laws. As used in this Agreement, the term "Hazardous Waste Laws" shall mean any governmental requirements pertaining to land use, air, soil, subsoil, surface water, groundwater (including the quality of, protection, clean-up, removal, remediation or damage of or to land, air, soil, subsoil, surface water and groundwater), including, without limitation, the following laws as the same may be from time to time amended: the Comprehensive Environmental Response Liability and Compensation Act, 42 U.S.C. § 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §6901, et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Federal Water Pollution Control Act, 33 U.S.C. §1251 et seq., the Safe Drinking Water Act, 42 U.S.C. § 300f et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., the Rivers and Harbors Act, 33 U.S.C. § 401 et seq., the Transportation Safety Act of 1974, portions of which are located at 49 U.S.C. § 1801 et seq., the Endangered Species Act, 16 U.S.C. § 1531 et seq., or any so-called "superfund" or "superlien" law, together with any other foreign or domestic laws (federal, state, provincial or local), common law, local rule, regulation (including, without limitation, any future change in judicial or administrative decisions interpreting or applying any of the laws, rules or regulations referred to herein) relating to emissions, discharges, release or threatened releases of any Hazardous Substances into ambient air, land, soil, subsoil, surface water, groundwater, personal property or structures, or otherwise relating to the manufacture, processing distribution, use treatment, storage, disposal, transport, discharge or handling of any Hazardous Substances, now or at any time hereafter in effect.

16.08 Notices. Any Notice required by the provisions of this Agreement to be given to one or more Members shall be addressed as follows:

(a) To the Investor Member or Special Member:

c/o Apollo Housing Capital, L.L.C.
600 Superior Avenue
Suite 2300
Cleveland, Ohio 44114
Attention: President and General Counsel
Fax No.: (216) 875-2612

with a copy to:

Applegate & Thorne-Thomsen, P.C.
322 S. Green Street, Suite 400
Chicago, Illinois 60607
Attention: Bennett P. Applegate
Fax No.: (312) 421-6162

(b) To the Managing Member:

Charlotte Revitalization One, LLC
8484 Georgia Avenue, Suite 620
Silver Spring, Maryland 20910
Attention: Peter Behringer
Fax No.: (301) 563-6160

and

GP Community Housing LLC
1523 Elizabeth Avenue, Suite 220
Charlotte, North Carolina 28204
Attention: Clay Grubb
Fax No.: (704) 372-9882

With a copy to:

Klein Hornig LLP
1401 K Street, NW, Suite 700
Washington, D.C. 20005
Attention: Aaron O'Toole
Fax No.: (202) 842-3936

(c) To the Special Managing Member:

Horizon Acquisition Corp.
c/o Housing Authority of the City of Charlotte, N.C.
1301 South Boulevard
Charlotte, North Carolina 28203
Attention: President
Fax No.: (704) 336-5237

With a copy to:

The Banks Law Firm, P.A.
4819 Emperor Blvd., Suite 110
Durham, NC 27703
Attention: Sherrod Banks, Esq.
Fax No: (919) 474-9137

16.09 Headings. All section headings are for convenience only and shall not be taken into consideration in interpreting or otherwise construing this Agreement.

16.10 Pronouns and Plurals. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or persons may require.

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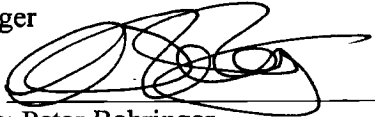
IN WITNESS WHEREOF, the parties have affixed their signatures and seals to this Amended and Restated Agreement of Limited Liability Company of Seigle Point LLC, as of the date first written above.

MANAGING MEMBER:

Charlotte Revitalization One, LLC,
a Delaware limited liability company

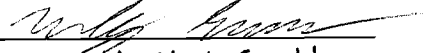
By: TCG Development Services, L.L.C.,
Its manager and sole member

By: The Communities Group, Inc., its
manager

By: 
Name: Peter Behringer
Title: Executive Vice President

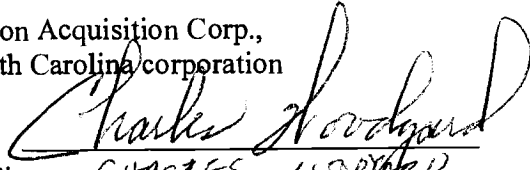
GP Community Housing LLC
a North Carolina limited liability company

By: Grubb Properties, Inc., its manager

By: 
Name: W. Clay Grubb
Title: President

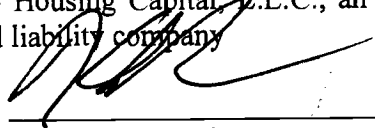
HORIZON SPECIAL MANAGING MEMBER:

Horizon Acquisition Corp.,
a North Carolina corporation

By: 
Name: CHARLES HODGSON
Title: PRESIDENT

INVESTOR MEMBER:

Apollo Housing Capital, L.L.C., an Illinois
limited liability company

By: 
Name: Kenneth L. Lohiser
Title: Vice President

SPECIAL MEMBER:

Apollo Housing Manager II, Inc., a
Delaware corporation

By: 

Name: _____

Kenneth L. Lohiser

Title: _____

Vice President

APPENDIX I

HUD REQUIRED PROVISIONS RIDER

PUBLIC HOUSING

1. **Applicable Public Housing Requirements.** The Members acknowledge that the CHA has provided, and will provide, financial assistance provided by HUD under the U.S. Housing Act of 1937, as amended (42 U.S.C. 1437, *et. seq.*) (the "Act") on behalf of one hundred two (102) public housing units and related appurtenances (the "Public Housing Units") which are a part of the Project owned by the Members. In return for its receipt of such assistance, the Members agree to develop, operate and maintain the Public Housing Units in accordance with all requirements applicable to public housing, including, but not limited to, the Act, HUD regulations thereunder (and, to the extent applicable, any HUD-approved waivers of regulatory requirements), the ACC, the Mixed Finance Amendment adding the project to the ACC (the "Mixed Finance ACC Amendment"), the HOPE VI grant agreement (if applicable), HUD notices (including any notice of fund availability under which the CHA received an award of HOPE VI funds for use in connection with the Public Housing Units), the HUD-approved Declaration of Restrictive Covenants in favor of HUD (the "Declaration"), the HUD-approved Regulatory and Operating Agreement between Company and the CHA with respect to the Public Housing Units (the "Regulatory and Operating Agreement"), the CHA's admissions and occupancy policies applicable to the Project, as set forth in the CHA's approved PHA Plan under 24 CFR part 903, and all applicable Federal statutory, regulatory and executive order requirements, as those requirements may be amended from time to time ("Applicable Public Housing Requirements").

2. **Conflicts.** Notwithstanding any provision to the contrary herein, in the event of a conflict or inconsistency between a provision contained in this Agreement, and a requirement set forth in (i) any of the documents entered into between the Company and the CHA, or between the Company and any third party(ies), with respect to the development of the Public Housing Units (the "Development Documents"); or (ii) the Applicable Public Housing Requirements, as defined herein, then the Development Documents and the Applicable Public Housing Requirements shall (except as such requirements may have been expressly waived in writing by HUD) in all instances be controlling. In the further event of a conflict or inconsistency between a provision set forth in the Development Documents and the Applicable Public Housing Requirements, then the Applicable Public Housing Requirements shall in all instances be controlling.

3. **No Waiver.** The approval by HUD of the Mixed-Finance ACC Amendment for the Public Housing Units, including any documents identified in the Mixed Finance ACC Amendment in connection with the development, operation or maintenance of the Public Housing Units (including, but not limited to, this Agreement), shall not be deemed to be HUD approval for this Agreement to amend, modify, or otherwise alter the Development Documents, or the Applicable Public Housing Requirements.

4. **Guaranty Obligations and Indemnifications.** The Investor Member acknowledges and agrees that the Managing Member, or any entity with a controlling interest in the Managing Member (the “Controlling Entity”), has no authority to provide the Investor Member with guarantees or indemnifications involving the assets of the Public Housing Units or the assets of the CHA. Accordingly, the Investor Member acknowledges that public housing operating subsidies, or other receipts generated by the Project, may not be used to make cash flow distributions to the Investor Member.

5. **Restrictions on Disposition of Project and of Membership Interests; Restoration Requirements.** The Members expressly acknowledge and agree that, in return for their receipt of assistance under the Act, the Public Housing Units are subject to, among other requirements, a low income use requirement, to restrictions on disposition (both with respect to the Public Housing Units and to transfers of the interests of the Members under this Agreement), and to restoration requirements (in the event of a partial or total casualty loss or condemnation of the Project), as more fully set forth in the Declaration and the Mixed Finance ACC Amendment.

6. **Owner compliance obligations.** The Managing Member agrees to ensure that every contract, or other legally binding agreement, entered into between the Company and any third party with respect to the development, management, operation or disposition of the Public Housing Units requires such third party to comply with the Applicable Public Housing Requirements in connection with the Public Housing Units. The Managing Member further agrees to include in any such contract, or other legally binding agreement, with a third party the disclaimers (as appropriately modified) set forth in §7 and 8 herein.

7. **Transfer of HUD Funds.** The parties to this Agreement acknowledge that the transfer of public housing development and/or operating assistance (including HOPE VI assistance, if applicable) to the Company shall not be deemed to be an assignment of development and/or operating assistance. Accordingly, the parties further acknowledge that the Company shall not succeed to any rights or benefits of the CHA under the ACC, the Mixed Finance ACC Amendment, the HOPE VI grant agreement (if applicable), nor shall it attain any privileges, authorities, interests, or rights in or under the ACC, the Mixed Finance ACC Amendment, or the HOPE VI grant agreement.

8. **Disclaimer of Relationships.** The parties to this Agreement acknowledge that nothing in the ACC, the Mixed Finance ACC amendment, the HOPE VI grant agreement (if applicable), or any other agreement or contract between the parties shall be deemed to create a relationship of third-party beneficiary, principal and agent, limited or general partnership, joint venture, or any association or relationship involving HUD.

9. **No Amendment.** This Agreement may not, without the prior written approval of HUD, be amended in any way that, in the opinion of HUD, may adversely affect the development and/or continued maintenance and operation of the Public Housing Units as public housing.

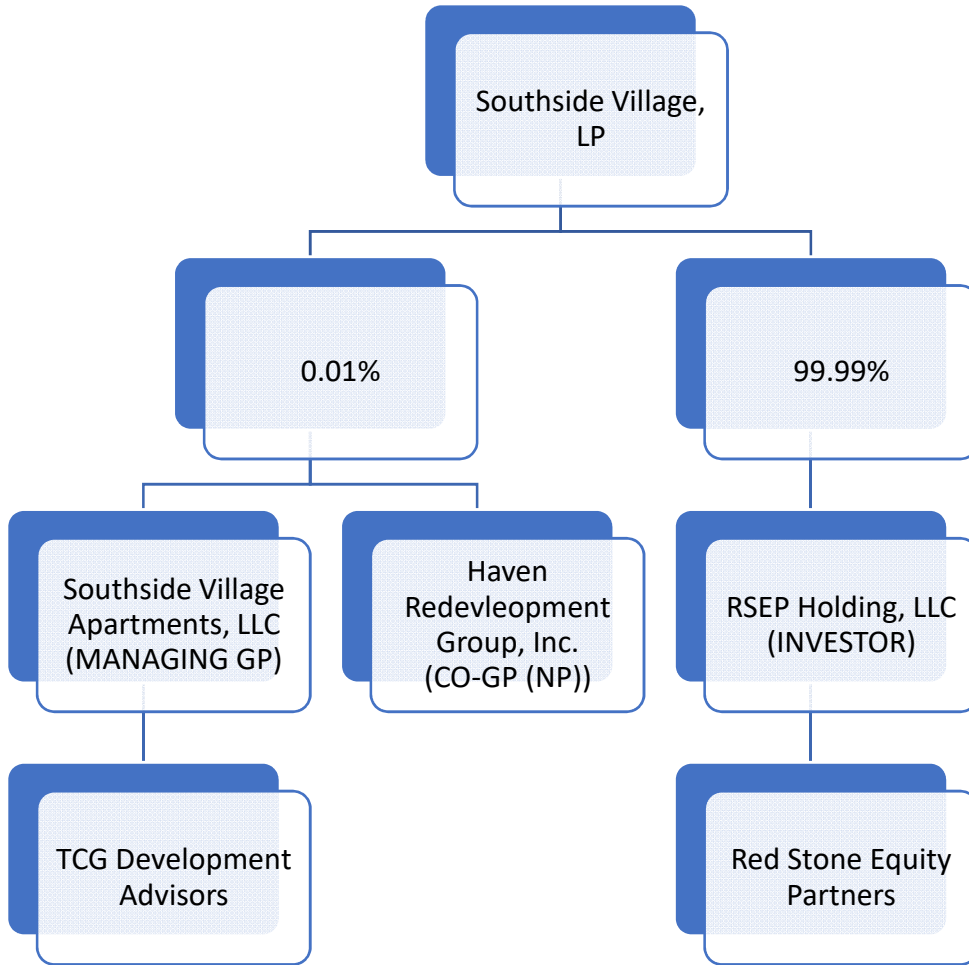
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FINAL

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B	Incentive Management Fee Agreement
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E	Managing Member Pledge and Security Agreement; Horizon Pledge and Security Agreement
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Ownership Chart for Southside Village



SOUTHSIDE VILLAGE, LP,

A NORTH CAROLINA LIMITED PARTNERSHIP

AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP

As of November 1, 2014

THE PARTNERSHIP INTERESTS EVIDENCED BY THIS AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP (THE "AGREEMENT") HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR PURSUANT TO APPLICABLE STATE SECURITIES LAWS ("BLUE SKY LAWS"). ACCORDINGLY, THE PARTNERSHIP INTERESTS CANNOT BE RESOLD OR TRANSFERRED BY ANY PURCHASER THEREOF WITHOUT REGISTRATION OF THE SAME UNDER THE SECURITIES ACT AND THE BLUE SKY LAWS OF SUCH STATE(S) AS MAY BE APPLICABLE, OR IN A TRANSACTION WHICH IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND THE BLUE SKY LAWS OR WHICH IS OTHERWISE IN COMPLIANCE THEREWITH. IN ADDITION, THE SALE OR TRANSFER OF SUCH PARTNERSHIP INTERESTS IS SUBJECT TO CERTAIN RESTRICTIONS SET FORTH IN THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, THE RESTRICTIONS SET FORTH IN ARTICLE 9 HEREOF.

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**SOUTHSIDE VILLAGE, LP
A NORTH CAROLINA LIMITED PARTNERSHIP**

AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP

THIS AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP is made and entered into as of November 1, 2014, by and among Southside Village Apartments LLC, a North Carolina limited liability company (the "Managing General Partner"), Haven Redevelopment Group, Inc. (f/k/a Lexington Housing Redevelopment Corporation, Inc.), a North Carolina nonprofit corporation (the "Co-General Partner", and collectively with the Managing General Partner, the "General Partner"), Southside Village Apartments LLC, a North Carolina limited liability company, the withdrawing limited partner (the "Withdrawing Limited Partner"), and RSEP Holding, LLC, a Delaware limited liability company (the "Limited Partner"), and Red Stone Equity Manager, LLC, a Delaware limited liability company (the "Special Limited Partner").

WHEREAS, the Managing General Partner, as managing general partner, executed a Certificate of Domestic Limited Partnership (the "Certificate") for the formation of Southside Village, LP (the "Partnership") pursuant to the terms of the North Carolina Revised Uniform Limited Partnership Act (the "Act"), which Certificate was subsequently filed with the Secretary of State of North Carolina (the "State") on February 9, 2012;

WHEREAS, the Managing General Partner, holding a .0049% partnership interest, and the Co-General Partner, holding a .0051% partnership interest, and the Withdrawing Limited Partner, as limited partner, have previously executed an Agreement of Limited Partnership (the "Original Agreement") of the Partnership;

WHEREAS, the General Partner, the Special Limited Partner and the Limited Partner wish to continue the Partnership pursuant to the Act;

WHEREAS, the Partnership has been formed to develop, rehabilitate, own, maintain and operate a 130-unit multifamily apartment complex, known as Southside Village Apartments, located in the City of Lexington, Davidson County, North Carolina;

WHEREAS, the parties hereto now desire to enter into this Amended and Restated Agreement of Limited Partnership to (i) continue the Partnership under the Act; (ii) withdraw the Withdrawing Limited Partner from the Partnership; (iii) admit the Limited Partner and the Special Limited Partner to the Partnership as limited partners; (iv) set forth all of the provisions governing the Partnership; and (v) amend and restate the Original Agreement in its entirety.

NOW, THEREFORE, in consideration of the foregoing, of mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereby agree to continue the Partnership pursuant to the Act, as set forth in this Amended and Restated Agreement of Limited Partnership, which reads in its entirety as follows:

ARTICLE 1.
CONTINUATION OF PARTNERSHIP

1.01 Continuation. The undersigned hereby continue the Partnership as a limited partnership under the Act.

1.02 Name. The name of the Partnership is Southside Village, LP.

1.03 Principal Place of Business; Agent for Service of Process.

(a) Principal Place of Business. The principal place of business of the Partnership shall be 348 Thompson Creek Mall, Suite 357, Stevensville, Maryland 21666. The Partnership may change the location of its principal place of business to such other place or places within the State as may hereafter be determined by the General Partner. The General Partner shall promptly notify all other Partners of any change in the principal place of business. The Partnership may maintain such other offices at such other place or places as the General Partner may from time to time deem advisable.

(b) Agent for Service of Process. The name and address of the agent for service of process is Terrance Gerald, 1 Jamaica Drive, Lexington, North Carolina 27292. The Partnership may change the agent for service of process to such other agent as may hereafter be determined by the General Partner. The General Partner shall promptly notify all other Partners of any change in the agent for service of process.

1.04 Withdrawal of Withdrawing Limited Partner and Admission of Limited Partner and Special Limited Partner. The Withdrawing Limited Partner hereby withdraws as a Partner of the Partnership, and represents and warrants that (a) it has no claims or causes of action against the Partnership or any asset thereof, (b) it has no interest in the Partnership or any property or asset thereof, and (c) is not entitled to any fees, distributions, compensation or payments from the Partnership. The Limited Partner and Special Limited Partner are hereby admitted to the Partnership as the sole limited partners thereof.

1.05 Term. The term of the Partnership commenced as of the date of the filing of the Certificate with the Secretary of State of the State, and shall continue in perpetuity, unless the Partnership is sooner dissolved in accordance with the provisions of this Agreement. Notwithstanding any provision to the contrary, so long as HUD is the insurer or holder of the FHA Loan, the Partnership shall not be dissolved without HUD's prior written consent.

1.06 Filing of Certificate. Upon the execution of this Amended and Restated Agreement of Limited Partnership by the parties hereto, the General Partner shall take all actions necessary to assure the prompt recording of an amendment to the Certificate if and as required by the Act, including filing with the Secretary of State of the State. All fees for filing shall be paid out of the Partnership's assets. The General Partner shall take all other necessary action required by law to perfect and maintain the Partnership as a limited partnership under the laws of the State, and shall register the Partnership under any assumed or fictitious name statute or similar law in force and effect in the State.

1.07 Assignment to the Partnership. The General Partner hereby transfers and assigns to the Partnership all of its right, title and interest in and to the Apartment Complex, including the following:

(a) any and all contracts with architects, contractors and supervising architects with respect to the development of the Apartment Complex;

(b) any and all plans, specifications and working drawings, heretofore prepared or obtained in connection with the Apartment Complex and all governmental approvals obtained, including planning, zoning and building permits;

(c) any and all commitments with respect to the Project Loans and the Tax Credits;

(d) any and all rights under and pursuant to the Project Documents; and

(e) any other work product related to the Apartment Complex.

ARTICLE 2. DEFINED TERMS

In addition to the terms defined in the preamble to this Agreement, the following terms used in this Agreement shall have the meanings specified below:

“Accountants” means Sherbert Associates, P.C. or such other firm of independent certified public accountants as may be engaged by the General Partner, with the Consent of the Special Limited Partner, to prepare the Partnership income tax returns and audited financial statements and provide other services to the Partnership.

“Act” means the Revised Uniform Limited Partnership Act of the State, as may be amended from time to time during the term of the Partnership.

“Actual Credits” means as of any point in time, the total amount of the Tax Credits allocated by the Partnership to the Limited Partner representing in the aggregate ninety-nine and nine hundred eighty-nine thousandths percent (99.989%) of the aggregate Tax Credits reported and claimed by the Partnership and its Partners on their respective federal information and income tax returns, and not disallowed by any taxing authority.

“Adjusted Capital Account Deficit” means, with respect to any Partner, the deficit balance, if any, in such Partner’s Capital Account as of the end of the relevant fiscal period after giving effect to the following adjustments: (a) the credit to such Capital Account of any amounts which such Partner is obligated to restore under this Agreement or is deemed to be obligated to restore pursuant to either (i) the penultimate sentences of Treas. Reg. §1.704-2(g)(1) and Treas. Reg. §1.704-2(i)(5), or (ii) amounts that the Partner is treated as obligated to restore under Treas. Reg. §1.704-1(b)(2)(ii)(c); and (b) the debit to such Capital Account of the amounts described in Treas. Reg. §1.704-1(b)(2)(ii)(d)(4), (5) and (6). The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treas. Reg. §1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

“Affiliate” of a specified Person means (i) any Person directly or indirectly controlling, controlled by or under common control with the Person specified, (ii) any Person owning or controlling ten percent (10%) or more of the outstanding voting securities or beneficial interests of the Person specified, (iii) any officer, director, partner, trustee or member of the immediate family of the Person specified, (iv) if the Person specified is an officer, director, general partner or trustee, any corporation, partnership or trust for which that Person acts in that capacity, or (v) any Person who is an officer, director, partner, member, trustee or holder of ten percent (10%) or more of the outstanding voting securities or beneficial interests of any Person described in clauses (i) through (iv). The term “control” (including the term “controlled by” and “under

common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Agency” means the North Carolina Housing Finance Agency, or any successor thereof, in its capacity as the agency of the State designated to allocate Tax Credits, acting through any authorized representative.

“Agreement” means this Amended and Restated Agreement of Limited Partnership, as amended from time to time.

“AHP Loan” means that certain construction/permanent Federal Home Loan Bank – Affordable Housing Program (“AHP”) loan in the amount of \$500,000 to be made by the Housing Authority to the Partnership, upon the Housing Authority’s receipt of an AHP grant in the amount of \$500,000, with 0% interest and a term of forty (40) years plus the construction period, to be used to prepay a portion of the Housing Authority Loan.

“Apartment Complex” means the Land and the 130-unit multifamily rental housing development (all of which are Low-Income Units) comprised of 65 residential buildings and other improvements, including a community building to be rehabilitated, owned and operated thereon by the Partnership, and to be known as Southside Apartments.

“Architect” means Ross/Deckard Architects, P.A., the architect who prepared the Plans and Specifications and who will inspect the progress of rehabilitation of the Apartment Complex.

“As-Built Plans and Specifications” means the plans and specifications for the Apartment Complex stamped with the seal of the Architect and issued upon Substantial Completion.

“Asset Management Fee” shall have the meaning set forth in Section 14.04.

“Assignment” means the form of Assignment and Assumption Agreement substantially in the form attached hereto as Exhibit K pursuant to which the Limited Partner may hereafter transfer its interest in the Partnership to a Fund.

“Assumed Limited Partner Tax Liability” means for any given year the product of (i) the taxable income of the Limited Partner for federal income tax purposes, if any, resulting from allocations made to the Limited Partner pursuant to Article 11 but not including any taxable income resulting from a Capital Transaction, times (ii) a percentage equal to the sum of (A) the highest federal corporate tax rate for such year, plus (B) the highest state corporate tax rate for such year for the State.

“Authority” or “Authorities” means any nation or government, any state or other political subdivision thereof, and any entity exercising its executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including but not limited to, any federal, state or municipal department, commission, board, bureau, agency, court, tribunal or instrumentality.

“Bankruptcy” or “Bankrupt” as to any Person means:

(i) The entry of a decree or order for relief by a court having jurisdiction in respect of such Person in an involuntary case under the federal bankruptcy laws, as now

constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) for such Person or for any substantial part of his property, or ordering the winding-up or liquidation of his affairs, and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days;

(ii) The commencement by such Person of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) for such person or for any substantial part of his or its property, or the making by such Person of any assignment for the benefit of creditors, or the taking of action by such Person in furtherance of any of the foregoing;

(iii) The commencement against such Person of an involuntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy insolvency or similar laws which has not been vacated or discharged within sixty (60) consecutive days;

(iv) The admission by such Person of his or its inability to pay his or its debts as they become due; or

(v) Such Person becoming "insolvent" by the taking of any action or the making of any transfer or otherwise, as insolvency is or may be defined pursuant to the federal bankruptcy laws, the Uniform Fraudulent Conveyances Act, any state or federal act or law, or the ruling of any court.

"Bonds" means those certain \$5,100,000 Multifamily Housing Revenue Bond (Southside Village Apartments Project), Series 2014 to be issued by the Issuer on or before the Initial Closing.

"Bond Issuer" means the Lexington Housing Authority.

"Bond Lender" means Branch Banking and Trust Company.

"Bond Loan" means that certain loan to be made from the Bond Lender to the Partnership in the anticipated principal amount of \$5,100,000, which loan shall be collateralized by the proceeds of the FHA Loan.

"Breakeven Operations" means the date upon which the gross operating revenues from the normal operation of the Apartment Complex received on a cash basis (including all public subsidy payments and RAD HAP Contract payments due and payable at such time but not yet received by the Partnership and not more than 60 days in arrears, but excluding capital advances, tenant security deposits and insurance proceeds) for a period of three (3) consecutive calendar months after Final Closing equals or exceeds the greater of all projected (as set forth in the Projections) or actual accrued operating costs of the Apartment Complex, including, but not limited to, taxes, assessments, Replacement Reserve deposits and debt service payments and a ratable portion of the annual amount (as reasonably estimated by the General Partner) of those seasonal and/or periodic expenses (such as water and sewer charges, utilities, maintenance expenses and real estate taxes or service charges in lieu of real estate taxes) which might reasonably be expected to be incurred on an unequal basis during a

full annual period of operation, for such period of three (3) consecutive calendar months on an annualized basis (based on projections of the Partnership), as evidenced by a certification of the General Partner with an accompanying unaudited balance sheet of the Partnership indicating that all trade payables have been satisfied (or with respect to trade payables within sixty (60) days of the date the services were performed or goods were delivered, the trade payables shall not be past due and the Partnership shall have an adequate cash reserve for the payment of such trade payables), all as shall be subject to the approval of the Special Limited Partner. Notwithstanding the foregoing, lower actual expenses may be used in lieu of higher projected expenses in the calculation of Breakeven Operations in instances where there is a true cost savings (i.e. cost savings that do not result from a change in goods or services provided to the Apartment Complex, such as a reduction in taxes or insurance premiums without any change in insurance coverage) or for any particular line item in the budget where there is a cost savings that is approved by the Special Limited Partner. For purposes of this definition of "Breakeven Operations", non project-based public subsidy payments for any unit shall only be counted to the extent that the monthly public subsidy payment for that unit, when combined with the monthly tenant-paid rent, does not exceed the monthly maximum Tax Credit rent for such unit based on the applicable area median income limit for such unit, which shall not exceed the sixty percent (60%) or the fifty percent (50%) area median income limit, as applicable. For the purpose of calculating Breakeven Operations only, the following costs shall not be considered operating costs of the Apartment Complex: (i) payments on the Incentive Management Fee; (ii) payments to be made under the Development Agreement; and (iii) the Asset Management Fee.

Such calculation shall be subject to the Consent of the Special Limited Partner and shall be evidenced by a certification of the General Partner with an accompanying unaudited balance sheet and operating statement of the Partnership. The Special Limited Partner shall be provided with all documents and records which they may reasonably require in order to verify the achievement of Breakeven Operations and shall have the right to examine and copy all books and records of the Partnership, General Partner (relating to the Partnership and/or the Apartment Complex) and Management Agent (relating to the Partnership and/or the Apartment Complex) in connection therewith.

"Capital Account" means the capital account of a Partner as described in Section 11.06.

"Capital Contribution" means the total amount of money or other property contributed or agreed to be contributed, as the context requires, to the Partnership by each Partner pursuant to the terms of this Agreement. Any reference to the Capital Contribution of a Partner shall include the Capital Contribution made by a predecessor holder of the Interest of such Partner.

"Capital Transaction" means any transaction out of the ordinary course of the Partnership's business which is capital in nature, including without limitation, the disposition, whether by sale (except when such sale proceeds are to be used pursuant to a plan or budget approved by all of the Partners), casualty (where the proceeds are not to be used for reconstruction), condemnation, refinancing or similar event of any part or all of the Apartment Complex.

"Carveouts" means usual and customary recourse liabilities associated with fraud, misrepresentation, misuse of insurance proceeds or other liabilities specified in the Project Loan documents for which the Special Limited Partner has provided its Consent.

"Certificate" means the Partnership's Certificate of Limited Partnership or any certificate of limited partnership or any other instrument or document which is required under the laws of

the State to be signed and sworn to by the General Partner and filed in the appropriate public offices within the State to perfect or maintain the Partnership as a limited partnership under the laws of the State, to effect the admission, withdrawal or substitution of any Partner of the Partnership, or to protect the limited liability of the Limited Partners as limited partners under the laws of the State.

“Certified Credits” means ninety-nine and nine hundred eighty-nine thousandths percent (99.989%) of the annual Tax Credits that the Accountants certify in writing to the Partnership that the Partnership will be able to claim during each full fiscal year during the Credit Period for all buildings in the Apartment Complex assuming full compliance with the rent restrictions and income limitations of Section 42 of the Code. The calculation of the Certified Credits shall be based upon and determined promptly following issuance of the Form(s) 8609 issued by the Agency for all the buildings comprising the Apartment Complex. If there is a delay in issuance of the Form(s) 8609, with Consent of the Special Limited Partner, the calculation of the Certified Credits shall initially be based on the cost certification prepared in connection with the application by the Partnership for Form(s) 8609, provided that such determination shall be subject to further adjustment upon issuance of the Form(s) 8609. Once the Certified Credits are determined, they shall not be adjusted during the term of this Agreement, except if, pursuant to the previous sentence the Certified Credits are determined based on a cost certification, in which case they may be adjusted following issuance of the Form(s) 8609; provided, however, if with respect to a Tax Credit Recapture Event the General Partner makes a payment under Section 8.09 (c), then the Certified Credits shall be reduced prospectively by the annual reduction in Tax Credits attributable to such Tax Credit Recapture Event.

“Certified Credit Capital Adjustment” has the meaning set forth in Section 5.03(b)(i).

“Certified Credit Capital Decrease” has the meaning set forth in Section 5.03(b)(ii).

“Certified Credit Capital Increase” has the meaning set forth in Section 5.03(b)(iii).

“Code” means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of succeeding law.

“Co-General Partner” means Haven Redevelopment Group, Inc. (f/k/a Lexington Housing Redevelopment Corporation, Inc.), a North Carolina nonprofit corporation, and any other Person admitted as a general partner pursuant to this Agreement, and their respective successors as any such successor may be admitted pursuant to this Agreement, including those Persons admitted pursuant to the provisions of Sections 6.02 and 6.03.

“Compliance Period” means the fifteen-year “compliance period” as defined in and determined in accordance with Section 42(i) of the Code.

“Consent” means the prior written consent or approval of the Limited Partner, Special Limited Partner and/or any other Person, as the context may require, to do the act or thing for which the consent is solicited, provided that in such circumstances where the Limited Partner's Consent is required hereunder, the Limited Partner may designate the Special Limited Partner as the party to determine if any Consent is to be given or withheld. Except as otherwise specified in this Agreement, such Consent shall not be unreasonably withheld, conditioned or delayed.

“Construction Contract” means the construction contract (and any amendments thereto and inclusive of a description of the Plans and Specifications) in the lump sum of \$5,018,815 (including all exhibits and attachments thereto) to be entered into between the Partnership and the Contractor, pursuant to which the Apartment Complex is to be rehabilitated. Such Construction Contract, and any amendments thereto, shall be subject to the Consent of the Special Limited Partner.

“Construction Inspector” shall mean Dominion Due Diligence Group.

“Contractor” means Mutual Builders, Inc., a North Carolina corporation, which is the general construction contractor for the Apartment Complex.

“Continued Compliance Sale” has the meaning set forth in Section 8.03(a).

“Contribution Certificate” means a certificate in the form attached hereto as Exhibit B-1 to be delivered to the Limited Partners concurrently with the making of each Limited Partner Capital Contribution (other than the initial Limited Partner Capital Contribution) acceptable to the Limited Partner.

“Counsel” or “Counsel for the Partnership” means Klein Hornig, LLP, or such other attorney or law firm upon which the Special Limited Partner and the General Partner shall agree; provided, however, that if any section of this Agreement either (i) designates particular counsel for the purpose described therein, or (ii) provides that counsel for the purpose described therein shall be chosen by another method or by another Person, then such designation or provision shall prevail over this general definition.

“Credit Period” means the ten (10) year credit period as to each of the buildings comprising the Apartment Complex, as defined in and determined in accordance with Section 42(f) of the Code. The Credit Period shall be extended one additional year, to eleven (11) years, if Tax Credits are delivered pursuant to Section 42(f)(2)(B), i.e. first year Tax Credits being delivered in an 11th year.

“Debt Service Coverage Ratio” means for the applicable period of calculation, a fraction, the numerator of which is the difference between all cash actually received by the Partnership on a cash basis from normal operations (including public subsidy, if any), determined utilizing the greater of 7% or the actual vacancy of the Apartment Complex for the prior month’s operations, less the greater of (i) the Partnership’s projected operational costs for such period, which shall be the portion (pro rated for such period) of the initial projected annual expenses of \$644,897, or (ii) all the accrued actual operational costs of the Apartment Complex (including reserve requirements) determined utilizing the greater of 7% or the actual vacancy of the Apartment Complex for the prior month’s operations, and the denominator of which is all required debt service, mortgage insurance premium and/or other cash requirements imposed by the Project Loan documents properly allocable to a particular period on an annualized basis, as approved by the Special Limited Partner. For purposes hereof, all cash actually received from normal operations shall exclude capital advances, insurance (other than rental loss insurance proceeds) and condemnation proceeds, loan proceeds, security deposits (except to the extent such deposits are applied against rent or other amounts then payable by a tenant under the applicable lease) and similar items of a nonrecurring nature. Notwithstanding the foregoing, lower actual expenses may be used in lieu of higher projected expenses in instances where there is a true cost savings (i.e. cost savings that do not result from a change in goods or services provided to the Apartment Complex, such as a reduction in taxes or insurance

premiums without any change in insurance coverage) or for any particular line item in the budget where there is a cost savings that is approved by the Special Limited Partner. For purposes of calculating Debt Service Coverage Ratio, the following costs shall not be considered operating costs of the Apartment Complex: (i) payments on the Incentive Management Fee; (ii) payments to be made under the Development Agreement; and (iii) the Asset Management Fee. For purposes of this definition of "Debt Service Coverage Ratio", non project-based public subsidy payments for any unit shall only be counted to the extent that the monthly public subsidy payment for that unit, when combined with the monthly tenant-paid rent, does not exceed the monthly maximum Tax Credit rent for such unit based on the applicable area median income limit for such units, which shall not exceed the sixty percent (60%) and the fifty percent (50%) area median income limit.

"Default Rate" shall mean the greater of (i) 12% per annum or (ii) the Prime Rate, plus four percent (4%).

"Developer" means, collectively, TCG Development Advisors, LLC, a Maryland limited liability company and Haven Redevelopment Group, Inc., a North Carolina nonprofit corporation.

"Development Agreement" means the Amended and Restated Development Agreement between the Partnership and the Developer as of even date herewith relating to the development of the Apartment Complex and providing for the payment of the Development Fee, attached as Exhibit D and made a part hereof.

"Development Budget" means the development budget prepared by the General Partner and approved by the Special Limited Partner with respect to the costs and sources of financing for the development and rehabilitation of the Apartment Complex, and included in the Projections, attached hereto as Exhibit I.

"Development Costs" means all of the following: (i) all direct or indirect costs paid or accrued by the Partnership related to the acquisition of the Land and the development or rehabilitation of the Apartment Complex, including payment of the Development Fee, amounts due under the Construction Contract, any rehabilitation cost overruns, the cost of any change orders and all costs necessary to achieve Substantial Completion; (ii) all costs to achieve Initial Closing and Final Closing, and satisfy any escrow deposit requirements which are conditions to the Final Closing, including any amounts necessary for local taxes, utilities, mortgage insurance premiums, casualty and liability insurance premiums, and any applicable loan fees, discounts or other expenses; (iii) for the period prior to Stabilized Operations, all costs, payments and deposits needed to avoid a default under any Project Loan, including without limitation, all required deposits to satisfy any requirements of a Project Lender to keep a Project Loan "in balance"; (iv) the funding of all reserves required to be established on or prior to Final Closing pursuant to Article 7 of this Agreement (including without limitation, the Operating Reserve and the Replacement Reserve) or pursuant to the terms of any Project Loan; (v) all costs and expenses relating to remedying any environmental problem or condition or Hazardous Materials that existed on or prior to Final Closing; and (vi) all Operating Deficits incurred by the Partnership prior to Stabilized Operations.

"Development Fee" means the fee payable by the Partnership to the Developer pursuant to Section 14.01 of this Agreement and the Development Agreement.

"Downward Capital Adjustment." has the meaning set forth in Section 5.03(b)(iv).

“Early Delivery Capital Adjustment” has the meaning set forth in Section 5.03(b)(vi).

“Economic Risk of Loss” has the meaning specified in Treas. Reg. §1.752-2.

“Environmental Consultant” has the meaning set forth in Section 4.03(d).

“Environmental Reports” means the following environmental reports and studies relating to the Land and any improvements: (i) Phase I Environmental Site Assessment, prepared for TCG Development Advisors LLC by Dominion Due Diligence Group and dated December 13, 2013; (ii) Letter Report of an Asbestos Survey, prepared for Evergreen Partners Housing by The LJM Group, Inc. and dated June 28, 2013; (iii) Operations and Maintenance Program, Lead Based Paint, prepared for Evergreen Partners Housing by LJM Group and dated June 28, 2013; (iv) Operations and Maintenance Program, Asbestos-Containing Materials, prepared for Evergreen Partners Housing by LJM Group, Inc. and dated June 28, 2013; (v) Radon Measurement Testing, prepared for Evergreen Partners Housing by CDA Environmental, LLC and dated July 8, 2013; (vi) Limited Asbestos and Lead-Based Sampling, prepared for Evergreen Partners Housing by CDA Environmental, LLC and dated June 2013; (vii) Phase I Environmental Site Assessment, prepared for TCG Development Advisors LLC by Dominion Due Diligence Group and dated June 10, 2013; and (viii) XRF Lead-Based Paint Inspection, prepared for Environmental Solutions Group, LLC by Matrix Health and Safety Consultants, LLC and dated April 10, 2013.

“Excess Development Costs” means all Development Costs in excess of the proceeds of the Project Loans and all Capital Contributions the Limited Partner is required to make hereunder.

“Extended Use Agreement” means the instrument required pursuant to Section 42(h)(6)(B) of the Code, to be executed by the Partnership and delivered to the Agency at or subsequent to the Initial Closing, setting forth certain terms and conditions under which the Apartment Complex is to be operated.

“FHA Loan” means that certain construction/permanent 221(d)(4) HUD-insured loan in the amount of \$5,100,000 made by Wells Fargo Bank, National Association to the Partnership, with interest at 3.85% per annum, and a term of thirty-four (34) years plus the construction period.

“Final Closing” means the occurrence of all of the following: (i) Substantial Completion, (ii) if required by the Project Documents, approval by the Project Lenders of Partnership's certification of actual costs as to the development and rehabilitation of the Apartment Complex, (iii) disbursement by all Project Lenders of any previously undisbursed Project Loan proceeds and repayment in full of the Bond Loan, (iv) closing on the Permanent Loan(s) has occurred and commencement of amortization as to all Project Loans (to the extent any Project Loan requires principal amortization) such that the Apartment Complex will have a Debt Service Coverage Ratio of not less than 1.15:1.

“40-60 Set-Aside Test” means the Minimum Set-Aside Test whereby at least 40% of the units in the Apartment Complex must be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size.

“Fund” means an assignee of the Limited Partner's Partnership Interest where the general partner or managing member of the assignee is an Affiliate of the Limited Partner.

“General Partner” means, collectively, the Managing General Partner and the Co-General Partner.

“General Partner Loans” means the loans which may be made by the General Partner to the Partnership pursuant to Section 5.09(a) hereof, including any accrued interest thereon. Operating Deficit Loans shall not constitute General Partner Loans.

“General Partner Pledge” has the meaning set forth in Section 8.10.

“General Partner's Special Capital Contribution” has the meaning set forth in Section 5.01(b).

“Ground Lease” means that certain Ground Lease Agreement between the Lexington Housing Authority and the Partnership dated as of November 1, 2014, whereby the Lexington Housing Authority leases the Apartment Complex to the Partnership, as may be amended from time to time.

“Guarantor” means, on a joint and several basis, the Managing General Partner, the Co-General Partner, the Lexington Housing Authority, and TCG Development Advisors, LLC, a Maryland limited liability company, which is an Affiliate of the Managing General Partner.

“Guaranty” means the guaranty of the payment and performance of the obligations of the General Partner under this Agreement and the obligations of the Developer under the Development Agreement for the benefit of the Limited Partner and the Special Limited Partner given by the Guarantor, which Guaranty is attached hereto as Exhibit C and made a part hereof.

“Hazardous Substances” shall mean and include, without limitation, any hazardous, toxic or dangerous substance, waste or material, specifically including for purposes of this Agreement any petroleum, or crude oil or fraction thereof, friable asbestos or asbestos containing material, mold, lead based paint, polychlorinated biphenyls or urea formaldehyde foam insulation defined as such in, regulated by or for the purpose of, or in violation of any Hazardous Waste Laws.

“Hazardous Waste Laws” shall mean any governmental requirements pertaining to land use, air, soil, subsoil, surface water, groundwater (including the quality of, protection, clean-up, removal, remediation or damage of or to land, air, soil, subsoil, surface water and groundwater), including, without limitation, the following laws as the same may be from time to time amended: the Comprehensive Environmental Response Liability and Compensation Act, 42 U.S.C. § 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §6901, et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Federal Water Pollution Control Act, 33 U.S.C. §1251 et seq., the Safe Drinking Water Act, 42 U.S.C. § 300f et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., the Rivers and Harbors Act, 33 U.S.C. § 401 et seq., the Transportation Safety Act of 1974, portions of which are located at 49 U.S.C. § 1801 et seq., the Endangered Species Act, 16 U.S.C. § 1531 et seq., or any so-called “superfund” or “superlien” law, together with any other foreign or domestic laws (federal, state, provincial or local), common law, local rule, regulation (including, without limitation, any future change in judicial or administrative decisions interpreting or applying any of the laws, rules or regulations referred to herein) relating to emissions, discharges, release or threatened releases of any Hazardous Substances into ambient air, land, soil, subsoil, surface water, groundwater, personal property or structures, or otherwise relating to the manufacture, processing distribution, use treatment, storage, disposal, transport, discharge or handling of any Hazardous Substances, now or at any time hereafter in effect.

“Head Start Space” means that certain space, located at 229 Federal Street, Lexington, North Carolina, within the Apartment Complex, leased by the Partnership to Salisbury-Rowan Community Action Agency, Inc. pursuant to that certain Real Estate Lease Agreement dated on or about the date hereof (the “Head Start Lease”), whereby Salisbury-Rowan Community Action Agency, Inc. will administer the Head Start program for children of residents of the Apartment Complex, and children of the general public.

“Housing Authority” means the Lexington Housing Authority.

“Housing Authority Administrative Fee” means that certain annual fee of \$23,400 payable to the Lexington Housing Authority for administration of the operating subsidies provided for in the RAD HAP Contract, for the benefit of the Partnership, payable only after payment of the debt service on the FHA Loan and all other operating expenses, cumulative to the extent not paid in full in any year.

“Housing Authority Loan” means that certain construction/permanent loan in the amount of \$650,000 made by the Housing Authority to the Partnership, with an interest rate of zero percent (0%) per annum, and a term of forty (40) years.

“HUD” means the United States Department of Housing and Urban Development.

“HUD Regulatory Agreement” means the Regulatory Agreement between the Partnership and HUD, dated as of November 1, 2014 and executed in connection with the FHA Loan.

“In-Balance” means, at any time when calculated, when the cumulative amount of the undisbursed Project Loans, and the undisbursed Capital Contributions of the Limited Partner required to be paid in through and including Final Closing are sufficient in the Special Limited Partner’s reasonable judgment to pay all of the following sums: (a) all costs of construction to achieve Substantial Completion; (b) all costs of marketing, ownership, maintenance and leasing of the Apartment Complex units; and (c) all construction period interest and all other sums accruing or payable under the Construction Loan documents.

“Incentive Management Fee” means the fee payable by the Partnership to the Managing General Partner pursuant to Section 14.02 of this Agreement.

“Initial Closing” means the date upon which (i) this Agreement is executed; (ii) the funding of the First Capital Contribution occurs; and (iii) one or more of the Project Loans is closed and the initial disbursement is made thereunder. The Initial Closing is anticipated to occur on or before November 30, 2014.

“Interest” or “Partnership Interest” means the ownership interest of a Partner in the Partnership at any particular time, including the right of such Partner to any and all benefits to which such Partner may be entitled as provided in this Agreement and in the Act, together with the obligations of such Partner to comply with all the terms and provisions of this Agreement and of said Act.

“IRS” means the Internal Revenue Service.

“Land” means the tract of land currently leased or to be leased by the Partnership upon which the Apartment Complex will be located, as more particularly described on Exhibit A attached hereto.

“Late Delivery Capital Adjustment” has the meaning set forth in Section 5.03(b)(v).

“Limited Partner” means, initially, RSEP Holding, LLC, a Delaware limited liability company, and any assignee of its interest permitted or consented to hereunder (including, without limitation, a Fund).

“Limited Partners” means, collectively, the Limited Partner and the Special Limited Partner.

“Limited Partner Due Diligence Costs” has the meaning set forth in Section 14.05.

“Liquidator” means the General Partner or, if there is none at the time in question, such other Person who may be appointed in accordance with applicable law and who shall be responsible for taking all action necessary or appropriate to wind up the affairs of, and distribute the assets of, the Partnership upon its dissolution.

“Loan Agreement” means any loan agreement and/or similar agreement with respect to the terms and conditions of the making of any of the Project Loans, which will be entered into between the Partnership and any one of the Project Lenders at or prior to the Final Closing.

“Losses” has the meaning set forth in the definition of “Profits” and “Losses.”

“Low-Income Units” means the units within the Apartment Complex that shall be subject to the rent and income restrictions of Section 42 of the Code and are sufficient for the Partnership to receive the Projected Credits. It is anticipated that there will be 130 Low-Income Units.

“Management Agent” means the management and rental agent for the Apartment Complex designated pursuant to Section 7.01.

“Management Agreement” means the agreement between the Partnership and the Management Agent providing for the marketing and management of the Apartment Complex by the Management Agent.

“Managing General Partner” means Southside Village Apartments LLC, a North Carolina limited liability company, and any other Person admitted as a general partner pursuant to this Agreement, and their respective successors as any such successor may be admitted pursuant to this Agreement, including those Persons admitted pursuant to the provisions of Sections 6.02 and 6.03.

“Minimum Gain” means the amount determined by computing with respect to each Nonrecourse Debt the amount of gain, if any, that would be realized by the Partnership if it disposed of the asset securing such liability (in a taxable transaction) in full satisfaction thereof (and for no other consideration), and by then aggregating the amounts so computed. For purposes of determining the amount of such gain with respect to a liability, the adjusted basis

for federal income tax purposes of the asset securing the liability shall be allocated among all the liabilities that the asset secures in the manner set forth in Treas. Reg. §1.704-2(d)(2).

“Minimum Set-Aside Test” means the set-aside test selected by the Partnership pursuant to Section 42(g) of the Code with respect to the percentage of units in its Apartment Complex to be occupied by tenants with incomes equal to no more than a certain percentage of area median income. The Partnership has selected or will select the 40–60 Set-Aside Test as restricted by Code Section 42(g)(1) to require at least 40% of the units in the Apartment Complex be occupied by households with incomes of 60% or less of area median income, as adjusted for family size, as the Minimum Set-Aside Test.

“Mortgage” means any mortgage or deed of trust to be given by the Partnership in favor of any Project Lender as maker of a Project Loan, constituting a lien on the Apartment Complex and securing a Project Loan.

“Net Cash Flow” means the sum of (i) all cash received from rents, lease payments and all other sources, including payments received pursuant to the RAD HAP Contract but excluding (A) tenant security or other deposits (except to the extent forfeited to the Partnership), (B) Capital Contributions and interest thereon (other than if used to pay for an item deducted below in determining Net Cash Flow), (C) proceeds from Capital Transactions and (D) interest on reserves not available for distribution, (ii) the net proceeds of any insurance (including rental interruption insurance), other than fire and extended coverage and title insurance, to the extent not used for rebuilding of the Apartment Complex, and (iii) any other funds deemed available for distribution by the General Partner with the Consent of the Special Limited Partner and the Project Lenders, if required, less the sum of (x) all cash expenditures, and all expenses unpaid but properly accrued, which have been incurred in the operation of the Partnership's business (whether or not such expenditure is deducted, amortized or capitalized for tax purposes), including the management fee to the Management Agent and the Housing Authority Administrative Fee, (y) all payments on account of any loans made to the Partnership (whether such loan is made by a Partner or otherwise), but not including any amounts to be paid pursuant to the Development Agreement or pursuant to any loans made by any Partners where repayment of such loans is to be made out of Net Cash Flow, and (z) any cash payments for reserves for, among other purposes, working capital, capital expenditures, repairs, replacements and anticipated expenditures, in such amounts as may be reasonably required by the Project Lenders or the Special Limited Partner, or may be determined from time to time by the General Partner with the Consent of the Special Limited Partner and the Project Lenders, if required, to be advisable for the operation of the Partnership.

“Net Projected Tax Liabilities” means, as determined by the Accountants, based on the Partnership's tax records, and any final adjustments made prior to the availability of proceeds of Capital Transaction(s) for distribution, the cumulative amounts of the respective projected liabilities (collectively, the “Projected Tax Liabilities”) of the General Partner, the Special Limited Partner, the Limited Partner, and their respective partners and members, if any (collectively, the “Partnership Taxpayers”), for any and all federal, state and local taxes, including any recapture of prior Tax Credits, to be imposed on the Partnership Taxpayers by reason of all Capital Transactions of the Partnership from which the proceeds in question are to be distributed, any and all prior Capital Transactions of the Partnership (to the extent proceeds from such prior Capital Transactions equal to the Projected Tax Liabilities for such prior transactions were not distributed), and any liquidation of the Partnership. Such projections of liabilities shall estimate the applicable tax rate or rates for the General Partner (based on actual or projected taxable income) and shall assume the maximum applicable tax rate or rates for each of the Special

Limited Partner's and Limited Partner's partners or members, if any (without regard to actual taxable income), in effect at the time of each Capital Transaction in all cases without regard to the alternative minimum tax, limitations on the use of business tax credits, or other factors that may affect tax liability in particular cases, and without adjustment for any variance from actual tax liabilities that may later occur.

“New Allocation” has the meaning set forth in Section 11.07(m)(ii).

“Nonrecourse Debt” means any Partnership liability that is considered nonrecourse for purposes of Treas. Reg. §1.1001-2 (without regard to whether such liability is a recourse liability under Treas. Reg. §1.752-1(a)(1)).

“Nonrecourse Deductions” has the meaning set forth in Treas. Reg. §1.704-2(b)(1).

“Nonrecourse Liability” means any Partnership liability (or portion thereof) for which no Partner or related Person (within the meaning of Treas. Reg. §1.752-4(b)) bears (or is deemed to bear) the Economic Risk of Loss.

“Note” means any promissory note given by the Partnership in favor of a Project Lender evidencing a Project Loan.

“Notice” means a writing containing the information required by this Agreement to be communicated to a Partner as specified pursuant to Section 16.08.

“Operating Deficit” means the amount by which the gross receipts of the Partnership from rental payments made by tenants of the Apartment Complex, and all other income and receipts of the Partnership including public housing subsidy payments pursuant to the RAD HAP Contract payments received by the Partnership or due and payable and not more than 60 days in arrears (other than tenant security deposits not applied toward tenant rents, insurance proceeds, proceeds of any loans to the Partnership, Capital Contributions, and investment earnings not available for distribution on funds on deposit in the Replacement Reserve and the Operating Reserve, and other such reserve or escrow funds or accounts not available for distribution, unless released to pay or fund approved expenses of the Partnership, subject to the approval of the Special Limited Partner as provided herein) for a particular period of time, is exceeded by the sum of all the operating expenses, including all required debt service, real estate tax payments, operating, maintenance and utility expenses, fees of the Accountants and property management fees, required deposits into the Replacement Reserve, any fees to the Project Lenders and/or any applicable mortgage insurance premium payments and all other Partnership obligations or expenditures, and the Housing Authority Administrative Fee, and excluding payments for rehabilitation of the Apartment Complex and fees and other expenses and obligations of the Partnership to be paid from the Capital Contributions of the Limited Partner to the Partnership pursuant to this Agreement during the same period of time.

“Operating Deficit Guaranty Period” shall have the meaning set forth in Section 8.09(b) of this Agreement.

“Operating Deficit Loan” shall have the meaning set forth in Section 8.09(b) of this Agreement.

“Operating Reserve” means the reserve referred to in Section 7.06.

“Partner” means any General Partner, Limited Partner or Special Limited Partner.

“Partner Nonrecourse Debt” means any Nonrecourse Debt (or portion thereof) for which a Partner or related Person (within the meaning of Treas. Reg. §1.752-4(b)) bears (or is deemed to bear) the Economic Risk of Loss.

“Partner Nonrecourse Deductions” has the meaning set forth in Treas. Reg. §1.704-2(i)(2), and the amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a fiscal year shall be determined in accordance with the rules of Treas. Reg. §1.704-2(i)(2).

“Partnership” means this Southside Village, LP, a North Carolina limited partnership.

“Payment Date” means the date which is ninety (90) days after the end of the Partnership's fiscal year with respect to the preceding fiscal year.

“Percentage Interest” means the percentage Interest of each Partner as set forth in Sections 5.01(a) and 5.02(a).

“Permitted Assignment” shall have the meaning set forth in Section 6.01(a).

“Person” means any individual, partnership, corporation, trust, limited liability company or other entity.

“Plans and Specifications” means the plans and specifications for the Apartment Complex stamped with the seal of the Architect and as described in the Construction Contract, which are subject to the Consent of the Special Limited Partner, and any changes thereto made in accordance with the terms of this Agreement and the list of drawings compiled in connection with these plans and specifications.

“Post Closing Due Diligence Checklist” means that certain list of items attached hereto as Exhibit G to be completed on or before the dates set forth therein.

“Prime Rate” means an annual rate of interest equal to the prime rate of interest as reported from day to day in The Wall Street Journal (notwithstanding that such publication shows the prime rate of interest for the preceding Business Day) as the base rate on corporate loans posted by at least 75 percent of the nation's 30 largest banks, or, if such rate is no longer available, then the base rate or prime rate of interest of any “Money Center” bank designated from time to time by Fannie Mae, in its discretion. Any change in the Prime Rate due to a change in the prime rate of interest as reported in The Wall Street Journal shall take effect on the date of publication.

“Profits” and “Losses” mean, for each fiscal year of the Partnership, an amount equal to the Partnership's taxable income or loss for such period from all sources, determined in accordance with §703(a) of the Code, adjusted in the following manner: (a) the income of the Partnership that is exempt from federal income tax shall be added to such taxable income or loss; (b) any expenditures of the Partnership which are not deductible in computing its taxable income and not properly chargeable to capital account under either §705(a)(2)(B) of the Code or the regulations promulgated under §704(b) of the Code shall be subtracted from such taxable income or loss; (c) in the event any Partnership asset is revalued in accordance with Treas. Reg. §1.704-1(b)(2)(iv)(f), then the amount of any adjustment to the value of such Partnership

asset shall be taken into account as gain or loss from the disposition of such Partnership asset for purposes of computing Profits or Losses; (d) gain or loss resulting from any disposition of Partnership asset which has been revalued pursuant to Treas. Reg. §1.704-1(b)(2)(iv)(f) and with respect to which gain or loss is recognized for Federal income tax purposes shall be computed by reference to the adjusted value of such Partnership asset, notwithstanding that the adjusted tax basis of such Partnership asset differs from the adjusted value; and (e) any depreciation, amortization or other cost recovery deductions taken into account in computing such taxable income or loss shall be recomputed based upon the adjusted value of any Partnership asset which has been revalued in accordance with Treas. Reg. §1.704-1(b)(2)(iv)(f).

“Project Documents” means and includes this Agreement (and all exhibits hereto), the Construction Contract, the Plans and Specifications, any permits, licenses and other documents which are required for the construction, operation and use of the Apartment Complex (including the tax credit application), the Mortgage(s), Note(s), Loan Agreement(s), Regulatory Agreement, Extended Use Agreement, Management Agreement, Purchase Option, Ground Lease, RAD HAP Contract, the Head Start Lease and all instruments delivered to (or required by) the Project Lenders or the Agency to the extent not otherwise listed in this definition.

“Project Lender” means any lender in its capacity as a lender of one of the Project Loans, or its successors and assigns in such capacity, acting through any authorized representative.

“Project Loans” means those loans set forth and described on Exhibit H hereto.

“Projected Credits” means the Tax Credits that the General Partner has projected will be available to the Limited Partner during the Credit Period, and which are equal to ninety-nine and nine hundred eighty-nine thousandths percent (99.989%) of the Tax Credits. The Projected Credits for the Credit Period are: \$2,691,724, available as follows: \$153,221 in 2015, \$232,765 in 2016, \$269,172 for years 2017 through 2024, \$115,951 in 2025, and \$36,407 in 2026.

“Projections” means the construction, development and financing budget for the construction, development and financing of the Apartment Complex, including without limitation the construction or rehabilitation of all improvements, the furnishing of all personalty in connection therewith, and the operation of the Apartment Complex, which Projections are attached hereto as Exhibit I, and any amendments thereto made with the Consent of the Special Limited Partner. The Projections shall also include (i) a calculation of the Projected Credits for the Apartment Complex indicating the assumptions regarding basis which underlie such calculation, (ii) a capital account and minimum gain analysis, (iii) an operations budget, (iv) a debt/value analysis, and (v) such other items as may be requested by the Limited Partner or Special Limited Partner.

“Purchase Option” means that certain Purchase Option and Right of First Refusal Agreement by and among the Partnership and the Co-General Partner attached hereto as Exhibit P.

“Qualified Contract” has the meaning set forth in Section 42(h)(6)(F) of the Code.

“Qualified Occupancy” means the achievement of occupancy of 100% of the Low-Income Units in the Apartment Complex by Qualified Tenants.

“Qualified Tenants” shall mean tenants under executed leases of at least six months who at the time of their initial occupancy of the Apartment Complex satisfy the (i) Rent Restriction Test and (ii) Minimum Set-Aside Test, based on documents to be submitted to the Special Limited Partner for its review and approval.

“RAD HAP Contract” shall mean the Housing Assistance Payment Contract (HUD Form 52530A) and the Rental Assistance Demonstration Rider (HUD Form 52621) between the Lexington Housing Authority and the Partnership evidencing a project-based Section 8 operating subsidy, pursuant to 24 CFR 983, for all 130 units in the Apartment Complex through the Compliance Period, as amended by the LIHTC Rider to Housing Assistance Payments Contract (for PBV RAD conversions from Public Housing), as may be further amended.

“RAD Program” means that certain HUD Rental Assistance Demonstration program enabling Housing Authorities to convert existing public housing units to project-based Section 8 rental assistance.

“RAD Requirements” means all requirements of the RAD Program, including without limitation those set forth in HUD Notice PIH-2012-32(HA), REV-1, as it may be amended.

“RAD Units” means the 130 units in the Apartment Complex receiving project-based Section 8 rental assistance under the RAD HAP Contract, subject to the RAD Use Agreement, as defined herein.

“RAD Use Agreement” means that certain Rental Assistance Demonstration Use Agreement (HUD Form 52625) recorded against the Apartment Complex for the benefit of HUD, subjecting the Apartment Complex to the RAD Requirements. The RAD Use Agreement shall be considered a Regulatory Agreement.

“RCC” means that certain Rental Assistance Demonstration Conversion Commitment for the Apartment Complex dated July 24, 2014 issued by HUD to the Lexington Housing Authority, agreeing to convert 130 existing public housing units to project-based Section 8 rental assistance.

“REAC” shall refer to the Real Estate Assessment Center of the United States Department of Housing and Urban Development (“HUD”).

“Recapture Amount” has the meaning set forth in Section 11.02(c).

“Regulatory Agreement” means, to the extent applicable, and collectively, any regulatory agreements and/or any declaration of covenants and restrictions including, without limitation, the RAD Use Agreement, to be entered into between the Partnership and any Project Lender or any applicable government agency at or after the Initial Closing setting forth certain terms and conditions under which the Apartment Complex is to be operated.

“Rent Restriction Test” means the test pursuant to Section 42(g) of the Code whereby the gross rent charged to tenants of the Low-Income Units in the Apartment Complex cannot exceed thirty percent (30%) of the imputed income limitation of the applicable units.

“Replacement Reserve” means the cash funded reserve for replacements required pursuant to Section 7.05.

“Seller Financing Loan” means that certain acquisition loan from the Lexington Housing Authority to the Partnership in the amount of \$1,100,000, with interest at six percent (6%), for a term of forty (40) years.

“Special Additional Capital Contribution” means the Special Additional Capital Contributions of the Limited Partner under Section 5.02(c).

“Special Limited Partner” means Red Stone Equity Manager, LLC, a Delaware limited liability company, or its assignee and any Person who becomes a Special Limited Partner as provided herein, in its capacity as a special limited partner of the Partnership.

“Stabilized Operations” means the date after achievement of Final Closing upon which the Apartment Complex achieves a Debt Service Coverage Ratio of 1.15:1 for six (6) consecutive months.

“State” means the State of North Carolina.

“State Designation” means, with respect to the Apartment Complex, the allocation by the Agency of Tax Credits, as evidenced by the receipt by the Partnership of a written determination required to be received from the Agency under Sections 42(m)(1)(D) and (m)(2)(D) of the Code.

“Substantial Completion” means the date that the Partnership receives (i) an architect's certificate of substantial completion (using AIA Form G704) from the Architect, (ii) all necessary permanent certificates of occupancy (or certificates of occupancy which contain conditions or qualifications which are Consented to by the Special Limited Partner) from the applicable governmental jurisdiction(s) or authority(ies) for one hundred percent (100%) of the apartment units in the Apartment Complex, (iii) evidence that all “punchlist” items have been completed by the Contractor, (iv) evidence that the construction of the Apartment Complex did not result in the filling or disturbance of any wetlands, (v) evidence that any actions recommended to be taken which were contained in any environmental assessment reports prepared in conjunction with the development of the Apartment Complex have been appropriately completed in a manner that fully complies with such recommendations and all laws, regulations, ordinances, orders or decrees pertaining to environmental matters, and (vi) results of testing to confirm that radon gas is not present at the Apartment Complex at a level above the recommended permitted safe level as determined by the Environmental Protection Agency or any other applicable Authority and as defined in Exhibit Q. Substantial Completion shall not be deemed to have occurred if on such date any liens or other encumbrances as to title to the Land and the Apartment Complex exist, other than those securing such Project Loan and/or those Consented to by the Special Limited Partner, and/or those liens that are insured or bonded over to the satisfaction of the Special Limited Partner.

“Substitute Limited Partner” means any Person admitted to the Partnership as a Limited Partner pursuant to Section 9.02.

“Surplus Cash” means any Net Cash Flow which, pursuant to the Project Documents or rules or regulations of the Agency, is permitted to be distributed to the Partners.

“Tax Credits” means the low-income housing tax credits allowed for low-income housing projects pursuant to Section 42 of the Code.

“Tax Credit Compliance Guaranty” has the meaning set forth in Section 8.09(c).

“Tax Credit Recapture Event” means (a) the filing of a tax return or an amended return by the Partnership evidencing a reduction in the qualified basis of the Apartment Complex or an event described in Section 42(j) of the Code causing a recapture of Tax Credits previously allocated to the Limited Partner, (b) a reduction in the qualified basis or applicable percentage with respect to the Apartment Complex following an audit by the IRS which results in the assessment of a deficiency by the IRS against the Partnership or the Limited Partner with respect to any Tax Credits previously claimed in connection with the Apartment Complex, unless the Partnership shall timely file a petition with respect to such deficiency with the United States Tax Court or any other federal court of competent jurisdiction and the collection of such assessment shall be stayed pending the disposition of such petition, (c) a decision by the United States Tax Court or any other federal court of competent jurisdiction upholding the assessment of such deficiency against the Partnership or the Limited Partner with respect to any Tax Credits previously claimed in connection with the Apartment Complex, unless the Partnership shall timely appeal such decision and the collection of such assessment shall be stayed pending the disposition of such appeal, (d) the decision of a federal court of competent jurisdiction affirming such decision, or (e) any other event which would cause a recapture of a Tax Credits under applicable law.

“Tax Credit Shortfall” means, as to any period of time, the difference between the Certified Credit for such period of time and the Actual Credits for such period of time. For purposes of determining the amount of the Tax Credit Shortfall for a particular period of time, if there is an adjustment to Capital Contributions under Section 5.03 because of a Late Delivery Capital Adjustment, the Tax Credit Shortfall for such period of time shall be reduced by the Late Delivery Capital Adjustment.

“Title Company” means Chicago Title Insurance Company or such other title company designated by the General Partner and acceptable to the Special Limited Partner.

“Title Policy” has the meaning set forth in Section 5.02(b)(i)(A).

“Title Policy Date Down” means a date down certificate or endorsement to the Title Policy to be delivered concurrently with the making of each Limited Partner Capital Contribution (other than the initial Limited Partner Capital Contribution), in form and substance acceptable to the Limited Partner, insuring the Partnership’s ownership of the Apartment Complex, showing that the Apartment Complex is subject to no mortgage, deed of trust, lien, encumbrance, easement, covenant, restriction or charge other than the exceptions set forth on the Title Policy (except as shall be acceptable to the Limited Partner), evidencing the fact that all real property taxes and assessments for the Apartment Complex due and payable through the date of endorsement have been timely and fully paid and containing such endorsements as the Limited Partner may reasonably require.

“Unpaid Tax Credit Shortfall” means the outstanding amount of any Tax Credit Shortfall and any unpaid amount due to the Limited Partner as a result of a Tax Credit Recapture Event for all the fiscal years of the Partnership, reduced by any amounts distributed to the Limited Partner pursuant to Sections 8.09(c), 11.03 (b)(ii) and 11.04(c)(i) of this Agreement. The Unpaid Tax Credit Shortfall shall bear interest at the Default Rate.

“Upward Capital Adjustment” has the meaning set forth in Section 5.03(a).

ARTICLE 3.
PURPOSE AND BUSINESS OF THE PARTNERSHIP

3.01 Purpose of the Partnership. The Partnership has been organized exclusively to acquire the Land and the Apartment Complex, and to develop, finance, construct, rehabilitate, own, maintain, operate and sell or otherwise dispose of the Apartment Complex, in order to obtain for the Partners long-term appreciation, cash income, and tax benefits consisting of Tax Credits and tax losses.

3.02 Authority of the Partnership. In order to carry out its purpose, the Partnership is empowered and authorized to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of its purpose, and for the protection and benefit of the Partnership, including but not limited to the following:

- (a) acquire a leasehold interest in both the Land and the Apartment Complex;
- (b) construct, operate, maintain, improve, buy, own, sell, convey, assign, mortgage, rent or lease any real estate and any personal property necessary to the operation of the Apartment Complex;
- (c) enter into any kind of activity, and perform and carry out contracts of any kind necessary to, in connection with, or incidental to, the accomplishment of the purposes of the Partnership;
- (d) borrow money and issue evidences of indebtedness in furtherance of the Partnership business and secure any such indebtedness by mortgage, pledge, or other lien; provided, however, that the Project Loans, and any evidences of indebtedness thereof and any documents amending, modifying or replacing any of such loans shall have the legal effect that at and after Final Closing the Partnership and the Partners shall have no personal liability for the repayment of the principal of or payment of interest on any Project Loan, and that the sole recourse of any Project Lender (other than Carveouts), with respect to the principal thereof and interest thereon, shall be to the property securing such Project Loan;
- (e) maintain and operate the Apartment Complex, and entering into any agreement for the management of the Apartment Complex during its rent-up and after its rent-up period;
- (f) subject to the approval of the Agency and/or the Project Lenders, if required, and to other limitations expressly set forth elsewhere in this Agreement, negotiate for and conclude agreements for the sale, exchange, lease or other disposition of all or substantially all of the property of the Partnership, or for the refinancing of any mortgage loan on the property of the Partnership;
- (g) enter into the Project Documents, including Loan Agreement, the Regulatory Agreement and the Extended Use Agreement, providing for regulations with respect to rents, profits, dividends and the disposition of property;
- (h) rent dwelling units in the Apartment Complex from time to time, in accordance with the provisions of the Code applicable to Tax Credits and in accordance with applicable federal, state and local regulations, collecting the rents therefrom, paying the expenses incurred in connection with the Apartment Complex, and distributing the net proceeds to the Partners, subject to any requirements which may be imposed by the Extended Use Agreement, the Regulatory Agreement and/or the other Project Documents; and

(i) do any and all other acts and things necessary or proper in furtherance of the Partnership business.

ARTICLE 4.
REPRESENTATIONS, WARRANTIES AND COVENANTS

4.01 Representations, Warranties and Covenants Relating to the Apartment Complex and the Partnership. The General Partner hereby represents, warrants and covenants to the Partnership and to the Partners that:

(a) Construction of Apartment Complex. The rehabilitation and development of the Apartment Complex shall be undertaken and shall be completed in a timely, good and workmanlike manner, free from liens and defects, in accordance with (i) all applicable requirements of the Project Loans and the Project Documents, (ii) all applicable requirements of all appropriate governmental entities, and (iii) the Plans and Specifications of the Apartment Complex that have been or shall be hereafter approved by the Special Limited Partner and, if required, the Project Lenders and any applicable governmental entities, as such Plans and Specifications may be changed from time to time with the Consent of the Special Limited Partner as required pursuant to Section 8.02 hereof and the Project Lenders, if required, and any applicable Authorities, if such approval shall be required; it shall promptly provide copies of all change orders to the Special Limited Partner.

(b) Zoning and Related Matters. At the date hereof, at the Initial Closing and at the time of commencement of the rehabilitation of the Apartment Complex and thereafter continuously, the Land is and will be properly zoned for the Apartment Complex, all consents, permissions and licenses required by all applicable Authorities have been obtained, and the Apartment Complex conforms and will conform to all applicable federal, state and local land use, zoning, environmental and other governmental laws and regulations.

(c) Public Utilities. All appropriate roads, public utilities, including, without limitation, sanitary and storm sewers, cable television, telephone, water, gas and electricity, are currently available and will be operating properly and in sufficient capacity for all units in the Apartment Complex at the time of Substantial Completion.

(d) Title Insurance. An owner's title insurance policy issued by the Title Company, in an amount equal to the total Development Costs for the Apartment Complex, in favor of the Partnership, will be issued at or prior to the Initial Closing subject only to such easements, covenants, restrictions and such other standard exceptions as are normally included in owner's title insurance policies and which are Consented to by the Special Limited Partner and with such endorsements to such policy as the Special Limited Partner may request and with date down endorsements (as more fully described in and delivered at the times set forth in Section 5.02(b) and Article 9 of this Agreement). Good and marketable leasehold interest in the Land and the Apartment Complex will be held by the Partnership. The General Partner has not made any misrepresentation or failed to make any disclosure that will or could result in the Partnership lacking title insurance coverage based on imputation of knowledge of the General Partner to the Partnership.

(e) Non-Recourse Loans. At and after the Final Closing, except for those Project Loans that must be recourse, as determined by the Special Limited Partner, in its sole discretion, there shall be no direct or indirect personal liability of the Partnership, any of the Partners, or any Affiliates of the Partnership or Partners for the repayment of the principal of or

payment of interest on any Project Loan, and the sole recourse of any Project Lender under any Project Loan with respect to the principal thereof and interest thereon shall be to the property securing the indebtedness, except for any liability of the General Partner with respect to Carveouts.

(f) No Defaults. The General Partner is not aware of (i) any default or any circumstances which, with the giving of notice or the passage of time, would constitute a default, under any agreement, contract, lease, Project Loan, Project Document, or other commitment, or (ii) of any claim, demand, litigation, proceedings or governmental investigation pending or, to the knowledge of the General Partner, threatened against the General Partner, the Apartment Complex or the Partnership, or related to the business or assets of the General Partner, the Apartment Complex or Partnership, which claim, demand, litigation, proceeding or governmental investigation could result in any judgment, order, decree, or settlement which would materially and adversely affect the business or assets of the General Partner, the Apartment Complex or the Partnership. Other than those actions previously disclosed to the Special Limited Partner, there are currently no criminal or civil actions or administrative proceedings pending, or, to the General Partner's knowledge, threatened against the General Partner, Guarantors or their respective Affiliates, shareholders, partners, members or managers.

(g) No Violation. The execution and delivery of the Project Documents, the incurrence of the obligations set forth in any of the Project Documents, and the consummation of the transactions contemplated by any of the Project Documents do not violate any provision of law, any order, judgment or decree of any court binding on the Partnership or the General Partner or any Affiliate(s) thereof, any provision of any indenture, agreement, or other instrument to which the Partnership or the General Partner is a party or by which the Partnership, General Partner or the Apartment Complex is affected, and are not in conflict with, and will not result in a breach of or constitute a default under any such indenture, agreement, or other instrument or result in creating or imposing any lien, charge, or encumbrance of any nature whatsoever upon the Apartment Complex.

(h) Construction Contract. The Construction Contract has been entered into between the Partnership and the Contractor (a true and correct copy of which, including all exhibits, has been provided to the Special Limited Partner); no other consideration or fee shall be paid to the Contractor in its capacity as the Contractor for the Apartment Complex other than the amounts set forth in the Construction Contract or as evidenced by change orders approved by the Project Lenders and as otherwise disclosed in writing to and Consented to by the Special Limited Partner; and all change orders to date have been paid in full. In addition, no consideration or fee shall be paid to the Developer or General Partner by the Contractor.

(i) Performance Bond; Letter of Credit. Either (i) one hundred percent (100%) payment and performance bonds issued by a nationally, financially recognized bonding company noted in the Department of the Treasury's listing of approved sureties (Department Circular 570), in forms acceptable to the Limited Partner, and in amounts satisfactory to the Project Lenders and the Limited Partner, or (ii) a letter of credit in an amount and in a form, and from an issuer satisfactory to the Limited Partner, will be obtained by the Contractor at or before Initial Closing and shall remain in full force and effect under terms and conditions as shall be acceptable to the Limited Partner.

(j) Insurance. The General Partner shall cause the Partnership to obtain and maintain insurance in accordance with the requirements of Exhibit J attached hereto.

(k) No Undisclosed Financial Responsibilities. Neither the Partnership, nor the General Partner, either individually or on behalf of the Partnership, has incurred any financial responsibility with respect to the Apartment Complex prior to the date of execution of this Agreement, other than (i) that disclosed to the Limited Partner in writing prior to the date of this Agreement, or (ii) obligations which will be fully satisfied at or prior to the Initial Closing. As of the date hereof and hereafter continuously, unless the Special Limited Partner otherwise Consents or unless otherwise specifically provided for herein, the only indebtedness of the Partnership with respect to the Apartment Complex are the Project Loans. Without limiting the generality of the foregoing, neither the General Partner, any of its Affiliates, nor the Partnership, has entered, or shall enter, into any agreement or contract for any loans (other than the Project Loans) without the Consent of the Special Limited Partner or for the payment of any Project Loan discounts, additional interest, yield maintenance or other interest charges or financing fees, or any agreement providing for the guarantee of payment of any such interest charges or financing fees relating to any Project Loan. The financial statements and other financial data delivered to the Limited Partner in connection with the Apartment Complex and General Partner, Developer and Guarantors are true, complete and accurate in all material respects. No material adverse change has occurred in any such entity's financial position since the date of the financial statements and financial data last delivered to the Limited Partner.

(l) Valid Partnership; Power of Authority. The Partnership is and will continue to be a valid limited partnership, duly organized under the laws of the State, and shall have and shall continue to have full power and authority to acquire the Land and to develop, rehabilitate, operate and maintain the Apartment Complex in accordance with the terms of this Agreement, and shall have taken and shall continue to take all action under the laws of the State and any other applicable jurisdiction that is necessary to protect the limited liability of the Limited Partners and to enable the Partnership to engage in its business.

(m) Restrictions on Sale or Refinancing. No restrictions on the sale or refinancing of the Apartment Complex, other than restrictions that may be set forth in the Project Documents, exist as of the date hereof, and no such restrictions shall, at any time while the Limited Partner is a Limited Partner, be placed upon the sale or refinancing of the Apartment Complex.

(n) Projected Credits; Projections. The Projected Credits are \$2,691,724. The Projected Credits are based upon the General Partner's representation that 100% of the residential units in the Apartment Complex will be occupied by Qualified Tenants. The General Partner further represents that there is and, at the time of cost certification, shall continue to be sufficient eligible basis (as defined in Section 42(d) of the Code) to provide the full amount of the Projected Credits. The Projections prepared by the Limited Partner and attached hereto as Exhibit I, to the best of the General Partner's knowledge, are true, complete and accurate in all material respects. Without limiting the foregoing, (i) the Projections accurately allocate the Development Costs between non-depreciable and depreciable costs, and (ii) no portion of the Incentive Management Fee or Development Fee is allocable to the organization of the Partnership, to the sale of any interests in the Partnership, or to any permanent financing arrangements. The Project Loans described on Exhibit H are all the sources of financing received or to be received by the Partnership, and there are no agreements or other arrangements contemplating the forgiveness of any such Project Loans.

(o) Compliance with Agreements. The General Partner, either individually or on behalf of the Partnership, has fully complied with all applicable provisions and requirements of any and all contracts, options and other agreements with respect to the purchase of the Land

and the development, financing and operation of the Apartment Complex; it shall take, and/or cause the Partnership to take, all actions as shall be necessary to achieve and maintain continued compliance with the provisions, and fulfill all applicable requirements, of such agreements.

(p) Sources In-Balance. The General Partner shall keep all sources of funding In Balance and has adequate sources of funds to timely cause Final Closing of the Apartment Complex and satisfaction of all other obligations of the Partnership and General Partner under this Agreement.

(q) Compliance with Agency Requirement. The General Partner shall at no time develop the Apartment Complex or manage the Partnership in a manner which is not consistent with the award of points assigned by the Agency to the Partnership's Tax Credits application or reservation, except with the prior approval of the Agency and Consent of the Special Limited Partner.

(r) Publicity. The General Partner shall notify the Special Limited Partner and cause a representative for the Special Limited Partner to be invited to attend any groundbreaking, ribbon-cutting or other public relations ceremony or event with respect to the Apartment Complex and to cause the Fund, as an investor, and the attendance of any such representative at each ceremony or event to be recognized and in furtherance thereof the General Partner will follow the instructions of the Special Limited Partner for the purpose of identifying the appropriate representative to be invited to such ceremony or event. The General Partner will use best efforts to provide the Special Limited Partner with written notice of such ceremony or event at least three (3) weeks in advance.

(s) State Designation. By no later than Initial Closing, the Partnership will receive valid State Designation with respect to the Apartment Complex in the amount of not less than \$2,692,020 for the Apartment Complex's Credit Period.

(t) Applicable Income and Rent Restrictions. The Apartment Complex is being developed in a manner which satisfies, and shall continue to satisfy, all restrictions, including tenant income and rent restrictions, applicable to projects generating Tax Credits under Section 42 of the Code. The Partnership will comply with the so-called "40-60 Set-Aside Test" of Code Section 42(g)(1)(B), so that at least 40% of the units in the Apartment Complex will be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size; the Apartment Complex is not subject to any other rental restrictions under the Project Documents except to the extent that more than 40% of the residential units in the Apartment Complex will be rent and income restricted in order to generate the full amount of the Projected Credits. The Partnership will also set aside 13 of the units in the Apartment Complex for occupancy by individuals with incomes of 50% or less of area median income, as adjusted for family size; and the remaining 117 units will be set aside for occupancy by individuals with incomes of 60% or less of area median income, as adjusted for family size.

(u) Term of Extended Use Agreement. The term of the Extended Use Agreement will not exceed thirty (30) years.

(v) Title to Apartment Complex; Taxes and Assessments. The Partnership has and shall have at all times good and marketable leasehold title to the Apartment Complex, subject only to permitted exceptions thereto to which the Special Limited Partner has given its

Consent. All real estate taxes, assessments, water and sewer charges and other municipal charges, to the extent due and owing, have been paid in full on the Apartment Complex.

(w) Compliance with Federal Fair Housing Act. At all times during the term of this Agreement, the Partnership shall comply with the provisions of the Federal Fair Housing Act, as amended.

(x) Taxpayer Certifications. On behalf of the Partnership, the General Partner will cause to be filed any and all certifications and other documents on a timely basis with the IRS, the Agency and all other Authorities, as have been and may be required to support the full amount of Projected Credits.

(y) Taxation and Limited Liability. No event has occurred that has caused, and the General Partner will not act in any manner that will cause (i) the Partnership to be treated for federal income tax purposes as an "association" taxable as a corporation, rather than as a partnership; or (ii) the Limited Partner or the Special Limited Partner to be liable for the Partnership's obligations in excess of their Capital Contributions.

(z) Transfer Taxes. No transfer tax, fee or imposition is or will be due and owing to any state or local Authorities as a result of the admission of the Limited Partner and Special Limited Partner as a Partner of the Partnership, or the subsequent transfer of a Limited Partner's Interest in accordance with Section 9.01(a) herein.

(aa) No Tax-Exempt Use Property. No portion of the Apartment Complex is or will be treated as "tax-exempt use property" as defined in Section 168(h) of the Code. In the event the General Partner or any member or partner of the General Partner is controlled by a tax-exempt entity, such entity will make the election permitted under Section 168(h)(6)(F) of the Code. No portion of the Apartment Complex is or will be leased to tax-exempt entities.

(bb) No Abusive Tax Shelter. The General Partner has not received notice from the IRS that it has considered the General Partner to be involved in any abusive tax shelter and is not aware of any facts, which if known to the IRS, would cause such notice to be issued.

(cc) Required Consents. The Partnership has obtained all consents required for the admission of the Limited Partner and Special Limited Partner to the Partnership, including but not limited to, HUD Form 2530 previous participation certification clearances, the consent of the holder(s) of the Project Loans, if necessary, and any other required consents of applicable Authorities.

(dd) Bankruptcy. No Bankruptcy, including, without limitation, attachments, execution proceedings, assignments for the benefit of creditors, insolvency, reorganization or other proceedings is pending or threatened against the Partnership or the General Partner. The General Partner will not permit such a Bankruptcy to occur.

(ee) Governmental Actions. To the best of the General Partner's knowledge, there is no official action of any Authority, pending or threatened, which in any way would (i) have a material adverse effect on the Partnership, the Apartment Complex, the Limited Partner, or the Tax Credits; (ii) involve any intended public improvements which improvements may result in any charge in excess of \$10,000 being levied against the Land; or (iii) result in any special assessment, being levied against or assessed upon the Land or the Apartment Complex. There is no existing, proposed or contemplated, plan to widen, modify or realign any

street or highway contiguous to the Land. The General Partner will promptly notify the Limited Partner of any such official actions or plans, if and as they arise.

(ff) Moratoria; Assessments; Dedications. There is no reassessment (except for real estate property taxes), reclassification, rezoning, proceeding, ordinance or regulation (including amendments and modifications to any of the foregoing) pending or proposed to be imposed, by any Authority or any public or private utility having jurisdiction over the Land which would have a material adverse effect upon the use or occupancy of the Apartment Complex. No special assessments have been levied against the Apartment Complex or by an Authority upon the commencement or completion of any construction, alteration or rehabilitation on or of the Apartment Complex or any portion thereof. The General Partner will promptly notify the Limited Partner of any such actions, if and as they arise. Except as previously disclosed in writing to and approved by the Special Limited Partner, the completion of the improvements, construction, alteration or rehabilitation on or to the Apartment Complex or any portion thereof will not require the dedication of any portion of the Apartment Complex by any Authority.

(gg) No Defects, Compliance. Upon completion of the rehabilitation of the Apartment Complex, there will be no material physical or mechanical defects or deficiencies in the condition of the Apartment Complex, including, but not limited to, the roofs, exterior walls or structural components of the Apartment Complex and the heating, air conditioning, plumbing, ventilating, elevator, utility, sprinkler and other mechanical and electrical systems, apparatuses and appliances located in, or about, the Land which would materially and adversely affect the Apartment Complex or any portion thereof. The Apartment Complex is free from infestation by termites or other pests, insects, animals or other vermin and the General Partner will keep and maintain the Apartment Complex in such condition. The Apartment Complex conforms (or will timely conform) to all governmental regulations, including, without limitation, all zoning, building, health, fire and environmental rules, regulations ordinances or requirements or environmental laws, regulations or procedures applicable to the Apartment Complex where the failure to conform would result in a material adverse effect. The General Partner shall not cause or permit to occur any circumstances that would (i) give rise to a "flag" affecting the Limited Partner or its Affiliates under HUD's previous participation certification system, the effect of which would be to adversely impact the ability of the Limited Partner or its Affiliates from participation in HUD loan or subsidy programs; or (ii) result in a determination by HUD that the Apartment Complex has failed to comply with HUD's minimum standards for physical condition (which under current REAC practice, would mean a score of below 60).

(hh) No Defective Soils Conditions. To the best of the General Partner's knowledge after due inquiry, there are no defects or conditions of the soil that would have a material adverse effect upon the use, occupancy and operation of the Apartment Complex. The soil condition of the Land is such that it will support all of the improvements to be located thereon for its foreseeable life, without the need for unusual or new subsurface excavations, fill, footings, caissons or other installations. The improvements on the Land, as built, will be or are constructed in a manner compatible with the soil condition at the time of construction and all necessary excavations, fills, footings, caissons and other installations were then, have since been and will be provided.

(ii) Rights of First Refusal; Options. Except for the Purchase Option, neither the General Partner nor the Partnership has entered into (nor will enter into) any contracts for the sale of the Apartment Complex, the Tax Credits with respect thereto, or any interest in the Apartment Complex or Partnership other than in contemplation of this Agreement, nor do there

exist any rights of first refusal or options to purchase the Apartment Complex, the Tax Credits with respect thereto, or any Interest in the Partnership.

(jj) Securities Law Compliance. The General Partner has or will have timely complied or caused the timely compliance with all applicable Federal and state securities laws in connection with the offer and sale of the Interest in the Partnership to the Limited Partner.

(kk) Section 42 Requirements.

(i) Upon Substantial Completion, the Apartment Complex will consist of sixty-five (65) building(s) which shall contain one hundred thirty (130) residential rental units and related subordinate facilities. The residential rental units will be constructed for use by the general public, in accordance with all applicable federal, state and local laws, will be suitable for occupancy and will be used on other than a transient basis. Except as permitted by Code Section 42(i)(3)(D), no unit will be occupied entirely by students (as determined under Code Section 151(c)(4)). There will be no space in the Apartment Complex that will not be used in connection with the residential rental units except for the Head Start Space having a total anticipated basis of not less than \$27,950. All of the apartment units in the Apartment Complex will be of approximately the same quality standard within the meaning of Code Section 42(d)(3). All of the amenities of the Apartment Complex will be available to all of the residential rental units in the Apartment Complex, without separate charge other than the laundry facilities and the parking area. There will not be any continuous or frequent medical, nursing, psychiatric, food or other additional significant services provided by the Partnership to the tenants of the Apartment Complex. All of the land constituting the Apartment Complex is contiguous to each other parcel of such land.

(ii) Intentionally deleted.

(iii) A leasehold interest in the Apartment Complex was acquired by the Partnership at the Initial Closing by purchase (as defined in Code Section 179(d)(2)). During the ten (10) year period prior to the acquisition of the Apartment Complex by the Partnership, the Apartment Complex has not been placed in service (within the meaning of Section Code 42(d)(2)(B)(ii)(I)).

(iv) The Partnership has elected to “lock-in” the Applicable Percentage pursuant to Section 42(b)(2)(A)(ii)(I) which Applicable Percentage is 3.24%.

(v) The Eligible Basis of the Apartment Complex will not include any costs incurred in connection with the nonresidential rental project or in connection with any residential unit which is not a low-income unit (as defined in Code Section 42) and which is above the average quality standard of the low-income units in the Apartment Complex. None of the amounts that will be includable in the Eligible Basis of the New Building will be financed with the proceeds of any obligation the interest on which is exempt from tax under Code Section 103 or any obligation which is a below-market federal loan (as defined in Code Section 42(i)(2)(D)). None of the amounts that will be includable in the Eligible Basis (1) will be funded with a federal grant within the meaning of Code Section 42(d)(5)(A).

(vi) All fees payable to the General Partner or any of its Affiliates pursuant to this Agreement are reasonable in amount and are payable or will be payable only for services actually performed or material actually provided, in accordance with applicable restrictions promulgated by the Agency.

(ll) Social Services. The General Partner shall cause the Partnership to provide all social services which the Partnership is obligated to provide to the tenants of the Apartment Complex, including, without limitation, any such social services described in the Project Documents, funding for which is included in the Projections. The General Partner shall take all action necessary to cause the Partnership to pay all amounts incurred by the Partnership in connection with the provisions of any such social services.

(mm) Truth and Completeness of Representations and Disclosures. No representation, warranty or statement of the General Partner in this Agreement or in any document, certificate or schedule furnished or to be furnished to the Limited Partner pursuant hereto contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading.

(nn) Bonds. The General Partner, with the advice and Consent of the Special Limited Partner, shall take such actions as may be necessary (after giving effect to applicable provisions of the Development Agreement) to assure that the percentage of the aggregate basis of the Land and buildings (including site improvements) financed with an obligation the interest on which is exempt from tax under Section 103 of the Code and which is within the State of North Carolina volume cap shall be not less than 50% as of Substantial Completion and to assure that at least 50% of the acquisition cost and 50% of the rehabilitation costs are financed with the proceeds of the Bonds. The interest paid on the Bonds is excludable by the recipient thereof from Federal income taxation, and the General Partner has done and performed, or caused to be done and performed, all acts and things necessary or desirable to assure that such interest is exempt; and neither the General Partner nor any other party has permitted at any time or times any of the proceeds of the Bonds or any other funds to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any Bonds to be an arbitrage bond as defined in Section 148(a) of the Code.

(oo) Tax Exemption. So long as North Carolina General Statutes § 157–26 is in effect providing for a property tax exemption, and the Partnership has a leasehold interest in the Apartment Complex and the Housing Authority retains the underlying fee interest, the Partnership shall benefit from the Housing Authority's property tax exemption.

(pp) Survival of Representations and Warranties. All of the representations, warranties and covenants contained herein shall be deemed to be re-made as of the date of each Capital Contribution made by the Limited Partner shall survive the date of Final Closing and the funding date of each such Capital Contribution (except to the extent otherwise disclosed by the General Partner to the Special Limited Partner, with respect to facts not within its direct control). The General Partner shall indemnify and hold harmless the Limited Partner against a breach of any of the foregoing representations, warranties and covenants and any damage, loss or claim caused thereby, including reasonable attorneys' fees and costs and expenses of litigation and collection.

4.02 Duties and Obligations Relating to the Apartment Complex and the Partnership. The General Partner shall have the following duties and obligations with respect to the Apartment Complex and the Partnership:

(a) Qualifying for Tax Credits. The General Partner shall ensure that all requirements shall be met which are necessary to obtain or achieve (i) compliance with the Minimum Set-Aside Test, the Rent Restriction Test, and any other requirements necessary for

the Apartment Complex to initially qualify, and to continue to qualify, for Tax Credits, including all applicable requirements set forth in the Regulatory Agreement and the Extended Use Agreement, (ii) issuance of IRS Form(s) 8609, (iii) issuance of all necessary permanent, unconditional certificates of occupancy, including all governmental approvals required to permit occupancy of all of the apartment units in the Apartment Complex, (iv) Initial Closing and Final Closing, and (v) compliance with all material provisions of the Project Documents.

(b) Tax Treatment of Partnership. While conducting the business of the Partnership, the General Partner shall not act in any manner which it knows or should have known after due inquiry will (i) cause the termination of the Partnership for federal income tax purposes without the Consent of the Special Limited Partner or (ii) cause the Partnership to be treated for federal income tax purposes as an association taxable as a corporation. The Apartment Complex shall be managed upon Substantial Completion so that (i) the Apartment Complex may be depreciated as residential rental property under Section 168(c) of the Code, and (ii) the rental of all units in the Apartment Complex comply with the tenant income limitations and other restrictions under the Rent Restriction Test and as set forth in the Regulatory Agreement and the Extended Use Agreement.

(c) Good Faith of General Partner. The General Partner shall exercise good faith in all activities relating to the conduct of the business of the Partnership, including the development, operation and maintenance of the Apartment Complex, and the General Partner shall take no action with respect to the business and property of the Partnership which is not reasonably related to the achievement of the purpose of the Partnership as set forth in Section 3.01.

(d) No Security Interests or Encumbrances. The General Partner shall ensure that all of (i) the fixtures, maintenance supplies, tools, equipment and the like now and to be owned by the Partnership or to be appurtenant to, or to be used in the operation of the Apartment Complex, as well as (ii) the rents, revenues and profits earned from the operation of the Apartment Complex, will be free and clear of all security interests and encumbrances except for the Project Loans, the Mortgages, and any additional security agreements executed in connection therewith.

(e) Basis Adjustments. The General Partner will execute on behalf of the Partnership all documents necessary pursuant to Sections 732, 743 and 754 of the Code to elect to adjust the basis of the Partnership's property upon the request of the Limited Partner, if, in the sole opinion of the Limited Partner, such election would be advantageous to the Limited Partner.

(f) Payment of Development Fee. The General Partner guarantees payment by the Partnership of the Development Fee as provided in Section 5.01(b).

(g) Compliance with Governmental and Contractual Obligations. The General Partner shall comply and cause the Partnership to comply with the provisions of all applicable governmental and contractual obligations.

(h) Tax Elections. The General Partner has made (if applicable) and shall make such elections, or refrain from making such elections, with respect to the Tax Credits, that the Special Limited Partner reasonably determines are in the Limited Partner's best interest. At the direction of the Special Limited Partner, the General Partner shall elect to defer the commencement of the Credit Period for all or any portion of the Tax Credits allowable to the

Partners under Section 42(f) of the Code, to the extent that any such deferral may be in the best economic interest of the Limited Partner. In such event, the calculations to be made pursuant to Section 5.03 shall be made as if there was no deferral in the commencement of the Credit Period. The General Partner shall cause the Partnership to report to the Limited Partner all reportable transactions under Section 6111 and 6112 of the Code and Treasury Regulation 1.6011-1 in which the Partnership is engaged.

(i) Fines and Penalties. To the extent the Partnership has failed to pay any fines or penalties imposed by the Agency or any Project Lender pursuant to the Project Documents and any documents executed in connection with obtaining the Tax Credits (other than with respect to payments of principal or interest under any Project Loan), the General Partner shall be responsible for the payment of such fines or penalties.

(j) Notification of Default or Service Proceedings. In addition to any requirements set forth in Article 13 hereof, the General Partner shall immediately notify the Limited Partner of any written or oral notice of (i) any default or failure of compliance with respect to any of the Project Loans, Project Documents or any other financial, contractual or governmental obligation of the Partnership or the General Partner, or (ii) any IRS proceeding regarding the Apartment Complex or the Partnership.

(k) Payment of Taxes. It will cause the Partnership to pay on or before the date when the same would become delinquent, any and all real estate and ad valorem taxes, personal property taxes, assessments, water rates, sewer rents, fines, impositions and any other charges now or hereafter levied against the Apartment Complex, whether foreseen or unforeseen, ordinary or extraordinary; and also any and all license fees or similar charges which may be imposed by any Authority with respect to the Apartment Complex for the use and occupancy of the Apartment Complex, use of walks, chutes, areas and other space beyond the lot line of the Apartment Complex and on or abutting the public sidewalks and/or highways in front or adjoining the Apartment Complex or pursuant to any applicable law for the use of any furnaces, compactors, incinerators, parking areas or for other matters covered by any such laws; and also any and all corporate, franchise, withholding, income, profits and gross receipts, and other taxes due by the Partnership; in each case together with any penalties and interest on any of the foregoing, and in default thereof.

(l) Payment of Utility Charges. It will cause the Partnership to pay promptly, when and as due, all charges for utilities, whether public or private, and will not suffer or permit any construction or mechanics, laborers, material statutory or other liens to be created or to remain outstanding upon any part of the Apartment Complex, and if any such lien is created, will cause the Partnership to discharge the same of record by payment or bonding within forty-five (45) days after the filing thereof.

(m) Construction Monitoring; Notification of Construction Delays. If at any time during the rehabilitation of the Apartment Complex, (i) rehabilitation stops or is suspended for a period of fifteen (15) business days, or (ii) rehabilitation has been delayed so that in the reasonable determination of the General Partner (A) Substantial Completion may not be achieved by the date set forth in the Construction Contract, or (B) the Projected Credits for any year during the Credit Period may not be achieved, the General Partner shall immediately send Notice of such occurrence, together with an explanation of the circumstances surrounding such occurrence, to the Limited Partner.

(n) Compliance Issues. The Apartment Complex shall at all times comply with the applicable requirements of the Americans with Disabilities Act of 1990, the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities, as now existing or hereafter amended or adopted, the Fair Housing Act of 1988, as amended, the Fair Housing Act Design Manual implemented in connection therewith as now existing or hereafter amended or adopted, any other federal and state and local laws and ordinances related to disabled access, and all statutes, rules, regulations, and orders of governmental bodies and regulatory agencies or orders or decrees of any court adopted or enacted with respect thereto (collectively, "Access Laws"). The Special Limited Partner may also require a certificate of compliance with the Access Laws from an architect, engineer, or other third party acceptable to the Special Limited Partner. Notwithstanding any provisions set forth herein or in any other document, the General Partner shall not alter or permit any tenant or other person to alter the Apartment Complex in any manner which would increase the General Partner's responsibilities for compliance with the Access Laws without the prior written Consent of the Special Limited Partner. In connection with any such Consent, the Special Limited Partner may require a certificate of compliance with the Access Laws from an architect, engineer, or other person acceptable to the Special Limited Partner.

(o) RAD HAP Contract. The Special Limited Partner shall review and Consent to the RAD HAP Contract prior to the Partnership's execution of the same. The General Partner shall request annually any upward adjustment to the rental assistance payments as may be permitted under the RAD HAP Contract. If the initial term of the RAD HAP Contract does not extend through the termination of the Compliance Period, the General Partner shall also diligently undertake efforts to secure the renewal of the RAD HAP Contract through the Compliance Period.

4.03 Environmental Matters.

(a) The General Partner represents and warrants that (i) except as otherwise disclosed in the Environmental Reports, it has no knowledge of any deposit, storage, disposal, burial, discharge, spillage, uncontrolled loss, seepage or filtration of any Hazardous Substances at, upon, under or within the Land or any contiguous real estate and (ii) it has not caused or permitted to occur, and it shall not permit to exist, any condition which may cause a discharge of any Hazardous Substances at, upon, under or within the Land or from the Land onto any contiguous real estate.

(b) The General Partner further represents and warrants that (i) neither it nor, to the best of its knowledge, any other party has been, is or will be involved in operations at or, pursuant to the General Partner's best knowledge, near the Land, which operations could lead to (A) a determination of liability under the Hazardous Waste Laws as to the Partnership or (B) the creation of a lien on the Land under the Hazardous Waste Laws or under any similar laws or regulations; and (ii) the General Partner has not permitted, and will use best efforts not to permit, any tenant or occupant of the Apartment Complex to engage in any activity that could impose liability under the Hazardous Waste Laws on such tenant or occupant, on the Land or on any other owner of the Apartment Complex.

(c) The General Partner shall comply strictly and in all respects with all material requirements of the Hazardous Waste Laws and related regulations and with all similar laws and regulations.

(d) The General Partner acknowledges that, on behalf of the Limited Partner, the Limited Partner will retain an environmental consultant (the "Environmental Consultant") to review and give recommendations related to environmental reports that are provided to the Limited Partner by the General Partner (including, but not limited to, Phase I and Phase II environmental assessments, wetlands reports, lead, mold and asbestos reports, abatement reports and other environmental reports required by the Environmental Consultant, to the reasonable satisfaction of the Environmental Consultant) for the Land, or the construction and rehabilitation of existing buildings, if the reports indicate the possible presence of hazardous materials on or near the Apartment Complex or if such reports appear incomplete or inadequate for purposes of making such a determination. The Special Limited Partner shall be solely responsible for the payment of the fees of the Environmental Consultant.

(e) The General Partner shall at all times indemnify and hold harmless the Partnership, the Limited Partner and the Special Limited Partner against and from any and all claims, suits, actions, debts, damages, costs, charges, losses, obligations, judgments and expenses, of any nature whatsoever, suffered or incurred by the Partnership or the Limited Partner, under or on account of the Hazardous Waste Laws or any similar laws or regulations, including the assertion of any lien thereunder.

4.04 Representations, Warranties and Covenants Relating to the General Partner. The General Partner hereby represents, warrants and covenants to the Partnership and the Partners:

(a) Due Authorizations, Execution and Delivery. The execution and delivery of this Agreement by the General Partner and the performance by the General Partner of the transactions contemplated hereby have been duly authorized by all requisite corporate, limited liability company, partnership or trust actions or proceedings, as applicable. The Managing General Partner is duly organized, validly existing and in good standing under the laws of the state of its formation with power to enter into this Agreement and to consummate the transactions contemplated hereby. The Co-General Partner is duly organized, validly existing and in good standing under the laws of the state of its formation with power to enter into this Agreement and to consummate the transactions contemplated hereby.

(b) Pre-Development Activities. The General Partner shall be specifically and solely responsible for the following duties:

- (i) Analyzing the Qualified Allocation Plan ("QAP").
- (ii) Identifying the sites.
- (iii) Analyzing the demographics of the sites.
- (iv) Analyzing the site's economy and forecast future growth potential.
- (v) Determining the site's zoning status and possible rezoning actions.
- (vi) Contacting local government officials concerning access to utilities, public transportation, impact fees and local ordinances.
- (vii) Performing environmental tests on the selected sites.

(viii) Negotiating the purchase of the land upon which the Apartment Complex is located and its related financing.

(ix) Performing any other duties or activities relating to the acquisition of the land upon which the Apartment Complex is located.

The General Partner shall not assign any of the foregoing duties to the Developer.

(c) Single Purpose Entity; General Partner Status. The Managing General Partner shall engage in no other business or activity other than that of being the Managing General Partner of the Partnership. The Managing General Partner was formed exclusively for the purpose of acting as the Managing General Partner of the Partnership and has never engaged in any other activity, business or endeavor. As of the date of this Agreement, the Managing General Partner has no liabilities or indebtedness other than its liability for the debts of the Partnership, and the Managing General Partner shall not incur any indebtedness other than its liability for the debts of the Partnership. If the Managing General Partner determines it needs additional funds for any purpose, it shall obtain such funds solely from capital contributions from its owners or members. The Managing General Partner has observed and shall continue to observe all necessary or appropriate organizational formalities in the conduct of its business. The Managing General Partner shall keep its books and records separate and distinct from those of its owners, members and/or other of its Affiliates, and shall maintain the Partnership accounts in financial institutions, whose accounts are federally insured, segregated from any other accounts and funds of the Managing General Partner or any of its shareholders, members and/or other of its Affiliates. The Managing General Partner and TCG North Carolina, LLC are accrual basis taxpayers. The Managing General Partner shall clearly identify itself as a legal entity separate and distinct from its shareholders, members and/or other of its Affiliates in all dealings with other Persons. The Managing General Partner has been adequately capitalized for the purposes of conducting its business and will not make distributions at a time when it would have unreasonably small capital for the continued conduct of its business. If there is a change in federal income tax laws whereby the Managing General Partner is required to maintain a specific level of net worth to support a determination that the Partnership will be taxed as a partnership and not as a corporation, the Managing General Partner shall obtain an opinion of an independent qualified tax counsel that it has met such new requirements. Furthermore, the Managing General Partner shall, thereafter through the term of the Partnership, maintain a net worth in such amount that in the opinion of such tax counsel the Partnership will be taxed as a partnership and not as a corporation.

(d) Ownership of General Partner. TCG North Carolina, LLC owns and shall continue to own during the term of this Agreement, one hundred percent of all classes of interest in the Managing General Partner. The Co-General Partner is not owned by any members, rather all authority is vested in its 5-person board of directors.

ARTICLE 5.
PARTNERS, PARTNERSHIP INTERESTS
AND OBLIGATIONS OF THE PARTNERSHIP

5.01 General Partner Capital Contributions and Partnership Interests.

(a) General Partner. The General Partner, its principal address or place of business, its Capital Contribution and its Percentage Interest are as follows:

General Partner	Capital Contribution	Percentage Interest
Southside Village Apartments, LLC 348 Thompson Creek Mall Suite 357 Stevensville, MD 21666	\$49.00	0.0049%
Haven Redevelopment Group, Inc. 1 Jamaica Drive Lexington, NC 27292	\$51.00	0.0051%

The 0.0049% Percentage Interest of Southside Village Apartments, LLC and the 0.0051% Percentage Interest of Haven Redevelopment Group, Inc., totaling 0.01% are, collectively, referred to herein as the "General Partner Percentage Interest".

(b) General Partner's Special Capital Contribution. In the event that the Partnership has not timely paid all or part of the amounts due under the Development Agreement, the General Partner shall contribute to the Partnership an amount equal to any such remaining payments (the "General Partner's Special Capital Contribution") and the Partnership shall thereupon make a payment in an equal amount to pay off all amounts due under the Development Agreement by the earlier of (i) the thirteenth year following the date of the Development Agreement, (ii) the date of liquidation of the Partnership, or (iii) the date of removal of the General Partner from the Partnership.

5.02 Limited Partners.

(a) The Limited Partner and the Special Limited Partner, respectively, their principal office and place of business, their Capital Contributions and their Percentage Interests are as follows:

Limited Partner	Capital Contribution	Percentage Interest
RSEP Holding, LLC 200 Public Square, Suite 2050 Cleveland, OH 44114	Capital Contribution is as set forth in Section 5.02(b)	99.989%
Special Limited Partner		
Red Stone Equity Manager, LLC 200 Public Square, Suite 2050	\$10.00	0.001%

Cleveland, OH 44114

(b) Limited Partner Capital Contributions. Subject to the provisions of this Agreement, including, without limitation, the provisions of Sections 5.03 and 5.06, the Limited Partner shall be obligated to make Capital Contributions to the Partnership in the aggregate amount of Two Million Four Hundred Nine Thousand Ninety-Three and No/100 Dollars (\$2,409,117.00) in installments as follows:

(i) First Capital Contribution. The amount of the first Capital Contribution shall be Two Hundred Fifty-Six Thousand Three Hundred Eighty-Nine and No/100 Dollars (\$256,389.00) (the "First Capital Contribution"). After satisfaction of all of the conditions set forth below, and review and approval of the items described below, the Limited Partner shall make the First Capital Contribution to the Partnership:

(A) Title Policy. The Title Company shall have issued an ALTA-form policy of owner's title insurance (the "Title Policy") in an amount equal to the acquisition and development cost of the Apartment Complex, showing the Partnership as owner of leasehold title to the Apartment Complex and subject to only such exceptions as are acceptable to the Limited Partner, and containing extended coverage and such endorsements as the Limited Partner may require, including, without limitation, access, blanket easement (CLTA 103.1 or its equivalent) (if applicable), contiguity (if the Land is comprised of adjoining lots), fairway, non-imputation, (protecting the Limited Partner against the knowledge of all other partners, including any withdrawing partners), owner's comprehensive (with minerals if applicable) protecting the existing improvements or, if the Apartment Complex has yet to be constructed, protecting the planned improvements as shown on specified plans (ALTA Form 9.1 or 9.2 or an equivalent), separate tax lot, subdivision (if applicable), survey and zoning 3.1 with parking;

(B) Environmental Matters. The Limited Partner shall have received an environmental phase I site assessment report upon which it can rely (as confirmed in writing by the Person preparing such report) prepared in accordance with American Society for Testing Materials (ASTM) Standard E-1527-05 requirements for Phase I environmental site assessments (and phase II report, if recommended by the terms of the phase I or if requested by the Limited Partner) dated within six months of the date of the making of the First Capital Contribution satisfactory to the Limited Partner from an environmental consultant satisfactory to the Limited Partner confirming no recognized environmental conditions exist at or in close proximity to the Land;

(C) Legal Opinion. The Limited Partner shall have received a legal opinion of the Counsel to the Partnership, the General Partner, the Guarantor and the Developer, which opinion shall explicitly state that counsel to the Limited Partner may explicitly rely upon it, and which shall be in form and substance acceptable to the Limited Partner;

(D) Tax Opinion. The Limited Partner shall have received a tax certification ("Tax Certification") generally in the form attached hereto as Exhibit L, through which the General Partner and any such Affiliates as required by the Limited Partner certify to the Limited Partner and its counsel such matters as may be required to enable such counsel to deliver an overall tax opinion that addresses all material tax

issues and indicates that the financial projections and tax credit calculation contained in the Projections appear reasonable and complete;

(E) Survey. The Limited Partner shall have received an approved ALTA/ACSM survey of the Land in a form reasonably satisfactory to the Limited Partner;

(F) Permits and Licenses. The Limited Partner shall have received a copy of any permits and licenses required for the construction of the Apartment Complex issued by the applicable governmental authorities for the Apartment Complex;

(G) Issuance of Bonds. The Bonds shall have been issued and all cost of issuance associated with the Bonds shall have been paid in full;

(H) Bond Loan. The Bond Loan shall have closed and funded such amounts as are required by the applicable Project Documents as of the date of the Initial Closing;

(I) RAD HAP Contract. The Limited Partner shall have received a fully executed copy of the RAD HAP Contract that is consistent with the Projections;

(J) Disbursement of Loan. The FHA Loan and the Housing Authority Loan shall have closed and funded such amounts as are required by the applicable Project Documents as of the date of the Initial Closing, and the Seller Financing Loan shall have closed as of the date of the Initial Closing;

(K) Other Documentation. The Limited Partner shall have received such other documentation as it may reasonably request to satisfy its due diligence requirements including, without limitation, (i) those documents listed on the Limited Partner's closing checklist, a copy of which has been previously delivered to the General Partner, and (ii) such additional items requested by the Limited Partner to otherwise verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article 4.

The proceeds of the First Capital Contribution shall first be used to pay the Limited Partner Due Diligence Costs and thereafter to pay costs associated with the acquisition of the Apartment Complex, the issuance of the Bonds and the closing of the Project Loans as the Special Limited Partner may approve.

(ii) Second Capital Contribution. The amount of the second Capital Contribution shall be Two Hundred Forty Thousand Nine Hundred Nine and No/100 Dollars (\$240,912.00) (the "Second Capital Contribution"). After satisfaction of all of the conditions set forth below, and review and approval by the Limited Partner of the items described below, the Limited Partner shall make the Second Capital Contribution to the Partnership:

(A) First Capital Contribution Conditions. All conditions to funding the Limited Partner's First Capital Contribution have been satisfied;

(B) Title Policy Date Down. The Limited Partner shall have received a Title Policy Date Down dated no earlier than fifteen (15) days prior to the making of the Second Capital Contribution;

(C) 30% Completion. The Limited Partner shall have received a certificate from the Architect and the Construction Inspector stating that the rehabilitation of the Apartment Complex is at least 30% complete;

(D) Date Certain. July 1, 2015;

(E) Contribution Certificate. The Limited Partner shall have received a Contribution Certificate;

(F) Estoppel Certificate. An estoppel certificate in the form attached as Exhibit N dated within 15 days of the request for the Second Capital Contribution;

(G) Post Closing Due Diligence Checklist. The Limited Partner shall have received and approved any item set forth on the Post Closing Due Diligence Checklist which are then due to the Limited Partner pursuant to the terms of the Post Closing Due Diligence Checklist; and

(H) Other Documents and Outstanding Fees. The Limited Partner shall have received such other documents as the Limited Partner reasonably determines are necessary to clarify any matter disclosed by the documents described above or to verify the accuracy of any representation, warranty or covenant set forth herein. The Special Limited Partner shall have confirmed that there are no outstanding fees owed to the Limited Partners at the time of the making of the Second Capital Contribution.

(iii) Third Capital Contribution. The amount of the third Capital Contribution shall be Three Hundred Sixty-One Thousand Three Hundred Sixty-Four and No/100 Dollars (\$361,368.00) (the "Third Capital Contribution"). After satisfaction of all of the conditions set forth below, and review and approval by the Limited Partner of the items described below, the Limited Partner shall make the Third Capital Contribution to the Partnership:

(A) Second Capital Contribution Conditions. All conditions to funding the Limited Partner's Second Capital Contribution have been satisfied;

(B) Title Policy Date Down. The Limited Partner shall have received a Title Policy Date Down dated no earlier than fifteen (15) days prior to the making of the Third Capital Contribution;

(C) 50% Completion. The Limited Partner shall have received a certificate from the Architect and the Construction Inspector stating that the rehabilitation of the Apartment Complex is at least 50% complete;

(D) Date Certain. October 1, 2015;

(E) Contribution Certificate. The Limited Partner shall have received a Contribution Certificate;

(F) Estoppel Certificate. An estoppel certificate in the form attached as Exhibit N dated within 15 days of the request for the Third Capital Contribution;

(G) Post Closing Due Diligence Checklist. The Limited Partner shall have received and approved any item set forth on the Post Closing Due Diligence Checklist which are then due to the Limited Partner pursuant to the terms of the Post Closing Due Diligence Checklist; and

(H) Other Documents and Outstanding Fees. The Limited Partner shall have received such other documents as the Limited Partner reasonably determines are necessary to clarify any matter disclosed by the documents described above or to verify the accuracy of any representation, warranty or covenant set forth herein. The Special Limited Partner shall have confirmed that there are no outstanding fees owed to the Limited Partners at the time of the making of the Third Capital Contribution.

(iv) Fourth Capital Contribution. The amount of the fourth Capital Contribution shall be Four Hundred Eighty-One Thousand Eight Hundred Nineteen and No/100 Dollars (\$481,823.00) (the "Fourth Capital Contribution"). After satisfaction of all of the conditions set forth below, and review and approval by the Limited Partner of the items described below, the Limited Partner shall make the Fourth Capital Contribution to the Partnership:

(A) Third Capital Contribution Conditions. All conditions to funding the Limited Partner's Third Capital Contribution have been satisfied;

(B) Title Policy Date Down. The Limited Partner shall have received a Title Policy Date Down dated no earlier than fifteen (15) days prior to the making of the Fourth Capital Contribution;

(C) 75% Completion. The Limited Partner shall have received a certificate from the Architect and the Construction Inspector stating that the rehabilitation of the Apartment Complex is at least 75% complete;

(D) Date Certain. April 1, 2016;

(E) Contribution Certificate. The Limited Partner shall have received a Contribution Certificate;

(F) Estoppel Certificate. An estoppel certificate in the form attached as Exhibit N dated within 15 days of the request for the Fourth Capital Contribution;

(G) Post Closing Due Diligence Checklist. The Limited Partner shall have received and approved any item set forth on the Post Closing Due Diligence Checklist which are then due to the Limited Partner pursuant to the terms of the Post Closing Due Diligence Checklist; and

(H) Other Documents and Outstanding Fees. The Limited Partner shall have received such other documents as the Limited Partner reasonably determines are necessary to clarify any matter disclosed by the documents described above or to verify the accuracy of any representation, warranty or covenant set forth herein. The Special Limited Partner shall have confirmed that there are no outstanding fees owed to the Limited Partners at the time of the making of the Fourth Capital Contribution.

(v) Fifth Capital Contribution. The amount of the fifth Capital Contribution shall be Three Hundred Eighty-Five Thousand Six Hundred Sixty-One and No/100 Dollars (\$385,674.00) (the "Fifth Capital Contribution"). After satisfaction of all of the conditions set forth below, and review and approval by the Limited Partner of the items described below, the Limited Partner shall make the Fifth Capital Contribution to the Partnership:

(A) Fourth Capital Contribution Conditions. All conditions to funding the Limited Partner's Fourth Capital Contribution have been satisfied;

(B) Substantial Completion. Substantial Completion of the Apartment Complex shall have occurred;

(C) Survey. The Limited Partner shall have received and approved an updated and recertified ALTA/ACSM standards as-built survey satisfactory to the Limited Partner dated no more than thirty (30) days prior to the date of funding;

(D) Final Construction Documentation. The Limited Partner shall have received and approved all of the following: (i) an architect's certificate of substantial completion in the form requested by the Limited Partner, (ii) the Construction Inspector shall have delivered its final report, (iii) an affidavit of final construction cost executed by the General Partner, (iv) copies of any change orders not previously submitted to the Limited Partner; (v) a list of all warranties and maintenance agreements applicable to the completed construction; (vi) the As-Built Plans and Specifications; (vii) if required by the Limited Partner, final soil reports confirming that the Apartment Complex has been constructed in a manner compatible with the soil conditions at the time of construction and all necessary excavations, fills, footings, caissons and other installations have been provided; and (viii) if applicable, evidence that any material outstanding deficiencies notes in any previously issued HUD REAC inspection reports have been remedied;

(E) Environmental Matters. In addition to the reports described in Section 5.01(b)(i), the General Partner shall have provided the Limited Partner (i) evidence that any actions recommended to be taken which were contained in any environmental assessment reports prepared in conjunction with the development of the Apartment Complex have been appropriately completed in a manner that fully complies with such recommendations and all laws, regulations, ordinances, orders or decrees pertaining to environmental matters;

(F) Cost Certification. Receipt of an audited cost certification of Eligible Basis (as defined in Code Section 42(d)) for the Apartment Complex prepared by the Accountants, and approved by the Special Limited Partner as to form and substance;

(G) Insurance Certificates. The Limited Partner shall have received current certificates of insurance evidencing the insurance coverages required to be maintained by the Partnership as required hereunder;

(H) Date Certain. October 1, 2016;

(I) Title Policy Date Down. The Limited Partner shall have received a Title Policy Date Down dated no earlier than fifteen (15) days prior to the making of the Fifth Capital Contribution;

(J) Contribution Certificate. The Limited Partner shall have received a Contribution Certificate;

(K) Tax Returns. The Limited Partner shall have received a copy of the Partnership's Federal tax return for the most recent reporting period in accordance with Article 13 herein;

(L) Estoppel Certificate. An estoppel certificate in the form attached as Exhibit N dated within 15 days of the request for the Fifth Capital Contribution;

(M) Post Closing Due Diligence Checklist. The Limited Partner shall have received and approved any item set forth on the Post Closing Due Diligence Checklist which are then due to the Limited Partner pursuant to the terms of the Post Closing Due Diligence Checklist; and

(N) Other Documents and Outstanding Fees. The Limited Partner shall have received such other documents as the Limited Partner reasonably determines are necessary to clarify any matter disclosed by the documents described above or to verify the accuracy of any representation, warranty or covenant set forth herein. The Special Limited Partner shall have confirmed that there are no outstanding fees owed to the Limited Partners at the time of the making of the Fifth Capital Contribution.

(vi) Sixth Capital Contribution. The amount of the sixth Capital Contribution shall be Six Hundred Eighty-Two Thousand Nine Hundred Fifty-One and No/100 Dollars (\$682,951.00) (the "Sixth Capital Contribution"). After satisfaction of all of the conditions set forth below, and review and approval by the Limited Partner of the items described below, the Limited Partner shall make the Sixth Capital Contribution to the Partnership:

(A) Fifth Capital Contribution Conditions. All conditions to funding the Limited Partner's Fifth Capital Contribution have been satisfied;

(B) Final Closing; Debt Service Coverage. Achievement of Final Closing (including satisfaction of the conditions to final endorsement of the FHA Loan) and operation of the Apartment Complex shall have resulted in a Debt Service Coverage Ratio of not less than 1.15 for the three month period prior to the month in which the Sixth Capital Contribution is to be made;

(C) Evidence of Minimum Set-Aside. The Limited Partner shall have received satisfactory evidence that the Minimum Set-Aside Test has been achieved;

(D) Occupancy Requirements. Achievement of Qualified Occupancy and ninety percent (90%) physical occupancy of the residential units in the Apartment Complex for the three month period prior to the month in which the Sixth Capital Contribution is to be made; and the General Partner, if requested by the Limited Partner, shall demonstrate such occupancy by submitting to the Limited Partner certified rent rolls and tenant qualification forms that confirm that the Qualified Tenants qualify under Section 42 of the Code;

(E) Bond Loan. The Limited Partner shall have received satisfactory evidence of the repayment of the Bond Loan;

(F) Form 8609. Receipt of the Form(s) 8609 for the entire Apartment Complex executed by the Agency;

(G) Extended Use Agreement. Receipt by the Limited Partner of a copy of an as-recorded Extended Use Agreement;

(H) Stabilized Operations. Achievement of Stabilized Operations;

(I) Date Certain. January 1, 2017;

(J) Tax Returns. The Limited Partner shall have received a copy of the Partnership's Federal tax return for the most recent reporting period in accordance with Article 13 herein;

(K) Estoppel Certificate. An estoppel certificate in the form attached as Exhibit N dated within 15 days of the request for the Sixth Capital Contribution;

(L) Title Policy Date Down. The Limited Partner shall have received a Title Policy Date Down dated no earlier than fifteen (15) days prior to the making of the Sixth Capital Contribution;

(M) Contribution Certificate. The Limited Partner shall have received a Contribution Certificate;

(N) Post Closing Due Diligence Checklist. The Limited Partner shall have received and approved any item set forth on the Post Closing Due Diligence Checklist which are then due to the Limited Partner pursuant to the terms of the Post Closing Due Diligence Checklist; and

(O) Other Documents and Outstanding Fees. The Limited Partner shall have received such other documents as the Limited Partner reasonably determines are necessary to clarify any matter disclosed by the documents described above or to verify the accuracy of any representation, warranty or covenant set forth herein. The Special Limited Partner shall have confirmed that there are no outstanding

fees owed to the Limited Partners at the time of the making of the Sixth Capital Contribution.

(vii) Other Documents and Outstanding Fees. The Limited Partner shall have received such other documents as the Limited Partner reasonably determines are necessary to clarify any matter disclosed by the documents described above or to verify the accuracy of any representation, warranty or covenant set forth herein. The Special Limited Partner shall have confirmed that there are no outstanding fees owed to the Limited Partners at the time of the making of the Sixth Capital Contribution.

(c) Limited Partner's Special Additional Capital Contributions; Limited Partner Advances. If, in any fiscal year of the Partnership, the Limited Partner's Capital Account balance may be reduced to or below zero, the Limited Partner may, in its sole and absolute discretion, make a special additional capital contribution to the Partnership, in an amount reasonably required to avoid the reduction of the Limited Partner's Capital Account balance to or below zero (the "Special Additional Capital Contribution"). If the Limited Partner makes a Special Additional Capital Contribution to the Partnership pursuant to this paragraph, such funds shall be deposited in a separate Partnership reserve account, withdrawals from which shall require the Consent of the Special Limited Partner. All interest earned on such account shall be payable to such Limited Partner, and an amount of income equal to the amount of such interest shall be specifically allocated to such Limited Partner. The Limited Partner shall receive a guaranteed payment pursuant to Section 5.07 for the use of its Special Additional Capital Contribution. Whenever the Limited Partner makes a Special Additional Capital Contribution to the Partnership pursuant to this paragraph, the General Partner shall have the option, in its sole and absolute discretion, to make Special Additional Capital Contributions to the Partnership, up to the same amount and on the same terms in the aggregate as the Special Additional Capital Contribution made by the Limited Partner at that time. The Limited Partner (or an Affiliate of the Limited Partner), in the Limited Partner's sole and absolute discretion, may loan funds to the Partnership to meet the needs of the Partnership, in the event the Limited Partner determines in good faith that such funds are not otherwise available to the Partnership when needed. Such advances ("Limited Partner Advances") shall bear interest at Prime Rate plus 3%, per annum. Limited Partner advances shall be paid as provided in Section 11.03 and 11.04.

5.03 Adjustment to Capital Contributions of Limited Partner; General Partner Payments. Following determination of Certified Credits, the Accountants shall calculate the Downward Capital Adjustment or Upward Capital Adjustment (if applicable), as defined below. If events subsequent to such calculation result in a decrease due to a Late Delivery Capital Adjustment, as defined below, then the Accountants shall recalculate the Downward Capital Adjustment, and the Partners or the Partnership, as appropriate, shall make payments pursuant to Section 5.03(a) to reflect such recalculation. Such calculation shall be subject to the review and approval of the Special Limited Partner, which approval shall not be unreasonably withheld, conditioned or delayed.

(a) If there is a Downward Capital Adjustment, then the Capital Contributions of the Limited Partner shall be immediately reduced by the Downward Capital Adjustment. The Downward Capital Adjustment shall reduce any unfunded Capital Contribution of the Limited Partner, commencing with the first unfunded Capital Contribution. If the Downward Capital Adjustment exceeds the total of all unfunded Capital Contributions (prior to the reduction under this provision), then the General Partner shall make a payment to the Partnership equal to the amount of such excess, and the Partnership shall immediately distribute such amount to the Limited Partner as a return of its Capital Contributions. Such payment by the General Partner

shall constitute a non-reimbursable funding by it of Excess Development Costs and shall not give rise to any right as a loan or Capital Contribution or result in any increase in the Capital Account of the General Partner. Such payment shall be made within 10 days following a demand therefor from the Limited Partner, failing which interest shall accrue at the Default Rate.

If there is a Certified Credit Capital Increase or an Early Delivery Capital Adjustment (each or collectively, an “Upward Capital Adjustment”), then the Capital Contribution of the Limited Partner shall be increased by the Upward Capital Adjustment, but in no event shall the additional Capital Contribution by the Limited Partner be greater than \$120,456. The additional Limited Partner Capital Contribution shall increase the Sixth Capital Contribution. The Partnership shall use the increase in the Sixth Capital Contribution (i) first to pay any outstanding fees owed to the Limited Partners, and (ii) then to distribute any remaining proceeds in accordance with the provisions of Section 11.03(b).

(b) The following definitions shall apply for purposes of determining adjustments to Capital Contributions:

(i) “Certified Credit Capital Adjustment” shall equal the product of (A) Certified Credits for the Credit Period (excluding any Tax Credits resulting from an increase in qualified basis under Code Section 42(f)(3)), minus \$2,691,724, and (B) \$0.8950. The Certified Credit Capital Adjustment may be a positive or negative number.

(ii) “Certified Credit Capital Decrease” means a negative Certified Credit Capital Adjustment.

(iii) “Certified Credit Capital Increase” means a positive Certified Credit Capital Adjustment.

(iv) “Downward Capital Adjustment” shall mean the following: (A) if either there is a Certified Credit Capital Decrease or if the Certified Credit Capital Adjustment is zero, then the Certified Credit Capital Decrease plus the Late Delivery Capital Adjustment; or (B) if there is a Certified Credit Capital Increase, the positive amount, if any, by which the Late Delivery Capital Adjustment exceeds the Certified Credit Capital Increase.

(v) “Late Delivery Capital Adjustment” shall mean for calendar years 2015 and 2016, the product of (a) the amount, if any, by which \$153,221 and \$232,765 respectively, exceeds Actual Credits for such year, and (b) \$0.65. If any building in the Apartment Complex does not achieve Qualified Occupancy by the end of the first year of the Credit Period for such building, then the Late Delivery Capital Adjustment shall be the sum of (i) the amount determined under the preceding sentence and (ii) the positive difference, if any, between the Projected Credits and the Actual Credits projected to be available in years 2017 through 2026, as calculated by the Limited Partner at the end of the first year of the Credit Period.

(vi) “Early Delivery Capital Adjustment” shall mean, provided that the Certified Credit Capital Adjustment equals or exceeds zero, (I) the product of (a) Certified Credits for the calendar years 2015 and 2016 (excluding any Tax Credits resulting from an increase in qualified basis under Code Section 42(f)(3) minus \$153,221 and \$232,765, respectively, and (b) \$0.55.

5.04 Deposit of Capital Contributions. The cash portion of the Capital Contributions of each Partner shall be deposited at the General Partner's discretion in a checking, savings and/or money market or similar account to be established and maintained in the name of the Partnership or invested in government securities or certificates of deposit issued by any bank, or, if requested by the Limited Partner, the cash portion may be deposited directly to a construction escrow account. Thereafter, such amounts shall be utilized for the conduct of the Partnership business pursuant to the terms of this Agreement. The Limited Partner shall have the right to make payment of its Capital Contribution directly to a construction escrowee or other third party to be utilized for payment of costs contemplated by the Projections or as required by the Project Documents. Such direct payments shall be credited to the Limited Partner as if such payment was paid directly to an account maintained for or by the Partnership.

5.05 Return of Capital Contribution. Except as provided in this Agreement, no Partner shall be entitled to demand or receive the return of its Capital Contribution.

5.06 Withholding of Capital Contribution Upon Default.

(a) Conditions Giving Rise to Withholding. In the event that (a) the General Partner, or any successor General Partner shall not have complied with any material provisions under this Agreement after notice from the Special Limited Partner of such noncompliance and failure to cure such noncompliance within a period of thirty (30) days from the date of the delivery of such notice, or (b) the Guarantor shall have failed to perform any of its obligations under the Guaranty, or (c) any Project Lender shall have declared the Partnership to be in default under any Project Loan after the expiration of any applicable notice and cure period, or (d) foreclosure proceedings shall have been commenced against the Apartment Complex, and such proceedings are not dismissed within sixty (60) days thereof, then the Partnership and the General Partner shall be in default of this Agreement, and the Limited Partner, at its sole election, may cause the withholding of payment of any Capital Contribution otherwise payable to the Partnership, and the General Partner shall make no further payment to the Developer prior to maturity pursuant to the Development Agreement without the Consent of the Special Limited Partner.

(b) Release to Partnership Following Cure. All amounts so withheld by the Limited Partner under this Section 5.06 shall be promptly released to the Partnership only after the General Partner or the Partnership has cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Limited Partner.

5.07 Guaranteed Payments. No later than ninety (90) days after the end of the Partnership's fiscal year, any Partner who has made a Special Additional Capital Contribution pursuant to Section 5.02(c) shall receive, as a guaranteed payment for the use of its capital, an amount equal to the annual interest earned by the Partnership, if any, on such Special Additional Capital Contribution. The Partnership shall invest any amounts contributed pursuant to Section 5.02(c) as reasonably directed by the contributing Partner. Any guaranteed payment due to a Partner shall be deemed an expense of the Partnership for purposes of determining Net Cash Flow. Any guaranteed payment which is not paid when due shall remain a liability of the Partnership and shall bear interest as set forth above.

5.08 Repurchase Obligation.

(a) Conditions for Repurchase. If (i) the entire Apartment Complex is not placed in service by September 30, 2016 (or such later date as may be Consented to by the

Special Limited Partner); (ii) the Partnership has not received State Designation in 2014, (iii) the IRS Form(s) 8609 (is) (are) not issued by the Agency so as to allow the Credit Period to commence as of 2016; (iv) Final Closing has not occurred by November 30, 2016 (or such later date as may be Consented to by the Special Limited Partner); (v) the Partnership fails to meet the Minimum Set-Aside Test and the Rent Restriction Test by the close of the first year of the Credit Period or at any time thereafter; (vi) less than fifty percent (50%) of the aggregate cost basis of the construction and the basis of the Land on which the construction is located, as such terms are defined in Code Section 42(h)(4)(B), is financed by an obligation described in Code Section 42(h)(4)(A); (vii) Breakeven Operations has not occurred within 18 months following Substantial Completion, which is anticipated to occur not later than September 30, 2016; (viii) at any time before Breakeven Operations (1) an action is commenced and successfully prosecuted to foreclose, abandon or permanently enjoin construction of the Apartment Complex; (2) it is determined that the Apartment Complex will qualify for less than 80% of the Projected Tax Credits; or (3) if applicable, the Apartment Complex fails to comply with HUD's minimum standards for physical condition as determined pursuant to HUD's REAC inspection process; (ix) an Extended Use Agreement is not in effect before the end of the first year of the Credit Period; or (x) the commitment to provide permanent financing is rescinded or withdrawn and a substitute permanent loan commitment on comparable terms, acceptable to the Special Limited Partner, is not provided within thirty (30) days of the occurrence thereof then the General Partner shall, within fifteen (15) days of the occurrence thereof, send to the Limited Partner Notice of such event and of its obligation to purchase the Interest of the Limited Partner hereunder and return to the Limited Partner its Capital Contributions in the event the Limited Partner, in its sole discretion, requires in a Notice to the General Partner such purchase of the Interest of the Limited Partner.

(b) Thereafter, the General Partner, within thirty (30) days of the mailing date of Notice by the Limited Partner of such election, shall acquire the entire Interest of the Limited Partner in the Partnership by making payment to the Limited Partner, in cash, of an amount equal to the sum of (i) 110% of its Capital Contributions, and (ii) interest on such amount at the Default Rate accruing from the date or dates of the Limited Partner's Capital Contributions, but in no event higher than the highest rate permitted by applicable law

(c) Upon receipt by the Limited Partner of any such payment of its Capital Contributions, the Interest of the Limited Partner and all further obligations of the Limited Partner hereunder shall terminate, and, to the extent that the Limited Partner has acted in accordance with the terms of this Agreement, the General Partner shall indemnify and hold harmless the Limited Partner from any losses, damages, and/or liabilities, to or as a result of claims of Persons other than Partners or Affiliates thereof, to which the Limited Partner (as a result of its respective participation hereunder) may be subject.

5.09 General Partner Loans.

(a) General Partner Loans. The General Partner shall have the right, but not the obligation, after funding all other obligations under this Agreement, including, without limitation, its obligation to fund Excess Development Costs under its Construction Completion Guaranty under Section 8.09(a) or Operating Deficits under its Operating Deficit Guaranty under Section 8.09(b) hereof, to make General Partner Loans pursuant to this Section 5.09(a) to fund Operating Deficits of the Partnership or to fund other reasonable and necessary obligations of the Partnership, subject to the Consent of the Limited Partner. General Partner Loans shall be on the following terms: (i) no interest shall accrue on the General Partner Loans; and (ii) General Partner Loans shall be repayable solely as set forth in Sections 11.03, 11.04 and 12.02

of this Agreement. The making of such loans shall be subject to the Consent of the Special Limited Partner.

(b) Documentation of General Partner Loans. At the request of a Partner, which request may be made quarterly, any General Partner Loan shall be evidenced by a non-negotiable promissory note or notes reflecting any such General Partner Loans made during the preceding calendar quarter. General Partner Loans shall be unsecured loans by such Partner. General Partner Loans shall not be considered Capital Contributions and shall not increase such Partner's Capital Account.

(c) Usury Savings Clause. Notwithstanding anything to the contrary herein or in any note evidencing a General Partner Loan, in no event shall interest accrue on any General Partner Loan at a rate in excess of the highest rate permitted by applicable law, and if such designated interest rate should be in excess of such interest rate, the interest rate designated hereunder shall be reduced to the maximum rate of interest permitted by such law.

ARTICLE 6. CHANGES IN GENERAL PARTNERS

6.01 Withdrawal of the General Partner.

(a) The General Partner may withdraw from the Partnership or sell, transfer or assign its Interest as General Partner only with the prior Consent of the Special Limited Partner (which Consent shall be in the Special Limited Partner's sole discretion), and of the Agency and the Project Lenders, if required, and only after being given written approval by the necessary parties as provided in Section 6.02, and by the Agency and the Project Lenders, if required, of the General Partner(s) to be substituted for it or to receive all or part of its Interest as General Partner (a "Permitted Assignment").

(b) In the event that a General Partner withdraws from the Partnership or sells, transfers or assigns its entire Interest pursuant to Section 6.01(a), it shall be and shall remain liable for all obligations and liabilities incurred by it as General Partner before such withdrawal, sale, transfer or assignment shall have become effective, but shall be free of any obligation or liability incurred on account of the activities of the Partnership from and after the time such withdrawal, sale, transfer or assignment shall have become effective. Notwithstanding anything to the contrary set forth herein, in the event of a Permitted Assignment, any and all obligations and liabilities of a withdrawing General Partner pursuant to any Guaranty shall remain in full force and effect and shall apply to any and all past or future obligations as may be guaranteed pursuant to the applicable Guaranty.

6.02 Admission of a Successor or Additional General Partner. A Person shall be admitted as a General Partner of the Partnership only if the following terms and conditions are satisfied:

(a) the admission of such Person shall have been Consented to by the General Partner and the Special Limited Partner (which Consent shall be in the Special Limited Partner's sole discretion), and consented to by the Agency and the Project Lenders, if required;

(b) the successor or additional Person shall have accepted and agreed to be bound by (i) all the terms and provisions of this Agreement by executing a counterpart thereof, (ii) all the terms and provisions of the Loan Agreement and the Project Documents by executing counterparts thereof or an assumption agreement, if requested by the Project Lenders, and (iii) all the terms and provisions of such other documents or instruments as may be required or appropriate in order to effect the admission of such Person as a General Partner, and a certificate of amendment to the certificate of limited partnership evidencing the admission of such Person as a General Partner shall have been filed, and all other actions required by Section 1.06 in connection with such admission shall have been performed;

(c) if the successor or additional Person is a corporation, it shall have provided the Partnership with evidence satisfactory to Counsel for the Partnership of its authority to become a General Partner, to do business in the State and to be bound by the terms and provisions of this Agreement;

(d) Except in the case of the removal of the General Partner in accordance with Section 6.05, Counsel for the Partnership shall have rendered an opinion that the admission of the successor or additional General Partner is in conformity with the Act and that none of the actions taken in connection with the admission of the successor or additional General Partner will cause the termination or dissolution of the Partnership or will cause it to be classified other than as a partnership for federal income tax purposes; and

(e) The General Partner shall pay all third-party, out of pocket expenses, including reasonable legal fees, incurred by the Partnership and the Limited Partner in connection with such transfer.

6.03 Effect of Bankruptcy, Death, Withdrawal, Dissolution or Incompetence of a General Partner.

(a) Subject to the provisions of Section 6.05 of this Agreement, in the event of the Bankruptcy of a General Partner or the withdrawal, death or dissolution of a General Partner, or an adjudication that a General Partner is incompetent (which term shall include, but not be limited to, insanity) the business of the Partnership shall be continued by the other General Partner(s); provided, however, that if the withdrawn, Bankrupt, deceased, dissolved or incompetent General Partner is then the sole General Partner, or if such General Partner withdraws from the Partnership in contravention of the provisions of Section 6.01(a) of this Agreement, then the Partnership shall be terminated, unless within ninety (90) days after receiving Notice of such Bankruptcy, withdrawal, death, dissolution or adjudication of incompetence or breach of Section 6.01(a), the Limited Partner elects to designate the Special Limited Partner or such other entity as the Limited Partner may desire as a successor General Partner and continue the Partnership upon the conversion of such Special Limited Partner to the General Partner of the Partnership.

(b) Subject to the provisions of Section 6.05 of this Agreement, upon the Bankruptcy, death, dissolution or adjudication of incompetence of a General Partner or breach of Section 6.01(a), such General Partner shall upon such election immediately cease to be a General Partner and its Interest shall without further action be converted to a Limited Partner Interest; provided, however, that, if such Bankrupt, dissolved, incompetent, deceased or defaulted General Partner is the sole remaining General Partner, such General Partner shall cease to be a General Partner only upon the expiration of ninety (90) days after Notice to the Limited Partner of the Bankruptcy, death, dissolution, declaration of incompetence or default of

such General Partner; and provided further that, if such Bankrupt, dissolved, incompetent, deceased or defaulted General Partner is the sole remaining General Partner, the converted Partnership Interest of such replaced General Partner shall be ratably reduced to the extent necessary to insure that the substitute General Partner(s) holds a .01% Percentage Interest (as set forth in Section 5.01).

(c) Except as set forth above, such conversion of a General Partner Interest to a Limited Partner Interest shall not affect any rights, obligations or liabilities (including without limitation, any of the General Partner's obligations under Section 8.09 herein) of the Bankrupt, deceased, dissolved, removed, incompetent or defaulted General Partner existing prior to the Bankruptcy, death, dissolution, removal, incompetence or default of such person as a General Partner (whether or not such rights, obligations or liabilities were known or had matured).

(d) If, at the time of the withdrawal, Bankruptcy, death, dissolution, adjudication of incompetence or default under Section 6.01(a) of a General Partner, the Bankrupt, withdrawn, deceased, dissolved, incompetent or defaulted General Partner was not the sole General Partner of the Partnership, the remaining General Partner or General Partners shall immediately (i) give Notice to the Limited Partners of such Bankruptcy, death, dissolution, adjudication of incompetence or default, and (ii) make such amendments to this Agreement and execute and file such amendments or documents or other instruments as are necessary to reflect the conversion of the Interest of the Bankrupt, deceased, dissolved, incompetent or defaulted General Partner and its having ceased to be a General Partner. The remaining General Partner or General Partners are hereby granted an irrevocable power of attorney, coupled with an interest, to execute any or all documents on behalf of the Partners and the Partnership and to file such documents as may be required to effectuate the provisions of this Section 6.03.

6.04 Restrictions on Transfer of General Partner's Interests. This is an agreement under which applicable law excuses the Limited Partner from accepting performance from any General Partner which is a debtor in a case under the Bankruptcy Code, 11 U.S.C. § 101 et seq., from a trustee of any such debtor and from the assignee of any such debtor or trustee. The Limited Partner has entered into this Agreement with the General Partner in reliance upon the unique knowledge, experience and expertise of the General Partner, and its officers in the planning and implementation of the acquisition of the Apartment Complex and in the area of affordable housing and development in general. The foregoing restriction on transfer is based in part on the above factors. The General Partner expressly agrees that the Limited Partner shall not be required to accept performance under this Agreement from any person other than the General Partner, including, without limitation, any trustee of the General Partner appointed under the Bankruptcy Code, 11 U.S.C. § 101 et seq., and any assignee of any such trustee.

6.05 Removal of the General Partner.

(a) Conditions for Removal. The Special Limited Partner, so long as it is a Partner, shall have the right to remove the General Partner:

(i) for any (x) fraud, (y) gross negligence or intentional misconduct or (z) breach of fiduciary duty in the discharge of its duties and obligations as General Partner (provided that such violation under clause (z) above results in, or is likely to result in, a material detriment to the Partnership or the Limited Partner or an impairment of the Apartment Complex or assets of the Partnership), or

(ii) upon the occurrence of any of the following:

(A) the General Partner or the Partnership shall have violated any material provisions of the Regulatory Agreement, the Extended Use Agreement and/or the Loan Agreement, or any material provisions of any other Project Document or other document required in connection with any Project Loan or any material provisions of a Project Lender and/or Agency requirements applicable to the Apartment Complex (including the failure to remedy any conditions noted in a HUD REAC inspection report), which violation has not been explicitly waived in writing by the applicable Project Lender or the Agency, as applicable;

(B) the General Partner or the Partnership shall have (i) violated any material provision of this Agreement, including, without limitation, any of its guarantees or payment obligations under Sections 5.01(b), 5.03, 5.08 and/or 8.09, (ii) violated any material provision of applicable law, or (iii) breached any representation and warranty contained in Article 4 in any material respect;

(C) any event occurs which, with the giving of notice or passage of time would constitute an event of default under any Project Loan or Project Document;

(D) the General Partner shall have conducted its own affairs or the affairs of the Partnership in such manner as would:

(1) cause the termination of the Partnership for federal income tax purposes; or

(2) cause the Partnership to be treated for federal income tax purposes as an association, taxable as a corporation; or

(3) in the reasonable opinion of the Special Limited Partner, cause a recapture or reduction in Certified Credits beyond that which the General Partner has funded pursuant to the Tax Credit Compliance Guaranty; or

(4) violate any federal or state securities laws; or

(5) cause the Limited Partner to be liable for Partnership obligations in excess of its Capital Contributions;

(E) the General Partner fails to timely and promptly discharge the Management Agent if (1) at any time cause for such removal exists or (2) the Special Limited Partner exercises its rights pursuant to Section 7.02(b);

(F) any default by the Guarantor under the Guaranty;

(G) the amount of Actual Credits for any year are, or are projected by the Accountants to be, less than eighty-five percent (85%) of the Projected Credits for that year; or less than eighty-five percent (85%) of Certified Credits if Certified Credits have been determined and adjustments to the Capital Contribution of the Limited Partner have been made as may be required under Section 5.03;

(H) the General Partner shall (x) fail to obtain the dismissal of any case commenced against the General Partner (i) for the appointment of a trustee for the General Partner, or any of its property, or (ii) in Bankruptcy; or (y) file a voluntary Bankruptcy;

(I) an event of repurchase occurs, as described in Section 5.08;

(J) the General Partner or any Guarantor or an Affiliate of either is convicted of a felony by a court of competent jurisdiction;

(K) the General Partner fails to fund any Operating Deficit, whether such Operating Deficit occurs prior to or following expiration of the Operating Deficit Guaranty Period;

(L) intentionally deleted.

(b) Procedure for Removal. The Special Limited Partner shall give Notice to all Partners and to the Project Lenders of its determination that the General Partner shall be removed. The General Partner shall have ten (10) business days after receipt of such Notice with respect to monetary defaults, or thirty (30) days with respect to non-monetary defaults, to cure any default or other reason for such removal, in which event it shall remain as General Partner; provided, however, that no Notice shall be required with respect to a default set forth in paragraphs a(i)(x), a(ii)(G) or (a)(ii)(H) above. If, at the end of the applicable cure period, the General Partner has not cured any default or other reason for such removal, it shall cease to be General Partner and the powers and authorities conferred on it as General Partner under this Agreement shall cease and the Interests of such General Partner shall be transferred to the Special Limited Partner or its designee which, without further action, shall become the General Partner; in such event, upon becoming the General Partner, such designee shall be bound by all applicable terms and conditions of this Agreement and of the Project Documents.

(c) General Partner Obligations and Liability Following Removal. In the event that the General Partner is removed pursuant to the terms of this Agreement, it shall be and shall remain liable for all obligations and liabilities incurred by it as General Partner of the Partnership before such removal shall become effective, including but not limited to the obligations and liabilities of the General Partner with respect to its obligations set forth in Sections 4.03, 5.03, 5.08 and 8.09 of this Agreement; provided, however, that if amounts otherwise payable to the General Partner as fees or other payments are applied to meet the obligations of the General Partner as stated in Sections 4.03, 5.03, 5.08 and 8.09 of this Agreement, such application shall serve to reduce any such liabilities of the General Partner or any successor, except for any liability incurred as the result of its negligence, misconduct, fraud or breach of its fiduciary duties as General Partner of the Partnership. If the General Partner is removed as Partner of the Partnership as aforesaid, the General Partner shall not be entitled to payment of any further installments of the Incentive Management Fee, or other fees or payments which otherwise would have been due and payable under this Agreement.

(d) Power of Attorney. The Special Limited Partner hereby is granted an irrevocable power of attorney, coupled with an interest, to execute any and all documents on behalf of the Partners and the Partnership as shall be legally necessary and sufficient to effect all of the foregoing provisions of this Section 6.05. The election by the Special Limited Partner to remove the General Partner under this Section shall not limit or restrict the availability and

use of any other remedy which the Limited Partner or any other Partner might have with respect to the General Partner in connection with its undertakings and responsibilities under this Agreement.

ARTICLE 7.
MANAGEMENT AND OPERATION OF APARTMENT COMPLEX;
RESERVE REQUIREMENTS

7.01 Selection of Management Agent. The Partnership shall engage such person, firm or company as the General Partner may select, and as the Special Limited Partner may approve, which approval shall not be unreasonably withheld, to manage the operation of the Apartment Complex. Such Management Agent shall possess all required and applicable certifications and licenses issued through the State or through a reputable property management educational organization (such as a Certified Property Manager designation through the Institute of Real Estate Management) as well as any additional certifications or licenses which are required to manage Tax Credit properties. The Management Agent shall perform its obligations in accordance with all laws, procedures and regulations governing property managers within the State. The Management Agent shall be paid a management fee subject to the approval of the Agency and/or the Project Lenders, if required, and the Special Limited Partner, but in no event will the annual management fee be greater than six and five tenths percent (6.5%) of the annual gross revenues of the Apartment Complex. The contract between the Partnership and the Management Agent and the management plan for the Apartment Complex shall be in the form set forth in Exhibit M, with such changes acceptable to the Agency and/or the Project Lenders, if required, and reasonably acceptable to the Special Limited Partner; such contract shall have an initial term of one (1) year and shall be renewable annually thereafter and, shall provide, among other things, (i) for immediate termination by the General Partner at the direction of the Special Limited Partner in the event that the Special Limited Partner determines that grounds for removal of the Management Agent exist under Section 7.02; (ii) for payment of a management fee in an amount not to exceed the respective percentages set forth above; (iii) that it shall be cancelable upon thirty (30) days' prior notice from the Partnership. Further, if the Management Agent is an Affiliate of the General Partner, (i) the Management Agent will accrue the management fee until all other operating expenses are paid and (ii) the Management Agent will accrue the management fee if at any time the General Partner has failed to provide the reports set forth in Section 13.04 in a timely manner. Excel Property Management, Inc. is approved by the parties hereto as the initial Management Agent.

7.02 Removal of the Management Agent. The General Partner:

(a) may, upon receiving any required approval of the Agency and Project Lenders, if required, and the Special Limited Partner, dismiss the Management Agent as the entity responsible for the Apartment Complex under the terms of the contract between the Partnership and the Management Agent,

(b) shall, at the request of the Special Limited Partner, remove the Management Agent if the Special Limited Partner determines that the same is necessary to protect the interests of the Partnership or if the Management Agent is declared Bankrupt, is dissolved, or makes an assignment for the benefit of its creditors, or for any intentional misconduct by the Management Agent or its negligence in the discharge of its duties and obligations as Management Agent (subject to the fulfillment and expiration of any notice and/or opportunity to cure provisions of the Management Agreement), including, without limitation, for any action or failure to take any action which:

(i) violates in any material respect any provision of the Management Agreement entered into with the Partnership and approved by the Project Lenders, if required, and/or any material provision of the Project Documents and/or the Loan Documents applicable to the Apartment Complex, or the Project Lenders' approved management plan for the Apartment Complex;

(ii) violates in any material respect any provision of this Agreement or any provision of applicable law; or

(iii) causes the Apartment Complex to be operated in a manner which if continued would give rise to an event which would cause or would likely cause a recapture of Tax Credit; and

(c) shall include in any Management Agreement with an Affiliate of the General Partner, a provision that the Special Limited Partner shall have the right to terminate the Management Agreement in the event the General Partner is removed pursuant to the terms of this Agreement.

7.03 Replacement of the Management Agent. Upon the removal of the Management Agent as the entity responsible for the management of the Apartment Complex, a substitute Management Agent which is not an Affiliate of the General Partner shall be named by the General Partner, subject to the approval of the Project Lenders, if required, and the approval of the Special Limited Partner, which approval shall not be unreasonably withheld, conditioned or delayed.

7.04 Loans to the Partnership. The Partnership is authorized to receive Operating Deficit Loans and General Partner Loans on the terms set forth in this Agreement. In addition, if (a) additional funds are required by the Partnership for any purpose relating to the business of the Partnership or for any of its obligations, expenses, costs or expenditures, and (b) the Partnership has not received an Operating Deficit Loan, or General Partner Loan to pay such amounts, then the Partnership may with the prior Consent of the Special Limited Partner borrow such funds as are needed from a Person or organization, other than a Partner or an Affiliate of a Partner, in accordance with the terms of this Section 7.04, for such period of time and on such terms as the General Partner and the Limited Partner may agree; provided, however, that no such additional loans shall be secured by any mortgage or other encumbrance on the property of the Partnership without the prior Consent of the Special Limited Partner. Nothing in this Section 7.04 shall modify or affect the obligation of the General Partner to make Operating Deficit Loans and to perform its obligations when and as required by this Agreement.

7.05 Replacement Reserve. The General Partner shall cause the Partnership to establish and maintain a segregated reserve account (the "Replacement Reserve") to provide for working capital needs, improvements and replacements relating to the Apartment Complex. Commencing upon final endorsement of the FHA Loan, the General Partner shall cause the Partnership to annually deposit \$45,500 (which amount shall increase by four percent (4%) per annum) from the Partnership's gross operating revenues into the Replacement Reserve. The General Partner shall be entitled to withdraw funds from the Replacement Reserve subject to the Consent of the Special Limited Partner. Any request for such Consent shall be made separate and apart from the annual budget submitted for approval pursuant to Article XIII.

7.06 Operating Reserve. The General Partner shall cause the Partnership to establish and maintain a segregated reserve account (the "Operating Reserve") to meet

operating expenses and debt service of the Partnership which exceed operating revenues available for the payment thereof. No later than the making of the Sixth Capital Contribution, the General Partner shall cause the Partnership to deposit the amount of \$473,400 (or such greater amount as may be required by the Project Lenders) into the Operating Reserve. The initial \$473,400 of the Operating Reserve shall be funded from the Sixth Capital Contribution and/or the proceeds of the Project Loans; provided, however, that if there are insufficient funds from the aforementioned sources upon Final Closing, the General Partner shall be required to fund the Operating Reserve. The Operating Reserve shall be replenished from Net Cash Flow, as set forth in Section 11.03(b). The General Partner shall be entitled to withdraw funds from the Operating Reserve subject to the Special Limited Partner's approval. Any request for such approval shall be made separate and apart from the annual budget submitted for approval pursuant to Article XIII. Any amounts remaining in the Operating Reserve at the end of the Compliance Period shall be distributed as Net Cash Flow, as set forth in Section 11.03(b), or as the proceeds of a Capital Transaction, as set forth in Section 11.04.

ARTICLE 8.
RIGHTS, OBLIGATIONS AND POWERS
OF THE GENERAL PARTNER

8.01 Management of the Partnership.

(a) Except as otherwise set forth in this Agreement, the Managing General Partner, within the authority granted to it under this Agreement, shall have full, complete and exclusive discretion to manage and control the business of the Partnership for the purposes stated in Article 3, shall make all decisions affecting the business of the Partnership and shall manage and control the affairs of the Partnership to the best of its ability and use its best efforts to carry out the purpose of the Partnership. In so doing, the Managing General Partner shall take all actions necessary or appropriate to protect the interests of the Limited Partners and of the Partnership. The Managing General Partner shall devote such time as is necessary to the affairs of the Partnership.

(b) Except as otherwise set forth in this Agreement and subject to the applicable Project Lender and/or Agency rules and regulations and the provisions of the Project Documents, the Managing General Partner (acting for and on behalf of the Partnership), in extension and not in limitation of the rights and powers given by law or by the other provisions of this Agreement, shall, in its sole discretion, have the full and entire right, power and authority in the management of the Partnership business to do any and all acts and things necessary, proper, convenient or advisable to effectuate the purpose of the Partnership. In furtherance and not in limitation of the foregoing provisions, the Managing General Partner is specifically authorized and empowered to execute and deliver, on behalf of the Partnership, the Loan Agreements, the Regulatory Agreement, the Extended Use Agreement, the Notes, the Mortgages, and the other Project Documents, and to execute any and all other instruments and documents, and amendments thereto provided the Special Limited Partner shall be provided with the opportunity to review and Consent to any such documents prior to their execution by the Managing General Partner, as shall be required in connection with the Project Loans, including, but not limited to, executing any mortgage, note, contract, building loan agreement, bank resolution and signature card, release, discharge, or any other document or instrument in any way related thereto or necessary or appropriate in connection therewith. Copies of all applications for advances of proceeds of the Project Loans shall be provided to the Limited Partner prior to the disbursement of any funds pursuant thereto and shall be subject to the Consent of the Special Limited Partner; and provided further that any such applications which

provide for the disbursement of funds of the Partnership in lieu of or in addition to the proceeds of the Project Loans shall be subject to the Consent of the Special Limited Partner. All decisions made for and on behalf of the Partnership by the Managing General Partner shall be binding upon the Partnership. No Person dealing with the Managing General Partner shall be required to determine its authority to make any undertaking on behalf of the Partnership, nor to determine any facts or circumstances bearing upon the existence of such authority.

8.02 Limitations Upon the Authority of the General Partner.

- (a) The General Partner shall not have any authority to:
- (i) perform any act in violation of any applicable law or regulation thereunder;
 - (ii) perform any act in violation of the provision of any Project Document;
 - (iii) do any act required to be approved or ratified in writing by the Limited Partners under the Act unless the right to do so is expressly otherwise given in this Agreement;
 - (iv) knowingly rent apartments in the Apartment Complex such that the Apartment Complex would not meet the requirements of the Rent Restriction Test or Minimum Set-Aside Test;
 - (v) borrow from the Partnership or commingle Partnership funds with funds of any other Person; or
 - (vi) execute or deliver any general assignment for the benefit of creditors or file a petition or acquiesce in the filing of a petition for Bankruptcy.
- (b) The General Partner shall not, without the Consent of the Special Limited Partner, (which Consent for clauses (ii), (xi), (xii), (xiii), (xvi) and (xxiv) and below may be granted or denied in the sole discretion of the Special Limited Partner), have any authority to:
- (i) sell or otherwise dispose of, at any time, all or substantially all of the assets of the Partnership;
 - (ii) refinance any Project Loan or amend the terms of any Project Loan or any Project Document;
 - (iii) borrow in excess of \$25,000 in the aggregate at any one time outstanding on the general credit of the Partnership, except General Partner Loans and Operating Deficit Loans, and except as and to the extent provided for in an approved budget pursuant to Section 7.05;
 - (iv) agree to any change order for the Construction Contract (a) in excess of \$25,000, for any one line item or change orders in excess of \$100,000 in the aggregate, (b) which diminishes the quality of the construction or materials used in the

Apartment Complex (regardless of the dollar amount involved) from the approved Plans and Specifications, (c) which extends the duration of the construction schedule, or (d) which materially alters the design of the Apartment Complex from the approved Plans and Specifications; provided, however, the Special Limited Partner shall have sole and absolute discretion to approve or disapprove any change order that would result in any of the following: (i) a change in the number of units comprising the Apartment Complex, (ii) a change in the number of bedrooms in any unit comprising the Apartment Complex, (iii) a change in the number or location of parking spaces for the Apartment Complex, or (iv) a deviation from the agreements, representations or obligations of the Partnership as described in the Partnership's application for Tax Credits;

(v) following Final Closing, construct any new or replacement capital improvements on the Apartment Complex which substantially alter the Apartment Complex or its use or which are at a cost in excess of \$10,000 in a single Partnership fiscal year, or rebuild the Apartment Complex with the use of insurance proceeds, except (a) replacements and remodeling in the ordinary course of business or under emergency conditions, or (b) reconstruction paid for from insurance proceeds, or (c) as and to the extent provided for in an approved budget pursuant to Section 7.05;

(vi) acquire any real property in addition to the Apartment Complex other than easements reasonable and necessary for the operation of the Apartment Complex;

(vii) confess a judgment against the Partnership in excess of \$5,000, or commence or settle, or acquiesce in the commencement or settlement of any legal actions, arbitration, or other like proceedings involving the Partnership or the General Partner;

(viii) admit any Person as a General Partner or a Limited Partner, or withdraw as General Partner;

(ix) do any act in contravention of this Agreement or any other agreement to which the Partnership is a party;

(x) execute or deliver any assignment for the benefit of the creditors of the Partnership;

(xi) transfer or hypothecate the General Partner's interest as a General Partner in the Partnership, including its interest in Partnership allocations or distributions, except as otherwise provided in this Agreement;

(xii) dissolve the Partnership or take any action which would result in dissolution;

(xiii) prepay or modify the terms of any mortgage or long-term liability of the Partnership, or sell, grant an option to acquire (except for the Purchase Option), exchange, mortgage, encumber, pledge or otherwise transfer all or any portion of any interest in the Partnership or the Partnership's interest in the Apartment Complex, or borrow funds or participate in a merger or consolidation with any other entity;

(xiv) change the nature of the business of the Partnership, or do any act which would make it impossible to carry on the ordinary business of the Partnership;

- Partnership;
- (xv) materially change any accounting method or practice of the Partnership;
 - (xvi) file a voluntary petition for bankruptcy of the Partnership;
 - (xvii) make any expenditure or incur any liability on behalf of the Partnership in excess of \$10,000 which is not identified in the Projections or any budget Consented to by the Special Limited Partner, except with respect to emergency repairs necessary to protect the safety and comfort of the tenants or the structural integrity of the Apartment Complex, provided, however, that if any such expenditure is made, the General Partner shall immediately notify the Limited Partner of said expenditure along with a detailed explanation of the circumstances necessitating the expenditure;
 - (xviii) possess Partnership property or assign rights in specific property for other than a business purpose of the Partnership;
 - (xix) take any action which would cause the termination of the Partnership for federal income tax purposes under Code Section 708;
 - (xx) make, amend or revoke any tax election required of or permitted to be made by the Partnership under the Code or Regulations, including, without limitation, any election under Section 42 (including an election to treat any year other than 2015 as the first year of the Credit Period (as defined in Code Section 42(f) for the Apartment Complex) or Section 754 of the Code;
 - (xxi) enter into any agreement or take any action without the prior Consent of the Special Limited Partner or Limited Partner with respect to any matters for which the prior Consent of the Special Limited Partner or Limited Partner is a prerequisite;
 - (xxii) approve any increase in fees to the General Partner or any Affiliate of the General Partner;
 - (xxiii) enter into any cost-sharing, shared use or reciprocal easement agreements relating to the Apartment Complex or the Land;
 - (xxiv) change in ownership, control or management of the General Partner; or
 - (xxv) allow this Agreement to be amended.

8.03 Sale of Apartment Complex.

(a) Limited Partner Request for Sale. Notwithstanding the foregoing Section 8.02, and subject to all Agency regulations then in effect and the receipt of all required approvals and consents of the Project Lenders, and subject further to the extended use requirements applicable pursuant to Section 42(h)(6) of the Code, at any time after the fourteenth (14th) anniversary of the first day of the first taxable year of the applicable Tax Credit Compliance Period the Limited Partner may request that the Partnership sell the Apartment Complex subject to the Extended Use Agreement (a "Continued Compliance Sale").

(b) Continued Compliance Sale. After receipt of a request for a Continued Compliance Sale, the General Partner shall use its best efforts to find a third party purchaser for the Apartment Complex and to cause the Partnership to consummate a sale of the Apartment Complex subject to the Extended Use Agreement and on terms Consented to by the Limited Partner. If such efforts are not successful on terms reasonably satisfactory to the Limited Partner within four (4) months, the Limited Partner shall have the right thereafter to locate a purchaser for the Apartment Complex. If the Limited Partner locates such a purchaser, the General Partner shall be given a right of first refusal to purchase the Apartment Complex on the same terms and conditions as would be applicable to such purchaser. If such right of first refusal is not exercised by the General Partner within thirty (30) days, then the General Partner shall be obligated to Consent to the sale to such purchaser so long as the purchase price and other terms offered by such purchaser are at least as favorable to the Partnership as the best offer, if any, located by the General Partner.

(c) Intentionally Deleted.

(d) Redemption of Limited Partner Interest. At any time after payment of Limited Partner's Capital Contributions, Limited Partner may require that the Partnership purchase the Limited Partner's Interest and the Special Limited Partner's Interest, subject to all then existing liens and encumbrances to title, for an amount equal to \$100 (the "Put Option"). To exercise the Put Option, the Limited Partner must deliver to the General Partner an irrevocable written notice of such exercise. The purchase by the Partnership will be closed within 60 days after the later of (i) the Limited Partner's exercise of such right, or (ii) the receipt of all required consents, if any. Any conveyance from the Limited Partner and the Special Limited Partner to the Partnership under this Section 8.03 will be made by quitclaim transfer, without representation or warranty of any kind by the Limited Partner or the Special Limited Partner except that the Limited Partner and the Special Limited Partner will represent that such Partner has not previously transferred its Interest and such Partner's Interest is free of liens or encumbrances other than those contemplated by the Partnership's Mortgage Loans and/or by this Agreement. The Limited Partner and the Special Limited Partner agree that the Partnership will have no liability for any adverse tax consequences to the Limited Partner or the Special Limited Partner as a result of the exercise of the Put Option, including, but not limited to, recapture or lost Tax Credits.

8.04 Delegation of Authority. The General Partner may delegate all or any of its powers, rights and obligations hereunder, and may appoint, employ, contract or otherwise deal with any Person for the transaction of the business of the Partnership, which Person may, under supervision of the General Partner, perform any acts or services for the Partnership as the General Partner may approve, but in no event shall such delegation of duties relieve the General Partner of its obligations hereunder, including its fiduciary obligations to the other Partners.

8.05 General Partner or Affiliates Dealing with Partnership. The General Partner or any Affiliates thereof shall have the right to contract or otherwise deal with the Partnership for the sale of goods or services to the Partnership in addition to those set forth herein, if (a) compensation paid or promised for such goods or services is reasonable (i.e., at fair market value) and is paid only for goods or services actually furnished to the Partnership, (b) the goods or services to be furnished shall be reasonable for and necessary to the Partnership, (c) the fees, terms and conditions of such transaction are at least as favorable to the Partnership as would be obtainable in an arm's-length transaction, and (d) no agent, attorney, accountant or other independent consultant or contractor who also is employed on a full-time basis by the

General Partner or any Affiliate shall be compensated by the Partnership for his services. Any contract covering such transactions shall be in writing and shall be terminable without penalty on sixty (60) days' Notice. Any payment made to the General Partner or any Affiliate for such goods or services shall be fully disclosed to all Limited Partners in the reports required under Section 13.04. Neither the General Partner nor any Affiliate shall, by the making of lump sum payments to any other Person for disbursement by such other Person, circumvent the provisions of this Section 8.05.

8.06 Other Activities. Except as limited in Section 8.05, Affiliates of the General Partner may engage in or possess interests in other business ventures of every kind and description for their own account, including, without limitation, serving as general partner of other partnerships which own, either directly or through interests in other companies, government assisted housing developments similar to the Apartment Complex. Neither the Partnership nor any of the Partners shall have any rights by virtue of this Agreement in or to such other business ventures or to the income or profits derived therefrom.

8.07 Liability for Acts and Omissions. No General Partner or Affiliate thereof shall be liable, responsible or accountable in damages or otherwise to any of the Partners for any act or omission performed or omitted by it in good faith on behalf of the Partnership and in a manner reasonably believed by it to be within the scope of the authority granted to it by this Agreement and in the best interest of the Partnership, provided that the protection afforded the General Partner pursuant to this Section 8.07 shall not apply in the case of gross negligence, willful misconduct, fraud or any breach of fiduciary duty as General Partner or its officers, directors, agents or employees with respect to such acts or omissions. Any loss or damage incurred by any General Partner or Affiliate thereof by reason of any act or omission performed or omitted by it or any of them in good faith on behalf of the Partnership and in a manner reasonably believed by it to be within the scope of the authority granted by this Agreement and in the best interests of the Partnership (but not, in any event, any loss or damage incurred by the General Partner or Affiliate thereof by reason of gross negligence, willful misconduct or fraud of the General Partner or Affiliate thereof, or any breach of fiduciary duty as General Partner, with respect to such acts or omissions) shall be paid from Partnership assets to the extent available (but the Limited Partners shall not have any personal liability to the General Partner or Affiliate(s) thereof under any circumstances on account of any such loss or damage incurred by the General Partner or Affiliate(s) thereof or on account of the payment thereof).

8.08 Indemnification of Limited Partner and the Partnership. The General Partner and the Partnership shall, jointly and severally, indemnify, defend, and save harmless the Limited Partner from and against any claim, loss, expense, action or damage, including without limitation, reasonable costs and expenses of litigation and appeal (and the reasonable fees and expenses of counsel) asserted against the Limited Partner based on any act, omission, malfeasance or nonfeasance of the Partnership or the General Partner, including without limitation any claim that the Limited Partner is liable for any indebtedness of the Partnership and excluding only liability directly caused by the Limited Partner's gross negligence or willful misconduct. In addition, the General Partner and the Partnership shall, jointly and severally, indemnify, defend, save and hold harmless the Limited Partner, and its representatives, from and against any and all costs, losses, liabilities, damages, lawsuits, proceedings (whether formal or informal), investigations, judgments, orders, settlements, recoveries, obligations, deficiencies, claims and expenses (whether or not arising out of third party claims), including, without limitation, interest, penalties, attorneys' fees and all amounts paid in investigation, or settlement of any of the foregoing, incurred in connection with or arising out of or resulting from

the operations of the General Partner, the Partnership or the Apartment Complex prior to the date of this Agreement.

8.09 Construction of the Apartment Complex, Construction Cost Overruns, Operating Deficits; Other General Partner Guarantees.

(a) Construction Completion Guaranty.

(i) The Partnership has entered into the Construction Contract. The General Partner shall guaranty to the Partnership and the Limited Partners that the Partnership shall be:

(A) achieving completion of rehabilitation of the Apartment Complex on a timely basis in a good and workmanlike manner without construction defects in accordance with the Plans and Specifications for the Apartment Complex, the terms of this Agreement, the Project Documents and all applicable federal, state and local governmental requirements, including, without limitation, all local building and zoning laws, codes, ordinances, rules, regulations and orders;

(B) meeting all requirements for obtaining all necessary unconditional certificates of occupancy for all the apartment units in the Apartment Complex;

(C) fulfilling all actions required of the Partnership to assure that the Apartment Complex satisfies the Minimum Set-Aside Test and the Rent Restriction Test;

(D) causing the funding of the Project Loans by the respective Project Lenders;

(E) paying for all operating costs of the Apartment Complex, including funding of the Operating Reserve; and

(F) achieving Final Closing and Stabilized Operations.

(ii) The General Partner hereby is obligated to pay all Excess Development Costs; the Partnership shall have no obligation to pay any Excess Development Costs. Any amounts paid by the General Partner pursuant to this clause (ii) shall not be repaid by the Partnership, nor shall such amounts be considered or treated as Capital Contributions of the General Partner to the Partnership.

(iii) In the event that the General Partner shall fail to pay any such Excess Development Costs as required in this Section 8.09(a), then, the total of any remaining unpaid installments of the Development Fee due pursuant to Section 14.01 shall be suspended by the Partnership until such obligations are met by the General Partner.

(iv) Any suspension of funds otherwise payable pursuant to Section 14.01 and/or the Development Agreement as aforesaid shall not constitute reductions in amounts owed pursuant to Section 14.01 and/or the Development Agreement, and the General Partner shall have the obligation to make a Capital Contribution pursuant to Section 5.01(b)

sufficient to make such installment payments as they become due under the Development Agreement.

(b) Operating Deficit Guaranty. In the event that, at any time during the period beginning upon the later of: (i) the date that Stabilized Operations is achieved, or (ii) the date the conditions set forth in Section 8.09(a) are satisfied, and for five years thereafter, provided, however, that such period shall be extended until (i) the Apartment Complex is operating at Stabilized Operations for the last consecutive four quarters of such period; and (ii) the RAD HAP Contract is fully executed and in place (the "Operating Deficit Guaranty Period"), an Operating Deficit shall exist, the General Partner shall provide such funds to the Partnership as shall be necessary to pay such Operating Deficit(s); provided, however, that the General Partner shall not be obligated to provide such funds to the extent that the provision of such funds, if considered an Operating Deficit Loan as hereinafter defined, would cause the aggregate unpaid balance of all Operating Deficit Loans to exceed \$480,000. Funds provided after the achievement of Stabilized Operations shall be in the form of a loan to the Partnership (the "Operating Deficit Loan(s)"). Any Operating Deficit Loan shall be on the following terms: (i) it shall be unsecured; (ii) it shall not bear interest; (iii) it shall be repayable solely from Net Cash Flow and proceeds of a Capital Transaction at the time and in the amounts set forth in Sections 11.03(b), 11.04 and 12.02(a) of this Agreement; and (iv) shall be fully subordinated to payment of Project Loans, General Partner Loans, indebtedness of the Partnership to all Persons other than Partners and the Asset Management Fee. Withdrawals from the Operating Reserve shall not be permitted during the Operating Deficit Guaranty Period, without the Consent of the Special Limited Partner. In the event that the General Partner shall fail to make any such Operating Deficit Loan as aforesaid, the Partnership shall suspend amounts otherwise payable as installments of the Development Fee pursuant to Section 14.01 of this Agreement until such obligation to fund the Operating Deficit Loan is met by the General Partner. Any amounts of the Development Fee so suspended shall not constitute reductions of amounts owed pursuant to Section 14.01 and the Development Agreement, and the General Partner shall have the obligation to make a Capital Contribution pursuant to Section 5.01(b) sufficient to make such installment payments as they become due under the Development Agreement. For the purpose of this Section 8.09(b), all expenses shall be paid on a sixty (60) day current basis.

(c) Tax Credit Compliance Guaranty. The following is herein referred to as the "Tax Credit Compliance Guaranty":

(i) If with respect to any fiscal year of the Partnership there is a Tax Credit Shortfall, the General Partner irrevocably and unconditionally guarantees, within forty-five (45) days following the close of such fiscal year, payment to the Limited Partner of an amount equal to (A) the amount of the Tax Credit Shortfall for the fiscal year immediately preceding the payment due date, (B) all penalties and interest imposed by the Code and assessed against the Limited Partner by the IRS with respect to any Tax Credit Shortfall, and (C) an amount sufficient to pay any tax liability owed by the Limited Partner resulting from the receipt of the amounts specified in the foregoing clauses (A), (B) and this clause (C) of this Section 8.09(c)(i) (such calculation to be made assuming the Limited Partner is subject to the highest federal and state tax rates imposed on corporate tax payers under the Code at that time for the taxable year of the Limited Partner in which such payment is taken into income by the Limited Partner) together with interest on such amounts at the Prime Rate accruing from such payment due date.

(ii) The General Partner irrevocably and unconditionally guarantees payments specified in this Section 8.09(c)(ii) to the Limited Partner if there is a Tax Credit Recapture Event. The payments required by this Section 8.09(c)(ii) shall be the sum of the

following amounts: (A) the amount of Tax Credits previously allocated to the Limited Partner and subsequently disallowed because of such Tax Credit Recapture Event; (B) the “credit recapture amount” (as defined in Code Section 42(j)(2)) allocated to the Limited Partner because of such Tax Credit Recapture Event; (C) all penalties and interest imposed by the Code and assessed against the Limited Partner by the IRS with respect to such Tax Credit Recapture Event; (D) an amount sufficient to pay any tax liability owed by the Limited Partner resulting from the receipt of the amounts specified in the foregoing clauses (A), (B), (C) and this clause (D) of this Section 8.09(c)(ii) (such calculation to be made assuming the Limited Partner is subject to the highest federal and state tax rate imposed on corporate taxpayers under the Code at that time for the taxable year of the Limited Partner in which such payment is taken into income by the Limited Partner) together with interest on such amounts at the Prime Rate accruing from the date the Limited Partner remits funds to a taxing authority with respect to a Tax Credit Recapture Event; and (E) if the cause of the Tax Credit Recapture Event will, in the determination of the Limited Partner, decrease the maximum amount of Tax Credits that will be available to the Partnership and allocated to the Limited Partner during the remainder of the compliance period under Section 42 of the Code, assuming full compliance with Section 42 of the Code, then an amount equal to the total amount of such decrease. The General Partner shall make such payment to the Limited Partner within forty-five (45) days of the Tax Credit Recapture Event.

(iii) The Tax Credit Compliance Guaranty set forth herein shall not apply to amounts due solely to the transfer by the Limited Partner of all or a portion of its Interest in the Partnership or to changes in the Code after Stabilized Operations with which the General Partner is unable to comply despite the exercise of its good faith and reasonable efforts.

8.10 Guaranty. Concurrently with the execution of this Agreement, the General Partner shall deliver to the Limited Partner (a) the Guaranty fully executed by each Guarantor, (b) a pledge and security agreement executed by the General Partner in the form of Exhibit F attached hereto (the “General Partner Pledge”), wherein the General Partner pledges and grants a security interest in its partnership interest in the Partnership to secure its obligations under this Agreement, and (c) an opinion of counsel to the Guarantors in form satisfactory to the Limited Partner regarding the Guaranty and the General Partner Pledge.

ARTICLE 9. TRANSFERS AND RESTRICTIONS ON TRANSFERS OF INTERESTS OF LIMITED PARTNERS

9.01 Transfer of Limited Partners' Interests.

(a) Subject to the requirements in the RAD HAP Contract, the Limited Partner shall have the right to sell, transfer and/or assign interests within the Limited Partner or to transfer Interests of the Limited Partner to a Fund without the Consent of the General Partner, or to a Person once during the term of this Agreement, without the Consent of the General Partner. The Limited Partner shall provide Notice to the General Partner(s) of such transfer. The Special Limited Partner shall have the right to sell, transfer and/or assign interests of the Special Limited Partner to an Affiliate of the Special Limited Partner, without the Consent of the General Partner.

(b) Except as described in Section 9.01(a), under no circumstances will any offer, sale, transfer, assignment, hypothecation or pledge of any Limited Partner Interest be

permitted unless the General Partner, in its sole discretion, shall have Consented thereto, and the Project Lenders, if required, also shall have Consented thereto, provided however, that the General Partner's Consent shall not be required for a pledge by a Limited Partner of its Limited Partner Interest or a transfer of its right to receive distributions hereunder, so long as no pledgee or transferee shall have any right to become a Substitute Limited Partner in the Partnership or exercise any voting rights of a Limited Partner. In connection with any transfer of a Limited Partner's Interest, the Partnership shall pay such reasonable expenses as may be incurred by the Partnership in connection with such transfer, to include, without limitation, environmental and title insurance update costs, tax and judgment lien searches and legal opinion updates. Notwithstanding the foregoing, in no event shall the General Partner's Consent to a transfer of a Limited Partner's Interest be required after the Limited Partner has made all Capital Contributions required hereunder.

9.02 Admission of Substitute Limited Partners.

(a) An assignee of the Interest of a Limited Partner pursuant to Section 9.01(a) (which shall be understood to include a Fund, or any purchaser, transferee, donee, or other recipient of any disposition of such Interest) shall be deemed admitted as a Substitute Limited Partner of the Partnership upon Notice to the General Partner without the need for further action of any parties or the need for an amendment hereto; provided, however, an amended Certificate evidencing the admission of such Person as a Limited Partner shall be promptly filed for recording pursuant to the requirements of the Act, if required.

(b) Subject to the other provisions of this Article 9, an assignee of the Interest of a Limited Partner other than pursuant to Section 9.01(a), shall be deemed admitted as a Substitute Limited Partner of the Partnership upon completion of the following:

(i) Consent of the General Partner (which may be withheld in its reasonable discretion), and the consent of the Project Lenders, if required, shall have been given; such Consent of the General Partner may be evidenced by the execution by the General Partner of an amended Agreement and/or Certificate evidencing the admission of such Person as a Limited Partner pursuant to the requirements to the Act, provided, however, that no Consent shall be required for any sale, transfer or assignment pursuant to Section 9.01 (a);

(ii) the assignee shall have accepted and agreed to be bound by the terms and provisions of this Agreement by executing the Assignment pursuant to which it assumes all of the obligations of the Limited Partner or Special Limited Partner to be performed hereunder from and after the effective date of the Assignment;

(iii) an amended Agreement or Certificate evidencing the admission of such Person as a Limited Partner or Special Limited Partner shall have been filed for recording pursuant to the requirements of the Act, if required;

(iv) if the assignee is a corporation, the assignee shall have provided the General Partner with evidence satisfactory to Counsel for the Partnership of its authority to become a Limited Partner under the terms and provisions of this Agreement; and

(v) the assignee or the assignor shall have reimbursed the Partnership and/or the General Partner for all reasonable expenses, including all reasonable legal fees and recording charges, incurred by the Partnership and/or General Partner in connection with such assignment.

(c) For the purpose of allocation of profits, losses and credits, and for the purpose of distributing cash of the Partnership, a Substitute Limited Partner shall be treated as having become, and as appearing in, the records of the Partnership as a Partner upon its signing of an assumption agreement agreeing to be bound hereby in the case of an assignment pursuant to Section 9.01(a) or an amendment to this Agreement agreeing to be bound hereby in the case of an assignment pursuant to Section 9.01(b).

(d) The General Partner shall cooperate with the Person seeking to become a Substitute Limited Partner by preparing the documentation required by this Section and making all official filings and publications. In such event, the Partnership shall take all such action, including the filing, if required, of any amended Agreement and/or Certificate evidencing the admission of any Person as a Limited Partner, and the making of any other official filings and publications, as promptly as practicable after the satisfaction by the assignee of the Interest of a Limited Partner of the conditions contained in this Article 9 to the admission of such Person as a Limited Partner of the Partnership. Any cost or expense incurred in connection with such admission shall be borne by the Substitute Limited Partner.

(e) Prior to admission of the Substitute Limited Partner, the General Partner agrees to provide, at the expense of the Partnership, upon the request of the Limited Partner or its assignee a "date down" title endorsement as described in Section 5.02 and to execute such documents as the Title Company may require in connection therewith and an environmental update.

9.03 Rights of Assignee of Partnership Interest.

(a) Except as provided in this Article and as required by operation of law, the Partnership shall not be obligated for any purpose whatsoever to recognize the assignment by any Limited Partner of its Interest until the Partnership has received actual Notice thereof.

(b) Any Person who is the assignee of all or any portion of a Limited Partner's Interest, but does not become a Substitute Limited Partner, and who desires to make a further assignment of such Interest, shall be subject to all the provisions of this Article 9 to the same extent and in the same manner as any Limited Partner desiring to make an assignment of its Interest.

ARTICLE 10. RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

10.01 Management of the Partnership. No Limited Partner or Special Limited Partner shall take part in the management or control of the business of the Partnership nor transact any business in the name of the Partnership. Except as otherwise expressly provided in this Agreement, no Limited Partner or Special Limited Partner shall have the power or authority to bind the Partnership or to sign any agreement or document in the name of the Partnership. No Limited Partner or Special Limited Partner shall have any power or authority with respect to the Partnership except insofar as the consent of any Limited Partner shall be expressly required in this Agreement and except as otherwise expressly provided in this Agreement.

10.02 Limitation on Liability of Limited Partners. The liability of the Limited Partner and the Special Limited Partner is limited to each of its Capital Contributions as and when payable under the provisions of this Agreement, and as provided under the Act. Neither the Limited Partner nor the Special Limited Partner shall have any other liability to contribute money to, or in

respect of the liabilities or obligations of, the Partnership, nor shall the Limited Partner or Special Limited Partner be personally liable for any obligations of the Partnership, except as and to the extent provided in the Act. Neither the Limited Partner nor the Special Limited Partner shall be obligated to make loans to the Partnership.

10.03 Other Activities. The Limited Partner and Special Limited Partner and any Affiliates thereof may engage in or possess interests in other ventures of every kind and description for its own account, including without limitation, serving as a partner of other partnerships which own, either directly or through interests in other partnerships, government-assisted housing projects similar to the Apartment Complex. Neither the Partnership nor any of the Partners shall have any right by virtue of this Agreement in or to such other business ventures to the income or profits derived therefrom.

10.04 Inspection. The Limited Partner and its Affiliates shall have the right, from time to time, upon prior reasonable notice during business hours, to make a physical inspection of the Apartment Complex, subject to the rights of existing tenants.

ARTICLE 11. PROFITS, LOSSES AND DISTRIBUTIONS

11.01 Allocation of Profits and Losses Other Than From Capital Transactions.

(a) Manner of Determination. Profits, Losses and credits for all purposes of this Agreement shall be determined in accordance with the definition of the same under Article 11 of this Agreement (as applicable) and in accordance with the accrual accounting method and in accordance with applicable Code sections and Treasury Regulations governing same.

(b) Allocations. All Profits and Losses, except those items in Sections 11.02, 11.05, 11.07 and 12.02(b) below, shall be allocated to the Partners in accordance with their Percentage Interests. Every item of income, gain, loss, deduction, or tax preference entering into the computation of such Profits and Losses, or applicable to the period during which such Profits and Losses were realized, shall be considered allocated to each Partner in the same proportion as Profits and Losses are allocated to such Partner.

(c) Qualified Allocations. Notwithstanding any provision in this Agreement to the contrary, in no event shall the Co-General Partner be allocated more than its Percentage Interest, determined as of the date hereof, of any item of Partnership income, gain, loss, deduction, credit or basis so that at no time will any portion of the property held by the Partnership be classified as tax-exempt use property for purposes of Code Section 168(h)(6). Such qualified allocation shall have substantial economic effect and shall be consistent with the Co-General Partner being allocated the same distributive share of each item of income, gain, loss, deduction, credit and basis of the Partnership and such share remaining the same during the entire period that the Co-General Partner is a Partner of the Partnership.

11.02 Allocation of Profits and Losses from Capital Transactions. Except to the extent provided in Sections 11.07 and 12.02(b), Profits and Losses recognized by the Partnership upon a Capital Transaction shall be allocated in the following manner:

(a) Profits shall be allocated (i) first, to the Partners with negative Capital Account balances, that portion of gains (including any gains treated as ordinary income for federal income tax purposes) which is equal in amount to, and in proportion to, such Partners'

respective negative Capital Accounts in the Partnership; provided that no gain shall be allocated under this Section 11.02(a)(i) to a Partner once such Partner's Capital Account is brought to zero and (ii) second, gains in excess of the amount allocated under (i) shall be allocated to the Partners in the amounts and to the extent necessary to increase the Partners' respective Capital Accounts so that the proceeds distributed under Section 11.04(e)-(f) will be distributed in accordance with the Partners' respective Capital Accounts.

(b) Losses shall be allocated (i) first, to the extent and in such proportions as the respective positive balances in all Partners' Capital Accounts, and (ii) second, any remaining loss to the Partners in accordance with the manner in which they bear the economic risk of loss associated with such loss or, if none, to the Partners in accordance with the Partners' Percentage Interests.

(c) Any portion of the Profits treated as ordinary income for federal income tax purposes under Sections 1245 and 1250 of the Code ("Recapture Amount") shall be allocated on a dollar for dollar basis to those Partners to whom the items of Partnership deduction or loss giving rise to the Recapture Amount had been previously allocated.

11.03 Distributions: Net Cash Flow.

(a) Determination of Net Cash Flow. Net Cash Flow shall be determined separately for each fiscal year or portion thereof commencing on the day after Substantial Completion and shall not be cumulative. Wherever there is a reference to the distribution of Net Cash Flow pursuant to the provisions of this Agreement, Net Cash Flow shall be deemed to be limited to Surplus Cash available for distribution. Income received by the Partnership from the period commencing with the date of receipt of the initial certificate of occupancy with respect to the Apartment Complex and ending on the date of the Substantial Completion shall not be distributed during such period and shall be treated as Net Cash Flow with respect to the first Payment Date following Substantial Completion.

(b) Manner of Distribution. Subsequent to Substantial Completion, subject to the approval of the Project Lenders, if required, Net Cash Flow shall be applied and/or distributed on each Payment Date in the following priority:

(i) first, to the Limited Partner until the aggregate amount of distributions made to the Limited Partner under this Section 11.03(b)(i) for the current and all prior years equals the Assumed Limited Partner Tax Liability for the current and all prior years;

(ii) second, to the Limited Partner in an amount equal to any amounts due and owing to the Limited Partner hereunder, including without limitation, Unpaid Tax Credit Shortfall, Limited Partner Advances, Special Additional Capital Contributions;

(iii) third, to the payment of any unpaid Asset Management Fees to the Special Limited Partner;

(iv) fourth, to replenish the Operating Reserve;

(v) fifth, until all amounts due under the Development Agreement have been paid in full, one hundred percent (100%) to the payment of such amounts;

(vi) sixth, to the pro rata payment of any outstanding Operating Deficit Loans and General Partner Loans, based upon the respective outstanding balances of each;

(vii) seventh, forty-five percent (45%), in the following order: (a) first, to payment of the Seller Financing Loan, and (b) second, to payment of the Housing Authority Loan;

(viii) eighth, ninety percent (90%) to the Incentive Management Fee;

(ix) thereafter, a percentage equal to the Limited Partner Percentage Interest to the Limited Partner; a percentage equal to the General Partner Percentage Interest to the General Partner; and one one thousandth of one percent (.001%) to the Special Limited Partner, provided, however, that notwithstanding anything to the contrary herein, if the amount of the distribution to the Limited Partner under this Section (ix) is less than ten percent (10%) of the Net Cash Flow of the Apartment Complex, then the Limited Partner shall receive a priority distribution before any distributions under Sections (viii) and (ix) hereunder in an amount such that, when added to the sum distributable to the Limited Partner under this Section (ix), shall equal ten percent (10%) of Net Cash Flow.

(c) Distributions to be Subject to Regulatory Restrictions. Notwithstanding the foregoing, during such time as regulations of the Project Lenders are applicable to the Apartment Complex, the total amount of Net Cash Flow which may be so distributed to the Partners with respect to any fiscal year shall not exceed such amounts as such regulations permit to be distributed.

11.04 Distributions: Capital Transactions and Liquidation of Partnership. Except as may be required under Section 12.02(b), the proceeds resulting from the liquidation of the Partnership assets pursuant to Section 12.02, and the net proceeds resulting from any Capital Transaction, as the case may be, shall be distributed and applied in the following order of priority:

(a) to the payment of all matured debts and liabilities of the Partnership (including amounts due pursuant to any Project Loan and all expenses of the Partnership incident to any such sale or refinancing), excluding (1) debts and liabilities of the Partnership to Partners or any Affiliates, and (2) all unpaid fees owing to the General Partner under this Agreement;

(b) to the setting up of any reserves which the Liquidator (or the General Partner if the distribution is not pursuant to the liquidation of the Partnership) deems reasonably necessary for contingent, unmatured or unforeseen liabilities or obligations of the Partnership;

(c) to the payment of any debts and liabilities (including unpaid fees) owed to the Partners or any Affiliates by the Partnership for Partnership obligations; provided, however, that the foregoing debts and liabilities owed to Partners and their Affiliates shall be paid or repaid, as applicable, in the following order of priority, if and to the extent applicable: (i) to the Limited Partner, an amount equal to any amounts due and owing the Limited Partner hereunder, including without limitation, any Unpaid Tax Credit Shortfall (applied first to accrued but unpaid interest (at the Default Rate) and then principal), Limited Partner Advances or Special Additional Capital Contributions; (ii) to the Special Limited Partner, an amount equal to any outstanding accrued and unpaid Asset Management Fees; (iii) to the Limited Partner an amount equal to the Net Projected Tax Liabilities of the Limited Partner's partners or members and their respective

partners or members until they each have received, cumulatively, an amount equal to their respective Net Projected Tax Liabilities; (iv) to the payment of any outstanding General Partner Loans; (v) to amounts due under the Development Agreement; (vi) amounts due with respect to Operating Deficit Loans, if any; and (vii) any other such debts and liabilities;

(d) one percent (1%) of the gross proceeds of the Capital Transaction to the Special Limited Partner, or its assignee, as a Capital Transaction administrative fee, except if arising due to the exercise of the Purchase Option;

(e) the balance, fifty-one ten thousandths percent (.0051%) to the Co-General Partner, forty-nine ten thousandths percent (.0049%) to the Managing General Partner; ninety-nine and nine hundred eighty-nine thousandths percent (99.989%) to the Limited Partner, and one one thousandth of one percent (0.001%) to the Special Limited Partner.

Written determination of the proposed distributions of proceeds of Capital Transactions, showing all relevant calculations and assumptions, shall be delivered to the Limited Partner and Special Limited Partner not later than twenty (20) days prior to the Partnership entering into any agreement for a Capital Transaction, and written confirmation or any revision thereof shall be delivered to the Limited Partner and Special Limited Partner not later than twenty (20) days prior to the making of any such distribution.

11.05 Distributions and Allocations: General Provisions.

(a) In any year in which a Partner sells, assigns or transfers all or any portion of an Interest to any Person who during such year is admitted as a substitute Partner, the share of all profits and losses allocated to, and of all Net Cash Flow and of all cash proceeds distributable under Section 11.04 distributed to, all Partners which is attributable to the Interest sold, assigned or transferred shall be divided between the assignor and the assignee ratably on the basis of the number of monthly periods in such year before, and the number of monthly periods on and after, the first day of the month during which such Person is admitted as a substitute Partner.

(b) The Partnership shall, subject to any applicable limitation on the distribution of Net Cash Flow and any required approval by the Project Lenders, distribute Net Cash Flow not less frequently than annually in the manner provided in Section 11.03(b).

(c) In the event that there is a determination that there is any original issue discount or imputed interest attributable to the Capital Contribution of any Partner, or any loan between a Partner and the Partnership, any income or deduction of the Partnership attributable to such imputed interest or original issue discount on such Capital Contribution or loan (whether stated or unstated) shall be allocated solely to such Partner.

(d) In the event that the deduction of all or a portion of any fee paid or incurred by the Partnership to a Partner or an Affiliate of a Partner is disallowed for federal income tax purposes by the IRS with respect to a taxable year of the Partnership, the Partnership shall then allocate to such Partner an amount of gross income of the Partnership for such year equal to the amount of such fee as to which the deduction is disallowed.

(e) If any Partner's Interest in the Partnership is reduced but not eliminated because of the admission of new Partners or otherwise, or if any Partner is treated as receiving any items of property described in Section 751(a) of the Code, the Partner's Interest in such

items of Section 751(a) property that was property of the Partnership while such Person was a Partner shall not be reduced, but shall be retained by the Partner so long as the Partner has an Interest in the Partnership and so long as the Partnership has an Interest in such property.

(f) In accordance with Section 704(c) of the Code (relating to allocations with respect to appreciated contributed property) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Partnership shall be allocated, solely for tax purposes, among the Partners so as to take account of any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and its fair market value. Any elections or other decisions relating to such allocations shall be made by the General Partner in any manner that reasonably reflects the purpose and intention of this Agreement.

(g) In the event that the General Partner makes any Operating Deficit Loans pursuant to Section 8.09(b), any deductions or losses of the Partnership (other than Depreciation) attributable to the use of those funds shall be specially allocated to the General Partner.

(h) Any income attributable to the Capital Contribution of the General Partner will be allocated to the General Partner.

11.06 Capital Accounts.

(a) Establishment and Maintenance. A separate Capital Account shall be maintained and adjusted for each Partner. There shall be credited to each Partner's Capital Account the amount of its Capital Contribution, the fair market value of any property contributed to the Partnership (net of any liabilities secured by such property) and such Partner's distributive share of the net income gains and profits for tax purposes of the Partnership; and there shall be charged against each Partner's Capital Account the amount of all cash flow distributed to such Partner, the fair market value of any property distributed to such Partner (net of any liabilities secured by such property), the net proceeds resulting from the liquidation of the Partnership's assets or from any sale or refinancing of the Apartment Complex distributed to such Partner, and such Partner's distributive share of the losses for tax purposes of the Partnership. Each Partner's Capital Account shall be maintained and adjusted in accordance with the Code and the Treasury Regulations thereunder. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treas. Reg. § 1.704-1(b), and shall be interpreted and applied in a manner consistent with such regulations. It is the intention of the Partners that the Capital Accounts maintained under this Agreement be determined and maintained throughout the full term of this Agreement in accordance with the accounting rules of Treas. Reg. § 1.704-1(b)(2)(iv).

(b) Deficit Capital Accounts: Regulatory Liquidation. In the event that the Partnership is liquidated within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g), if the General Partner's Capital Account has a deficit balance (after giving effect to all contributions, distributions and allocations), the General Partner shall make Capital Contributions in the amount of such deficit in compliance with Treas. Reg. § 1.704-1(b)(2)(ii)(b)(3). In the event that the Limited Partner's Capital Account should have a deficit balance at such time, it shall have no obligation to fund or otherwise contribute capital to the Partnership in connection with such deficit. Notwithstanding the foregoing, in the event the Partnership is liquidated within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g) but no event has occurred under Section 12.01 to dissolve the Partnership, the Partnership assets shall not be liquidated, the Partnership's

liabilities shall not be paid or discharged, and the Partnership's affairs shall not be wound up. Instead, the Partnership shall be deemed to have contributed all of its assets and liabilities to a new company in exchange for an interest in the new company. Immediately thereafter, the terminated Partnership shall be deemed to have distributed interests in the new company to the Partners of the terminated Partnership in proportion to their respective interests in the terminated Partnership in liquidation of the terminated Partnership.

11.07 Special Allocations. Notwithstanding anything to the contrary contained in Section 11.01(a) or (b), the following special allocations in all events apply in determining the allocation of Profits and Losses among the Partners and are made prior to the allocations required under §11.01(a) and (b):

(a) Depreciation and Tax Credits.

(i) Depreciation (cost recovery) deductions and Tax Credits are allocated to the Partners in accordance with their Percentage Interests.

(ii) Any recapture of Tax Credits is allocated to the Partners that were allocated (or whose predecessors-in-interest were allocated) the depreciation/cost recovery deduction and Tax Credits associated therewith.

(b) Limitation on Allocations of Losses.

(i) To the extent the allocation of any Losses to a Partner would cause that Partner to have an Adjusted Capital Account Deficit at the end of any fiscal year of the Partnership, then those Losses will not be allocated to that Partner, but rather will be specially allocated to the remaining Partners in proportion with their relative interests in the Partnership.

(ii) In the event one but not all of the Partners would have Adjusted Capital Account Deficits due to an allocation of Losses, the limitation set forth in this Section 11.07(b) shall be applied on a Partner by Partner basis so as to allocate the maximum permissible Losses to each Partner who is not a General Partner under Treas. Reg. §1.704-1(b)(2)(ii)(d). All Losses in excess of the limitation set forth in this Section 11.07(b) shall be allocated to the General Partner.

(c) Profit Chargeback. To the extent any Losses are specially allocated to a Partner in accordance with Section 11.07(b), then Profits will thereafter first be specially allocated to such Partner in proportion to and in an amount (1) up to but not exceeding the amount of any such special allocation of Losses away from such Partner under such subparagraph (b) but (2) not to the extent that Losses or depreciation deductions would be allocated to the remaining Partners in excess of the amount permitted by 11.07(b).

(d) Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year shall be allocated to the Partners in accordance with their Percentage Interests.

(e) Partner Nonrecourse Deductions. Any Partner Nonrecourse Deductions for any fiscal year shall be specially allocated to the Partner or Partners that bear the Economic Risk of Loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Treas. Reg. §1.704-2(b)(4) and Treas. Reg. §1.704-2(i).

(f) Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Agreement, if there is a net decrease in the Partnership's Minimum Gain attributable to Nonrecourse Liabilities during any taxable year, each Partner shall be specially allocated a pro rata portion of each of the Partnership's items of income and gain for such year (and, if necessary for subsequent years) in proportion to, and to the extent of, an amount equal to such Partner's share of the net decrease in such Minimum Gain during such taxable year as determined in accordance with the provisions of Treas. Reg. §1.704-2(g)(2). In the event that such net decrease in the Partnership's Minimum Gain occurs in connection with the disposition of all or any portion of the Apartment Complex, then any items of Partnership income or gain allocated in accordance with the previous sentence shall first consist of gain recognized by the Partnership as a result of such disposition. It is the intent that the allocations provided in this Section 11.07(f) shall be determined in accordance with and only to the extent required by Treas. Reg. §1.704-2(f) and (j)(2)(i).

(g) Partner Minimum Gain Chargeback. Notwithstanding any other provision of this Agreement, if there is a net decrease in the amount of the Partnership's Minimum Gain during any taxable year with respect to a Partner Nonrecourse Debt, the Partner bearing the Economic Risk of Loss with respect to such Partner Nonrecourse Debt shall be specially allocated a pro rata portion of each of the Partnership's items of income and gain for such taxable year (and, if necessary, for subsequent years) in proportion to, and to the extent of the amount of such Partner's share of the net decrease in such Minimum Gain during such taxable year as determined in accordance with the provisions of Treas. Reg. §1.704-2(i)(4). In the event that such net decrease in the Partner's Minimum Gain occurs in connection with the disposition of all or any portion of Apartment Complex, then any items of Partnership income or gain allocated in accordance with the previous sentence shall first consist of gain recognized by the Partnership as a result of such disposition. It is the intent that the allocations provided in this Section 11.07(g) shall be determined in accordance with and only to the extent required by the provisions of Treas. Reg. §1.704-2(i) and (j)(2)(ii).

(h) Qualified Income Offset. If a Partner unexpectedly receives any adjustments, allocations, or distributions described in §1.704-1(b)(2)(ii)(d)(4), (5) or (6) of the Regulations, then items of Partnership income or gain will be specially allocated to that Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of that Partner as quickly as possible. The special allocations required pursuant to this subparagraph (h) are made only if and to the extent that such Partner would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article 11 have been tentatively made as if this subparagraph (h) were not in this Agreement. This subparagraph (h) is intended to comply with the qualified income offset requirements of §1.704-1(b)(2)(ii)(d) of the Regulations and will be interpreted consistently therewith.

(i) Gross Income Allocation. In the event any Partner has a deficit Capital Account at the end of any fiscal year in excess of the sum of (i) the amount that such Partner must restore pursuant to any provision of this Agreement, if any, and (ii) the amount such Partner is deemed obligated to restore pursuant to the penultimate sentence of Treas. Reg. § 1.704-2(g) and § 1.704-2(i)(5), such Partner shall be specially allocated items of Partnership income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 11.07(i) shall be made if and only to the extent that such Partner would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article 11 have been tentatively made as if this Section 11.07(i) and Section 11.07(h) hereof were not in this Agreement.

(j) §754 Adjustment. To the extent an adjustment to the adjusted tax basis of any Partnership Property undertaken pursuant to §734(b) or 743(b) of the Code is required to be taken into account in determining the Capital Accounts of the Partners under Treas. Reg. §1.704-1(b)(2)(iv)(m), then the amount of such adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss will be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to the aforementioned section of the regulations.

(k) Curative Allocations. In the event that income, loss or items thereof are allocated to one or more Partners pursuant to Sections 11.07(h) through (i), subsequent income, loss or items thereof shall be allocated (subject to the provisions of Sections 11.07(h) and (i)) to the Partners so that, to the extent possible in the judgment of the General Partner, the net amount of allocations shall be equal to the amount that would have been allocated had Section 11.07 not been applied. Notwithstanding the foregoing, the allocation of depreciation deductions will be governed by Section 11.07(a) and this Section 11.07(k) shall not apply to allocations of depreciation deductions.

(l) Excess Nonrecourse Liabilities. Solely for purposes of determining a Partner's proportionate share of the "excess nonrecourse liabilities" of the Partnership within the meaning of Treas. Reg. §1.752-3(a)(3), the Partners' respective interests in Partnership Profits shall equal their Percentage Interests (determined without regard to Section 11.07(a)-(k)).

(m) Authority to Vary Allocations to Preserve and Protect Partners' Intent.

(i) It is the intent of the Partners that each Partner's distributive share of income, gain, loss, deduction, or credit (or item thereof) shall be determined and allocated in accordance with this Article 11 to the fullest extent permitted by Section 704(b) of the Code. In order to preserve and protect the determinations and allocations provided for in this Article 11, the General Partner, shall upon the direction in writing of the Special Limited Partner, allocate income, gain, loss, deduction, or credit (or item thereof) arising in any year differently than otherwise provided for in this Article 11 as necessary to ensure that all allocations of income, gain, loss, deduction or credit (or item thereof) to the Partners are permitted by Section 704(b) of the Code and Treasury Regulations promulgated thereunder. Any allocation made pursuant to this Section 11.07 shall be deemed to be a complete substitute for any allocation otherwise provided for in this Article 11 and no amendment of this Agreement or approval of any Partner shall be required.

(ii) In making any allocation (the "New Allocation") under Section 11.07(m)(i), the General Partner is authorized to act only upon the direction in writing of the Special Limited Partner or the Limited Partner.

(iii) If the General Partner receives a recommendation from the Accountants to make any New Allocation in a manner less favorable to the Limited Partner than is otherwise provided for in this Article 11, then the General Partner shall do so only with the Limited Partner's or the Special Limited Partner's Consent and only after having given the Limited Partner and the Special Limited Partner the opportunity to discuss such allocation with the Accountants, and only after the General Partner has been advised by the Accountants that it is permitted by Section 704(b) of the Code, to allocate income, gain, loss, deduction, or credit (or item thereof) arising in later years in such manner so as to bring the allocations of income,

gain, loss, deduction, or credit (or item thereof) to the Limited Partners as nearly as possible to the allocations thereof otherwise contemplated by this Article 11.

(n) Grant Income. Any income recognized as a result of any receipt of grants by the Partnership shall be allocated one hundred percent (100%) to the General Partner. However, if the General Partner is exempt from federal income taxation under Code Section 501(c)(3) or any other Code provision, then the allocations to the General Partner under this 11.07(n) shall be limited to the highest percentage of the Partnership's property treated as tax-exempt use property, as reflected in the Projections.

(o) Protective Loss Reallocation. If for any fiscal year the annual reports required pursuant to Article 13 indicate that: (1) the remaining Capital Account for the Limited Partner as of the close of the prior fiscal year does not exceed the amount of depreciation to be allocated to the Limited Partner for the remaining Credit Period plus one year, and (2) the General Partner has a Capital Account in excess of one percent of total Capital Accounts or the General Partner, or its affiliates has unreturned loans to the Partnership (including the Developer Fee); then all items of loss or deduction, other than depreciation, for such fiscal year and each subsequent fiscal year in the Credit Period, shall be allocated to the General Partner until the Partnership has sufficient Minimum Gain to support allocations to the Limited Partner that would create or increase a deficit Capital Account.

ARTICLE 12. SALE, DISSOLUTION AND LIQUIDATION

12.01 Dissolution of the Partnership. The Partnership shall be dissolved upon the earlier of the expiration of the term of the Partnership, or upon:

(a) the withdrawal, Bankruptcy, death, dissolution or adjudication of incompetency of the General Partner who is at that time the sole General Partner, subject to the provisions of Section 6.03, unless a majority in interest of the other Partners, within ninety (90) days after receiving Notice of such withdrawal, Bankruptcy, death, dissolution or adjudication of incompetence, elects to designate a successor General Partner(s) and continue the Partnership upon the admission of such successor General Partner(s) to the Partnership;

(b) the sale or other disposition of all or substantially all of the assets of the Partnership, subject to the provisions of Section 6.03 and the Consent required pursuant to Section 8.02(b) hereof;

(c) the election by the General Partner, with the Consent of a majority in interest of the other Partners; or

(d) any other event causing the dissolution of the Partnership under the laws of the State.

12.02 Winding Up and Distribution.

(a) Upon the dissolution of the Partnership pursuant to Section 12.01, (i) a certificate of cancellation shall be filed in such offices within the State as may be required or appropriate and (ii) the Partnership business shall be wound up and its assets liquidated as provided in this Section 12.02 and the net proceeds of such liquidation, except as provided in Section 12.02(b) below, shall be distributed in accordance with Section 11.04.

(b) It is the intent of the Partners that, upon liquidation of the Partnership, any liquidation proceeds available for distribution to the Partners be distributed in accordance with the Partners' respective positive Capital Account balances. The Partners believe that distributions under Section 11.04 will effectuate such intent. In the event that, upon liquidation, there would otherwise be any conflict between a distribution pursuant to the Partners' respective positive Capital Account balances and the intent of the Partners with respect to distribution of proceeds as provided in Section 11.04, the Liquidator shall, notwithstanding the provisions of Sections 11.01, 11.02, 11.03 and 11.05, allocate the Partnership's gains, profits and losses in a manner that will, as nearly as possible, cause the distribution of liquidation proceeds to the Partners to be in accordance both with the Partners' economic expectations as set forth in Section 11.04 and their respective Capital Account balances. If the Partnership's gains, profits and losses are insufficient to cause the Partners' Capital Accounts to be in such amounts as will permit liquidation proceeds to be distributed both in accordance with the Partners' respective positive Capital Account balances and Section 11.04, then liquidation proceeds shall be distributed in accordance with the Partners' respective positive Capital Account balances after the allocations described herein have been made.

(c) The Liquidator shall file all certificates and notices of the dissolution of the Partnership required by law. The Liquidator shall proceed without any unnecessary delay to sell and otherwise liquidate the Partnership's property and assets; provided, however, that if the Liquidator shall determine that an immediate sale of part or all of the Partnership property would cause undue loss to the Partners, then in order to avoid such loss, the Liquidator may, except to the extent prohibited by the Act, defer the liquidation as may be necessary to satisfy the debts and liabilities of the Partnership to Persons other than the Partners. Upon the complete liquidation and distribution of the Partnership assets, the Partners shall cease to be Partners of the Partnership, and the Liquidator shall execute, acknowledge and cause to be filed all certificates and notices required by the law to terminate the Partnership.

(d) Upon the dissolution of the Partnership pursuant to Section 12.01, the Accountants shall promptly prepare, and the Liquidator shall furnish to each Partner, a statement setting forth the assets and liabilities of the Partnership upon its dissolution. Promptly following the complete liquidation and distribution of the Partnership property and assets, the Accountants shall prepare, and the Liquidator shall furnish to each Partner, a statement showing the manner in which the Partnership assets were liquidated and distributed.

ARTICLE 13. BOOKS AND RECORDS, ACCOUNTING, TAX ELECTIONS, ETC.

13.01 Books and Records. The books and records of the Partnership shall be maintained on an accrual basis in accordance with generally accepted accounting principles. These and all other records of the Partnership, including information relating to the status of the Apartment Complex and information with respect to the sale by the General Partners or any

Affiliate of goods or services to the Partnership, shall be kept at the principal office of the Partnership and shall be available for examination there by any Partner, or his duly authorized representative, at any and all reasonable times. Any Partner, or his duly authorized representative, upon paying the costs of collection, duplication and mailing, shall be entitled to a copy of the list of names and addresses of the Limited Partners.

13.02 Bank Accounts. All funds of the Partnership not otherwise invested shall be deposited in one or more accounts maintained in such banking institutions as the General Partner shall determine, and withdrawals shall be made only in the regular course of Partnership business on such signature or signatures as the General Partner may, from time to time, determine. No funds of the Partnership shall be deposited in any financial institution in which any Partner is an officer, director or holder of any proprietary interest.

13.03 Accountants. The Accountants shall annually prepare for execution by the General Partner all tax returns of the Partnership, shall annually audit the books of the Partnership, and shall certify, in accordance with generally accepted accounting principles, a balance sheet, a profit and loss statement, and a cash flow statement. With respect to each fiscal year during the Partnership's operations, at such time as the Accountants shall have prepared the proposed tax return for such year, the Accountants shall provide copies of such proposed tax return to the Limited Partner for its review and comment. Any material changes in such proposed tax return recommended by the Limited Partner's accountants shall be made by the Accountants prior to the completion of such tax return for execution by the General Partner. The Partnership shall reimburse the Limited Partner for its expenses incurred in causing the Partnership's proposed tax return to be reviewed by the Limited Partner's accountants when such review exceeds the scope of the Limited Partner's accountant's standard review, as determined by the Limited Partner in its sole discretion. A full detailed statement shall be furnished to all Partners showing such assets, properties, and net worth and the profits and losses of the Partnership for the preceding fiscal year. All Partners shall have the right and power to examine and copy, at any and all reasonable times, the books, records and accounts of the Partnership. Notwithstanding anything to the contrary contained herein, the General Partner, at the request of the Special Limited Partner, shall have the discretion to dismiss the Accountants for cause if such Accountant fails to provide, or untimely provides, or inaccurately provides, the information required in this Agreement.

13.04 Reports to Partners. In addition to the information required pursuant to the provisions of Section 7.05 hereof, the General Partner shall provide to the Limited Partners the following:

(a) Monthly Reports. The General Partner shall cause to be prepared and distributed to the Limited Partners at any time during the month prior to the date the report is due, the following monthly reports:

(i) Prior to Substantial Completion, a monthly report, certified by the General Partner to be true, complete and correct in all respects, providing:

(A) an analysis of the quality of construction and any known non-compliance with Plans and Specifications;

(B) any changes or deviations from the construction budget and construction schedule;

Closing; (C) any known environmental issues arising since the Initial

(D) any known delay in payment, or non-payment, of construction costs for which equity has been expended, or construction loan proceeds have been requisitioned or disbursed; and

(E) copies of all construction draw documentation submitted by the General Contractor in connection with a request for payment, including change orders.

(ii) Prior to Stabilized Operations, a monthly report, certified by the General Partner to be true, complete and correct in all respects providing:

(A) a rent roll commencing at initial occupancy;

(B) statement of income and expense, and cash flow for the month, together with a balance sheet, each of which may be unaudited;

(C) a summary of any tenant compliance review conducted by the General Partner (which must be conducted not less frequently than every twelve (12) months) summarizing compliance with the Minimum Set-Aside Test, Rent Restriction Test and other requirements to qualify for the Tax Credits, including those set forth in the Regulatory Agreement and Extended Use Agreement;

(D) upon commencement of leasing activity, a schedule of budgeted leasing activity with comparison against actual leasing activity for such month as well as a description of all marketing activities; and

(E) a summary of any on-site physical inspection of the Apartment Complex by the General Partner (including photographs), which must be conducted not less frequently than every twelve (12) months.

Monthly reports as described in this Section 13.04 shall be delivered to the Partners within twenty (20) days after the last day of the prior month which is the subject of the report.

(b) Quarterly Reports. The General Partner shall cause to be prepared and distributed to the Limited Partners at any time during the fiscal quarter prior to the date the report is due, the following reports:

(i) all monthly reports not previously delivered as required under Section 13.04(a);

(ii) a quarterly statement of income and expense and a cash flow statement for the quarter and the period then ending with a comparison to budget, which may be unaudited;

(iii) a balance sheet, which may be unaudited, together with an Excel version of the trial balance;

(iv) a statement of operations describing significant or material activities affecting the Partnership and Apartment Complex during the quarter, including, but not limited to the most recent rent roll and occupancy reports;

(v) a bank statement verifying the current account balances of the Replacement Reserve, and Operating Reserve.

(vi) a schedule of all fees, other compensation, distributions and reimbursements of expenses paid on behalf of the Partnership to the General Partner or any of its Affiliates during the quarter; and

All quarterly reports from the General Partner as described in this subsection (b) shall be delivered to the Partners within thirty (30) days of the last day of the fiscal quarter which is the subject of the report.

(c) Annual Reports. The General Partner shall cause to be prepared and distributed to the Limited Partners at any time during the fiscal year of the Partnership, the following reports:

(i) all monthly reports not previously delivered as required under Section 13.04(a);

(ii) all quarterly reports not previously delivered as required under Section 13.04(b);

(iii) within sixty (60) days after the close of each fiscal year of the Partnership audited financial statements of the Partnership and the Guarantor for the fiscal year prepared by the Accountants (or other independent accountants approved by the Special Limited Partner) in accordance with generally accepted accounting principles, and such financial information with respect to each fiscal year of the Partnership as shall be reportable for federal and state income tax purposes. In addition, the General Partner shall provide the Special Limited Partner with the opportunity to have not less than twenty (20) days to review drafts of the Partnership's audited financial statements prior to their finalization and will incorporate the changes of the Special Limited Partner.

(iv) within sixty (60) days after the close of each fiscal year of the Partnership:

(A) balance sheet, statements of income and expense, Partners' equity, and cash flows (including a calculation of Net Cash Flow and Surplus Cash) prepared by the Accountants in accordance with generally accepted accounting principles and accompanied by an Accountant's report and opinion;

(B) an unaudited report of the General Partner detailing distributions made during the fiscal year, separately identifying distributions from Net Cash Flow for the reporting fiscal year and prior fiscal years, proceeds from Capital Transactions, and proceeds from reserves or other deposits held by or for the benefit of the Partnership;

(C) a schedule of all fees, other compensation, distributions and reimbursements of expenses to the General Partner or any of its Affiliates during the

fiscal year, not previously reported to the Partners under Section 13.04(a) or (b) above;
and

(D) a copy of the annual certification of the Partnership submitted to the Agency for the prior calendar year.

(v) the current rent roll for the Apartment Complex; and

(vi) not less than sixty (60) days prior to the commencement of each fiscal year, for the Special Limited Partner's review and approval (which approval shall not be unreasonably withheld), detailed proposed operating and capital budgets for the Apartment Complex and the Partnership for the next fiscal year. Such budgets shall specifically list all budgeted expenses in all major categories including, but not limited to, administration, operation, repairs and maintenance, utilities, taxes, insurance, interest, debt service with respect to the Project Loans, capital improvements, and all budgeted expenses which are to be paid to the General Partner or its Affiliates. The Special Limited Partner shall submit its response to such proposed budgets to the General Partner within forty-five (45) days (or such shorter period of time as may be requested by any Project Lender, but in no event less than thirty (30) days) after its receipt of such proposed budgets; such response shall either evidence its approval of the proposed budgets or shall contain specific comments and recommendations with respect thereto.

(d) Annual Certification as to Project Loans and Other Matters. Within sixty (60) days after the end of each fiscal year of the Partnership, the General Partner shall provide to the Limited Partners:

(i) a certification (in the form attached hereto as Exhibit B-2) by the General Partner that (A) all Project Loan payments and insurance payments with respect to the Apartment Complex are current as of the date of the year-end report, (B) there is no material default under the Project Documents or this Agreement, or if there is any material default, a description thereof, (C) it has not received notice of any building, health or fire code violation or similar violation of a governmental law, ordinance or regulation against the Apartment Complex or, if any such notice of any violation has been received, a description thereof, (D) all real estate and ad valorem taxes, personal property taxes, assessments and other charges levied against the Apartment Complex have been paid and evidence of such payment, and (E) it has not received and does not expect to receive 8823s from the Agency, and there are no outstanding action items arising from the Agency's annual inspection and/or audit of the Apartment Complex;

(ii) a descriptive statement of all transactions during the fiscal year between the Partnership and the General Partner and/or any Affiliate, including the nature of the transaction and the payments involved (including accrued cash or other payments);
and

(iii) a copy of the annual report to be filed with the Agency concerning the status of the Apartment Complex as low-income housing.

(e) Information Upon Limited Partner Request. Upon the written request of the Limited Partner for further information with respect to any matter covered in Section 13.04(a) through (d) above, the General Partner shall furnish such information within seven (7) days of receipt of such request, including, without limitation, copies of tenant files.

(f) Annual Reports on Occupancy and Other Operational Matters. The General Partner, on behalf of the Partnership, shall send to the Limited Partners, on or before March 31 in each year, a report which shall state:

- (i) the then occupancy level of the Apartment Complex;
- (ii) if there are any Operating Deficits or anticipated Operating Deficits, the manner in which such Deficits will be funded; and
- (iii) such other matters as shall be material to the operation of the Partnership, including, without limitation, any building, health or fire code violation or similar violation of a governmental law, ordinance or regulation by the Apartment Complex of which the General Partner is aware.

(g) Estimates of Tax Items and Budgets. Not less than sixty (60) days prior to the end of each fiscal year, the General Partner, on behalf of the Partnership, shall send to the Limited Partner, for its Consent, an estimate of the Limited Partner's share of the Tax Credits, profits and losses of the Partnership for federal income tax purposes for the current fiscal year, and the budget for the Partnership and Apartment Complex for the fiscal year to come. In addition, the General Partner shall, during and after the period in which it is a Partner, provide the Partnership with such information and sign such documents as are necessary for the Partnership to make timely, accurate and complete submissions of federal and state income tax returns. Within sixty (60) days after the end of each fiscal year of the Partnership, the General Partner shall provide to the Special Limited Partner drafts of both the federal and state income tax returns. The Special Limited Partner shall have an opportunity to review and Consent to drafts of all such returns prior to their filing date, and the General Partner will incorporate any changes of the Special Limited Partner. Within ninety (90) days after the end of each fiscal year of the Partnership, the General Partner shall provide to the Special Limited Partner final copies of the federal and state income tax returns. In addition, the General Partner shall provide the Special Limited Partner with the opportunity to have not less than twenty (20) days to review drafts of audited financial statements prior to their finalization and will incorporate the changes of the Special Limited Partner.

(h) Reports on Defaults and Other Matters. The General Partner shall send the Limited Partners a detailed report of any of the following events within fifteen (15) days after the end of any calendar quarter during which such event occurs:

- (i) a material default by the Partnership under the Project Documents or in payment of any mortgage, taxes, interest or other obligations on secured or unsecured debt;
- (ii) the reduction or termination of any reserve by application of funds therein for purposes materially different from those for which such reserve was established;
- (iii) the receipt by the General Partner of any notice of a material fact which may substantially affect further distributions; or
- (iv) the pledge or collateralization by any Partner of its Interest in the Partnership.

(i) After the date of Substantial Completion, the General Partner, on behalf of the Partnership, shall send to the Limited Partners, a copy of all applicable periodic reports covering the status of the Apartment Complex as may be required by the Agency or the Project Lenders, within ten (10) days of submission of such reports to the Agency and/or applicable Project Lender.

(j) Liquidated Damages.

(i) In the event that the reports of information provided for in Sections 13.04(a) through (d) above are, at any time, not provided within the time frames set forth therein, and after receipt of written notice and the expiration of an additional 60-day cure period, the General Partner shall be obligated to pay to the Special Limited Partner, upon demand, the sum of \$100.00 per day, as liquidated damages, for each day from the date upon which such report(s) or information is (are) due pursuant to the provisions of the aforesaid Sections until the date upon which such report(s) or information is (are) provided in form acceptable to the Special Limited Partner. In the event the General Partner does not pay such fee as required above, the amount owed by the General Partner shall be distributed to the Special Limited Partner from Net Cash Flow prior to any payment of Net Cash Flow which might otherwise be payable to the General Partner or its Affiliates pursuant to the provisions of Section 11.03. Such amount shall be included as an amount guaranteed by the Guarantor pursuant to the Guaranty.

(ii) In the event that the reporting requirements set forth in any of the above provisions of this Section 13.04 are not met, the Limited Partner, in its reasonable discretion, may direct the General Partner to dismiss the Accountants, and to designate successor Accountants, subject to the approval of the Special Limited Partner; provided, however, that if the General Partner and the Limited Partner cannot agree on the designation of successor Accountants, the successor Accountants shall be designated by the Limited Partner in its sole reasonable discretion, and the fees of such successor Accountants shall be paid by the Partnership.

(k) Notification of Default, Service Proceedings, HUD REAC Reports and Agency Audits. In addition to any requirements set forth in Article 13 hereof, the General Partner shall immediately notify the Limited Partner of any written or oral notice of (i) any default or failure of compliance with respect to any of the Project Loans, Project Documents or any other financial contractual or governmental obligation of the Partnership or the General Partner, (ii) any Service proceeding regarding the Apartment Complex or the Partnership, and (iii) all HUD REAC reports, any Agency audits, receipt of any IRS Form 8823, and any and all other reports, investigations, scores and related documents concerning the Apartment Complex. Any such notice shall be accompanied by copies of the foregoing documents.

(l) RAD Use Agreement Reports. In addition to the reporting requirements set forth in Article 13 hereof, the General Partner shall send a copy of any report made available to HUD pursuant to the RAD Use Agreement to the Limited Partner.

13.05 Section 754 Elections. In the event of a transfer of all or any part of the Interest of a General Partner or of a Limited Partner, the Partnership may elect, pursuant to Sections 743 and 754 of the Code (or any corresponding provision of succeeding law), to adjust the basis of the Partnership property if, in the opinion of the Limited Partner, based upon the advice of the Accountants, such election would be most advantageous to the Limited Partner. Each Partner agrees to furnish the Partnership with all information necessary to give effect to such election.

13.06 Fiscal Year and Accounting Method. The fiscal year of the Partnership shall be the fiscal year of the Limited Partner, which ends at December 31, or such other date as is necessary to be consistent with the Limited Partner's accounting practices. All Partnership accounts shall be determined on an accrual basis.

13.07 Tax Matters Partner.

(a) The General Partner hereby is designated as Tax Matters Partner of the Partnership, and shall engage in such undertakings as are required of the Tax Matters Partner of the Partnership, as provided in regulations pursuant to Section 6231 of the Code. Each Partner, by its execution of this Agreement, Consents to such designation of the Tax Matters Partner and agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such Consent.

(b) The Tax Matters Partner shall have and perform all of the duties required under the Code, including the following duties:

(i) Furnish the name, address, profits interest, and taxpayer identification number of each Partner to the IRS; and

(ii) Within five calendar days after the receipt of any correspondence or communication relating to the Partnership or a Partner from the IRS, the Tax Matters Partner shall forward to each Partner a photocopy of all such correspondence or communication(s). The Tax Matters Partner shall, within five calendar days thereafter, advise each Partner in writing of the substance and form of any conversation or communication held with any representative of the IRS.

(c) The Tax Matters Partner shall not without the Consent of the Limited Partners:

(i) Extend the statute of limitations for assessing or computing any tax liability against the Partnership (or the amount or character of any Partnership tax items);

(ii) Settle any audit with the IRS concerning the adjustment or readjustment of any partnership item(s) (within the meaning of Section 6231(a)(3) of the Code);

(iii) File a request for an administrative adjustment with the IRS at any time or file a petition for judicial review with respect to any such request;

(iv) Initiate or settle any judicial review or action concerning the amount or character of any partnership tax item(s) (within the meaning of Section 6231(a)(3) of the Code);

(v) Intervene in any action brought by any other Partner for judicial review of a final adjustment; or

(vi) Take any other action not expressly permitted by this Section 13.07 on behalf of the Partners of the Partnership in connection with any administrative or judicial tax proceeding.

(d) In the event of any Partnership-level proceeding instituted by the IRS pursuant to Sections 6221 through 6233 of the Code, the Tax Matters Partner shall consult with the Limited Partners regarding the nature and content of all action and defense to be taken by the Partnership in response to such proceeding. The Tax Matters Partner also shall consult with the Limited Partners regarding the nature and content of any proceeding pursuant to Sections 6221 through 6233 of the Code instituted by or on behalf of the Partnership (including the decision to institute proceedings, whether administrative or judicial, and whether in response to a previous IRS proceeding against the Partnership or otherwise).

(e) The Partnership shall indemnify and reimburse the Tax Matters Partner for all expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial proceeding with respect to the tax liability of the Partners. The payment of all such expenses shall be made before any distributions are made from Net Cash Flow or any discretionary reserves are set aside by the General Partner. The General Partner shall have the obligation to provide funds for such purpose. Notwithstanding the foregoing, the provisions on liability and indemnification of the General Partner set forth in Section 8.07 of this Agreement shall be fully applicable to the Tax Matters Partner in its capacity as such.

ARTICLE 14. FEES AND PAYMENTS

14.01 Development Fee. The Partnership has entered into a Development Agreement of even date herewith with the Developer for its services in connection with the development and construction of the Apartment Complex. In consideration for such services, a Development Fee in a total amount equal to \$1,156,965 shall be payable by the Partnership, in accordance with the terms of the Development Agreement and Article 11 of this Agreement. Of the total Development Fee, approximately \$0 is anticipated to be deferred and paid out of Net Cash Flow.

14.02 Incentive Management Fee. The Partnership has entered into a Supervisory Management and Incentive Fee Agreement, in the form attached hereto as Exhibit E, with the Managing General Partner of even date herewith for its services in managing the business of the Partnership for the period from the date hereof throughout the term of the Partnership. In no event shall the Incentive Management Fee be cumulative. Payment of such fee shall be in accordance with any applicable requirements of the Project Lenders.

14.03 Withholding of Fee Payments.

(a) Conditions for Withholding. In the event that (i) the General Partner or any successor General Partner shall not have substantially complied with any material provisions under this Agreement, after Notice from the Limited Partner of such noncompliance and failure to cure such noncompliance within a period of thirty (30) days from and after the date of such Notice, or (ii) any Project Lender shall have declared the Partnership to be in default under any Project Loan, or (iii) foreclosure proceedings shall have been commenced against the Apartment Complex, then (A) the General Partner shall be in default of this Agreement, and the Partnership shall withhold payment of any installment of fees and/or allowance payable pursuant to Sections 14.01 and/or 14.02 and (B) the General Partner shall be liable for the Partnership's payment of any and all installments of the Development Fee payable pursuant to Section 14.01. Any amount of Development Fee withheld hereunder shall be withheld only until such time as the final payment is due under the Development Agreement and shall be paid in accordance with Section 5.01(b) hereof.

(b) Release of Fees. All amounts so withheld by the Partnership under this Section 14.03 shall be promptly released to the payees thereof only after the General Partner has cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Limited Partner.

14.04 Asset Management Fee. The Partnership shall pay, from Net Cash Flow, an annual fee (the "Asset Management Fee") equal to \$5,000 to the Special Limited Partner or its Affiliate for an annual review of the operations of the Partnership and the Apartment Complex. Such fee shall be paid annually and shall be cumulative to the extent not paid in full in any year, commencing on November 20, 2014, for asset management services for 2014, commencing March 1, 2016. Such fee shall increase annually by three percent (3%) of the Asset Management Fee for the preceding year.

14.05 Limited Partner Due Diligence Cost. The Partnership shall pay the costs and expenses incurred by the Limited Partners in connection with the due diligence activities of the Limited Partners and the closing of the transactions described herein, including the Limited Partners' legal fees (including without limitation, preparation of the tax opinion), costs and expenses, in an amount of \$25,000. Such payment shall be due upon execution of this Agreement or, and at the Special Limited Partner's election, deducted from the Limited Partner's First Capital Contribution. In addition, the Partnership shall be solely responsible for the payment of the costs and expenses incurred by the Construction Inspector.

ARTICLE 15.

CONSENTS, VOTING AND MEETINGS

15.01 Method of Giving Consent. Any Consent required by this Agreement may be given by a written Consent given by the consenting Partner and received by the General Partner at or prior to the doing of the act or thing for which the Consent is solicited.

15.02 Submissions to Limited Partners. The General Partner shall give the Limited Partners Notice of any proposal or other matter required by any provision of this Agreement or by law to be submitted for consideration and approval of the Limited Partners. Such Notice shall include any information required by the relevant provision or by law.

15.03 Meetings: Submission of Matter for Voting. The General Partner shall have the authority to convene meetings of the Partnership and to submit matters to a vote of the Partners.

ARTICLE 16.
GENERAL PROVISIONS

16.01 Burden and Benefit. The covenants and agreements contained herein shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties hereto.

16.02 Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State.

16.03 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

16.04 Separability of Provisions. Each provision of this Agreement shall be considered separable, and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.

16.05 Entire Agreement. This Agreement sets forth all (and is intended by all parties to be an integration of all) of the representations, promises, agreements and understandings among the parties hereto with respect to the Partnership, the Partnership business and the property of the Partnership, and there are no representations, promises, agreements or understandings, oral or written, express or implied, among them other than as set forth or incorporated herein.

16.06 Proposal and Adoption of Amendments. This Agreement may be amended by the General Partner with the Consent of the Limited Partner; provided that such Consent shall not be unreasonably withheld as to any proposed amendment which does not affect the obligations of the General Partner or the rights of any of the Partners under this Agreement; and further provided that, if the Limited Partner proposes an amendment to this Agreement which either (a) increases or imposes upon the Limited Partner the obligation to restore a deficit balance in its Capital Account, or (b) prospectively decreases the obligation of the Limited Partner to restore a deficit balance in its Capital Account in a subsequent Fiscal Year of the Partnership, the General Partner shall effectuate the adoption of such amendment; provided, however, that the General Partner shall not be liable to the Limited Partner for any adverse tax consequences that may result from any such increase or decrease. Notwithstanding the foregoing, any amendment which changes the conditions for the making of the Capital Contributions set forth in Section 5.02(b) hereof or otherwise affects the obligations of the Limited Partner, its successors or assigns, under this Agreement, shall be subject to the prior written consent of Wells Fargo Bank, National Association (or its successors and assigns) and HUD.

16.07 Liability of the Limited Partner. Notwithstanding anything to the contrary contained herein, neither the Limited Partner nor any of its members or partners, general or

limited, as the case may be, shall have any personal liability to any of the parties to this Agreement with regard to the representations and covenants extended, or the obligations undertaken, by the Limited Partner under this Agreement, except that the Limited Partner shall be personally obligated to fund its Capital Contributions when, as and if required by this Agreement and subject to any defenses and offsets it may have with respect to the funding of such Capital Contributions. In the event that the Limited Partner shall be in default under any of the terms of this Agreement, the sole recourse of any party hereto for any indebtedness due hereunder, or for any damages resulting from any such default by the Limited Partner, shall be either against the Interest of the Limited Partner and the capital contributions of the limited partners of the Limited Partner (either directly or through another Limited Partner) allocated to, and remaining for investment in, the Partnership; provided, however, that under no circumstances shall the liability of the Limited Partner for any such default be in excess of the amount of Capital Contribution payable by the Limited Partner to the Partnership, under the terms of this Agreement, at the time of such default, less the value of the Interest of the Limited Partner, if such Interest is claimed as compensation for damages.

16.08 Notices. All notices, demands, solicitations of consent or approval, and other communications hereunder required or permitted shall be in writing and shall be deemed to have been given (i) when personally delivered or telecopied, (ii) one business day after the date when deposited with an overnight courier, or (iii) five (5) days after the date when deposited in the United States mail and sent postage prepaid by registered or certified mail, return receipt requested, addressed as follows:

- (a) To the Limited Partner or Special Limited Partner:

c/o Red Stone Equity Partners, LLC
200 Public Square, Suite 2050
Cleveland, OH 44114
Attention: President & General Counsel
Fax No.: (216) 820-4751

with a copy to:

Applegate & Thorne-Thomsen, P.C.
626 W. Jackson Blvd., Suite 400
Chicago, IL 60661
Attention: Bennett P. Applegate
Fax. No.: (312) 491-4411

- (b) To the Managing General Partner:

Southside Village Apartments, LLC
348 Thompson Creek Mall, Suite 357
Stevensville, Maryland 21666
Attention: Peter Behringer
Fax No.: (301) 563-6160

With a copy to:

Klein Hornig, LLP
101 Arch Street, Suite 1101

Boston, Massachusetts 02110
Attention: John Achatz
Fax No.: (617) 224-0601

(c) To the Co-General Partner:

Haven Redevelopment Group, Inc.
1 Jamaica Drive
Lexington, North Carolina 27293
Attention: Terrance Gerald
Fax No.: (336) 249-9353

With a copy to:

Ward & Smith
1001 College Court
New Bern, NC 28563-0867
Attention: James Norment
Fax No.: (252) 672-5477

16.09 Headings. All section headings are for convenience only and shall not be taken into consideration in interpreting or otherwise construing this Agreement.

16.10 Pronouns and Plurals. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or persons may require.

16.11 Waiver of Jury Trial. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY PROJECT DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT, OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

ARTICLE 17.

HUD Required Provisions

17.01 So long as HUD is the insurer or holder of a mortgage note evidencing the FHA Loan (the "FHA Note"), the following provisions shall apply, which provisions may automatically terminate when the FHA Loan is no longer insured or held by HUD.

17.02 If any of the provisions of this Agreement or the Certificate conflict with the terms of the FHA Note, FHA Loan deed of trust ("Security Instrument"), or HUD Regulatory Agreement

(collectively, the HUD Loan Documents”), the provisions of the HUD Loan Documents shall control.

17.03 So long as HUD is the insurer or holder of the FHA Note, no provision required by HUD to be inserted into the organizational documents may be amended without HUD’s prior written approval.

17.04 Unless otherwise approved in writing by HUD, the Partnership’s business and purpose shall consist solely of the acquisition, ownership, operation and maintenance of the Apartment Complex (FHA Project No. 053-36178) located in Lexington, North Carolina and activities incidental thereto. The Partnership shall not engage in any other business or activity. The Apartment Complex shall be the sole asset of the Partnership, which shall not own or lease any other real estate other than the aforesaid Apartment Complex.

17.05 None of the following will have any force or effect without the prior written consent of HUD:

(a) Any amendment that modifies the term of the Partnership as stated in Section 1.05 hereof;

(b) Any amendment that triggers application of the HUD previous participation certification requirements (as set forth in Form HUD-2530, Previous Participation Certification, or 24 C.F.R. § 200.210, et seq.);

(c) Any amendment that in any way affects the HUD Loan Documents;

(d) Any amendment that would authorize any Partner, other than the General Partners or preapproved successor General Partners previously authorized by HUD, to bind the Partnership for all matters concerning the Apartment Complex which require HUD's consent or approval;

(e) Any change that is subject to the HUD TPA requirements contained in Chapter 13 of HUD Handbook 4350.1 REV-1; or

(f) Any change in a guarantor of any obligation to HUD (including those obligations arising from violations of the HUD Regulatory Agreement).

17.06 The Partnership is authorized to execute the FHA Note and Security Instrument in order to secure a loan to be insured by HUD and to execute the HUD Regulatory Agreement and other documents required by HUD in connection with the FHA Loan.

17.07 Any incoming Partner must as a condition of receiving an interest in the Partnership agree to be bound by the HUD Loan Documents and any other documents required in connection with the FHA Loan to the same extent and on the same terms as the other Partners.

17.08 Notwithstanding any other provisions of this Agreement or the Certificate, upon any dissolution, no title or right to possession and control of the Apartment Complex, and no right to collect the rents from the Apartment Complex, shall pass to any person who is not bound by the HUD Regulatory Agreement, in a manner satisfactory to HUD.

17.09 The key principals of the Partnership identified in the HUD Regulatory Agreement are liable in their individual capacities to HUD to the extent set forth in the HUD Regulatory Agreement.

17.10 The Partnership shall not voluntarily be dissolved or converted to another form of entity without the prior written approval of HUD.

17.11 The Partnership has designated Peter Behringer as its official representative for all matters concerning the Apartment Complex that require HUD consent or approval. The signature of this representative will bind the Partnership in all such matters. The Partnership may from time to time appoint a new representative to perform this function, but within three business days of doing so, will provide HUD with written notification of the name, address, and telephone number of its new representative. When a person other than the person identified above has full or partial authority with respect to management of the Apartment Complex, the Partnership will promptly provide HUD with the name of that person and the nature of that person's management authority.

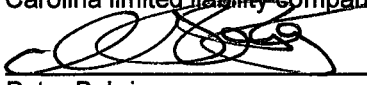
17.12 Notwithstanding any provision in this Agreement to the contrary, for so long as the Apartment Complex is subject to a loan insured or held by HUD, any obligation of the Partnership to indemnify any Person or to reimburse costs to any Person as provided in this Agreement shall be limited to (i) amounts mandated by state law, if any, (ii) coverage afforded under any liability insurance carried by the Partnership, and (iii) available "surplus cash" of the Partnership as defined in the HUD Regulatory Agreement. Until funds from a permitted source for payment of indemnification costs are available for payment, the Partnership shall not (a) pay funds to any members, partners, officers and directors, or (b) pay the deductible on an indemnification policy for any members, partners, officers and directors.

(signature page follows)

IN WITNESS WHEREOF, the parties have affixed their signatures and seals to this Amended and Restated Agreement of Limited Partnership of Southside Village, LP as of the date first written above.

MANAGING GENERAL PARTNER:

Southside Village Apartments LLC,
a North Carolina limited liability company

By: 
Name: Peter Behringer
Title: Manager

CO-GENERAL PARTNER:

Haven Redevelopment Group, Inc.,
a North Carolina nonprofit corporation

By: _____
Name: Terrance A. Gerald, Sr.
Title: President

LIMITED PARTNER:

RSEP HOLDING, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

SPECIAL LIMITED PARTNER:

Red Stone Equity Manager, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties have affixed their signatures and seals to this Amended and Restated Agreement of Limited Partnership of Southside Village, LP as of the date first written above.


MANAGING GENERAL PARTNER:

Southside Village Apartments LLC,
a North Carolina limited liability company

By: _____
Peter Behringer, Manager

CO-GENERAL PARTNER:

Haven Redevelopment Group, Inc.,
a North Carolina nonprofit corporation

By: 
Terrance A. Gerald, Sr., President

LIMITED PARTNER:

RSEP HOLDING, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

SPECIAL LIMITED PARTNER:

Red Stone Equity Manager, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties have affixed their signatures and seals to this Amended and Restated Agreement of Limited Partnership of Southside Village, LP as of the date first written above.

MANAGING GENERAL PARTNER:

Southside Village Apartments LLC,
a North Carolina limited liability company

By: _____
Name: Peter Behringer
Title: Manager

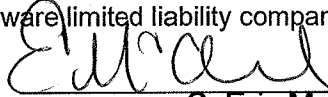
CO-GENERAL PARTNER:

Haven Redevelopment Group, Inc.,
a North Carolina nonprofit corporation

By: _____
Name: Terrance A. Gerald, Sr.
Title: President

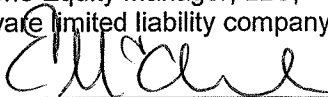
LIMITED PARTNER:

RSEP HOLDING, LLC,
a Delaware limited liability company

By:  _____
Name: S. Eric McClelland
Title: President

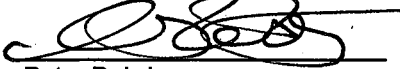
SPECIAL LIMITED PARTNER:

Red Stone Equity Manager, LLC,
a Delaware limited liability company

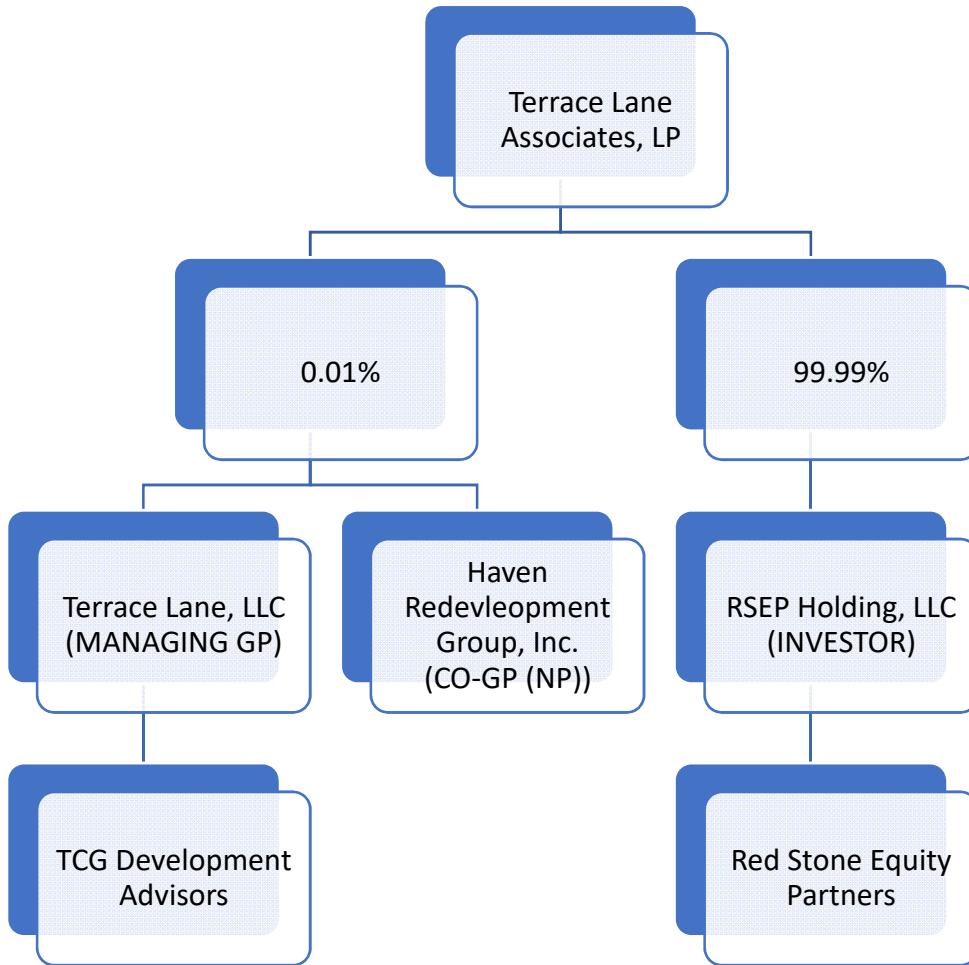
By:  _____
Name: S. Eric McClelland
Title: President

WITHDRAWING LIMITED PARTNER:

Southside Village Apartments LLC,
a North Carolina limited liability company

By: 
Name: Peter Behringer
Title: Manager

Ownership Chart for Terrace Lane



**Multiple Building Election
Statement for Form 8609 Line 8b**

Terrace Lane Associates LP
46-1749354
1 Jamaica Drive
Lexington, NC 27292

Total Project Low-income Housing Tax Credit Allocation 2,574,910

<u>Building Identification Number</u>	<u>Building Address</u>	<u>Annual Credit</u>
NC-13-20501	5,7,9,11 Terrace Lane Lexington, NC 27293	1,147
NC-13-20502	13,15,17,19 Terrace Lane Lexington, NC 27293	1,147
NC-13-20504	25,27,29,31 Terrace Lane Lexington, NC 27293	1,601
NC-13-20505	33,35 Terrace Lane Lexington, NC 27293	906
NC-13-20510	18,20 Jamaica Drive Lexington, NC 27293	906
NC-13-20513	38,40,42,44 Jamaica Drive Lexington, NC 27293	1,601
NC-13-20514	46,48,50,52 Jamaica Drive Lexington, NC 27293	1,601
NC-13-20515	54,56,58,60 Jamaica Drive Lexington, NC 27293	1,601
NC-13-20516	62,64,66,68 Jamaica Drive Lexington, NC 27293	1,601
NC-13-20517	70,72,74,76 Jamaica Drive Lexington, NC 27293	1,601
NC-13-20519	82,84 Jamaica Drive Lexington, NC 27293	906
NC-13-20520	100,102 Drexel Circle Lexington, NC 27293	906
NC-13-20521	104,106,108,110 Drexel Circle Lexington, NC 27293	1,601
NC-13-20522	112,114,116,118 Drexel Circle Lexington, NC 27293	1,601
NC-13-20523	120,122,124,126 Drexel Circle Lexington, NC 27293	1,601
NC-13-20524	128,130,132,134 Drexel Circle Lexington, NC 27293	1,601
NC-13-20525	65,67 Drexel Circle Lexington, NC 27293	906
NC-13-20526	61,63 Drexel Circle Lexington, NC 27293	906
NC-13-20529	73,75 Drexel Circle Lexington, NC 27293	906
NC-13-20531	77,79 Jamaica Drive Lexington, NC 27293	906
NC-13-20532	49,51 Jamaica Drive Lexington, NC 27293	906
NC-13-20534	41,43 Jamaica Drive Lexington, NC 27293	900
NC-13-20535	45,47 Jamaica Drive Lexington, NC 27293	900
NC-13-20536	37,39 Jamaica Drive Lexington, NC 27293	906
NC-13-20537	101,103 Maymead Street Lexington, NC 27293	1,170
NC-13-20538	105,107,109,111 Maymead Street Lexington, NC 27293	2,010
NC-13-20539	113,115,117,119 Maymead Street Lexington, NC 27293	2,010
NC-13-20540	121,123,125,127 Maymead Street Lexington, NC 27293	1,534
NC-13-20541	129,131,133,135 Maymead Street Lexington, NC 27293	2,010
NC-13-20544	100,102 Maymead Street Lexington, NC 27293	734
NC-13-20545	215,217 Pope Road Lexington, NC 27293	734
NC-13-20546	219,221,223,225 Pope Road Lexington, NC 27293	1,533
NC-13-20501	5,7,9,11 Terrace Lane Lexington, NC 27293	6,114
NC-13-20502	13,15,17,19 Terrace Lane Lexington, NC 27293	6,114
NC-13-20504	25,27,29,31 Terrace Lane Lexington, NC 27293	8,526
NC-13-20505	33,35 Terrace Lane Lexington, NC 27293	4,825
NC-13-20510	18,20 Jamaica Drive Lexington, NC 27293	4,825
NC-13-20513	38,40,42,44 Jamaica Drive Lexington, NC 27293	8,526
NC-13-20514	46,48,50,52 Jamaica Drive Lexington, NC 27293	8,526
NC-13-20515	54,56,58,60 Jamaica Drive Lexington, NC 27293	8,526
NC-13-20516	62,64,66,68 Jamaica Drive Lexington, NC 27293	8,526
NC-13-20517	70,72,74,76 Jamaica Drive Lexington, NC 27293	8,526
NC-13-20519	82,84 Jamaica Drive Lexington, NC 27293	4,825
NC-13-20520	100,102 Drexel Circle Lexington, NC 27293	4,825
NC-13-20521	104,106,108,110 Drexel Circle Lexington, NC 27293	8,526
NC-13-20522	112,114,116,118 Drexel Circle Lexington, NC 27293	8,526
NC-13-20523	120,122,124,126 Drexel Circle Lexington, NC 27293	8,526
NC-13-20524	128,130,132,134 Drexel Circle Lexington, NC 27293	8,526
NC-13-20525	65,67 Drexel Circle Lexington, NC 27293	4,825
NC-13-20526	61,63 Drexel Circle Lexington, NC 27293	4,825
NC-13-20529	73,75 Drexel Circle Lexington, NC 27293	4,825
NC-13-20531	77,79 Jamaica Drive Lexington, NC 27293	4,825
NC-13-20532	49,51 Jamaica Drive Lexington, NC 27293	4,825
NC-13-20534	41,43 Jamaica Drive Lexington, NC 27293	4,263
NC-13-20535	45,47 Jamaica Drive Lexington, NC 27293	4,263
NC-13-20536	37,39 Jamaica Drive Lexington, NC 27293	4,825
NC-13-20537	101,103 Maymead Street Lexington, NC 27293	6,234
NC-13-20538	105,107,109,111 Maymead Street Lexington, NC 27293	10,710
NC-13-20539	113,115,117,119 Maymead Street Lexington, NC 27293	10,710
NC-13-20540	121,123,125,127 Maymead Street Lexington, NC 27293	8,173
NC-13-20541	129,131,133,135 Maymead Street Lexington, NC 27293	10,710
NC-13-20544	100,102 Maymead Street Lexington, NC 27293	3,509
NC-13-20545	215,217 Pope Road Lexington, NC 27293	3,909
NC-13-20546	219,221,223,225 Pope Road Lexington, NC 27293	8,173

**TERRACE LANE ASSOCIATES, LP,
A NORTH CAROLINA LIMITED PARTNERSHIP**

AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP

As of November 1, 2014

THE PARTNERSHIP INTERESTS EVIDENCED BY THIS AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP (THE "AGREEMENT") HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR PURSUANT TO APPLICABLE STATE SECURITIES LAWS ("BLUE SKY LAWS"). ACCORDINGLY, THE PARTNERSHIP INTERESTS CANNOT BE RESOLD OR TRANSFERRED BY ANY PURCHASER THEREOF WITHOUT REGISTRATION OF THE SAME UNDER THE SECURITIES ACT AND THE BLUE SKY LAWS OF SUCH STATE(S) AS MAY BE APPLICABLE, OR IN A TRANSACTION WHICH IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND THE BLUE SKY LAWS OR WHICH IS OTHERWISE IN COMPLIANCE THEREWITH. IN ADDITION, THE SALE OR TRANSFER OF SUCH PARTNERSHIP INTERESTS IS SUBJECT TO CERTAIN RESTRICTIONS SET FORTH IN THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, THE RESTRICTIONS SET FORTH IN ARTICLE 9 HEREOF.

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**TERRACE LANE ASSOCIATES, LP
A NORTH CAROLINA LIMITED PARTNERSHIP**

AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP

THIS AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP is made and entered into as of November 1, 2014, by and among Terrace Lane LLC, a North Carolina limited liability company (the "Managing General Partner"), Haven Redevelopment Group, Inc. (f/k/a Lexington Housing Redevelopment Corporation, Inc.), a North Carolina nonprofit corporation (the "Co-General Partner", and collectively with the Managing General Partner, the "General Partner"), Terrace Lane LLC, a North Carolina limited liability company, the withdrawing limited partner (the "Withdrawing Limited Partner"), and RSEP Holding, LLC, a Delaware limited liability company (the "Limited Partner"), and Red Stone Equity Manager, LLC, a Delaware limited liability company (the "Special Limited Partner").

WHEREAS, the Managing General Partner, as managing general partner, executed a Certificate of Domestic Limited Partnership (the "Certificate") for the formation of Terrace Lane Associates, LP (the "Partnership") pursuant to the terms of the North Carolina Revised Uniform Limited Partnership Act (the "Act"), which Certificate was subsequently filed with the Secretary of State of North Carolina (the "State") on April 30, 2013;

WHEREAS, the Managing General Partner, holding a .0051% partnership interest, and the Co-General Partner, holding a .0049% partnership interest, and the Withdrawing Limited Partner, as limited partner, have previously executed an Agreement of Limited Partnership (the "Original Agreement") of the Partnership;

WHEREAS, the General Partner, the Special Limited Partner and the Limited Partner wish to continue the Partnership pursuant to the Act;

WHEREAS, the Partnership has been formed to develop, rehabilitate, own, maintain and operate a 138-unit multifamily apartment complex, known as Terrace Lane Apartments, located in the City of Lexington, Davidson County, North Carolina;

WHEREAS, the parties hereto now desire to enter into this Amended and Restated Agreement of Limited Partnership to (i) continue the Partnership under the Act; (ii) withdraw the Withdrawing Limited Partner from the Partnership; (iii) admit the Limited Partner and the Special Limited Partner to the Partnership as limited partners; (iv) set forth all of the provisions governing the Partnership; and (v) amend and restate the Original Agreement in its entirety.

NOW, THEREFORE, in consideration of the foregoing, of mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereby agree to continue the Partnership pursuant to the Act, as set forth in this Amended and Restated Agreement of Limited Partnership, which reads in its entirety as follows:

**ARTICLE 1.
CONTINUATION OF PARTNERSHIP**

1.01 Continuation. The undersigned hereby continue the Partnership as a limited partnership under the Act.

1.02 Name. The name of the Partnership is Terrace Lane Associates, LP.

1.03 Principal Place of Business; Agent for Service of Process.

(a) Principal Place of Business. The principal place of business of the Partnership shall be 348 Thompson Creek Mall, Suite 357, Stevensville, Maryland 21666. The Partnership may change the location of its principal place of business to such other place or places within the State as may hereafter be determined by the General Partner. The General Partner shall promptly notify all other Partners of any change in the principal place of business. The Partnership may maintain such other offices at such other place or places as the General Partner may from time to time deem advisable.

(b) Agent for Service of Process. The name and address of the agent for service of process is Terrance Gerald, 1 Jamaica Drive, Lexington, North Carolina 27292. The Partnership may change the agent for service of process to such other agent as may hereafter be determined by the General Partner. The General Partner shall promptly notify all other Partners of any change in the agent for service of process.

1.04 Withdrawal of Withdrawing Limited Partner and Admission of Limited Partner and Special Limited Partner. The Withdrawing Limited Partner hereby withdraws as a Partner of the Partnership, and represents and warrants that (a) it has no claims or causes of action against the Partnership or any asset thereof, (b) it has no interest in the Partnership or any property or asset thereof, and (c) is not entitled to any fees, distributions, compensation or payments from the Partnership. The Limited Partner and Special Limited Partner are hereby admitted to the Partnership as the sole limited partners thereof.

1.05 Term. The term of the Partnership commenced as of the date of the filing of the Certificate with the Secretary of State of the State, and shall continue in perpetuity, unless the Partnership is sooner dissolved in accordance with the provisions of this Agreement. Notwithstanding any provision to the contrary, so long as HUD is the insurer or holder of the FHA Loan, the Partnership shall not be dissolved without HUD's prior written consent.

1.06 Filing of Certificate. Upon the execution of this Amended and Restated Agreement of Limited Partnership by the parties hereto, the General Partner shall take all actions necessary to assure the prompt recording of an amendment to the Certificate if and as required by the Act, including filing with the Secretary of State of the State. All fees for filing shall be paid out of the Partnership's assets. The General Partner shall take all other necessary action required by law to perfect and maintain the Partnership as a limited partnership under the laws of the State, and shall register the Partnership under any assumed or fictitious name statute or similar law in force and effect in the State.

1.07 Assignment to the Partnership. The General Partner hereby transfers and assigns to the Partnership all of its right, title and interest in and to the Apartment Complex, including the following:

(a) any and all contracts with architects, contractors and supervising architects with respect to the development of the Apartment Complex;

(b) any and all plans, specifications and working drawings, heretofore prepared or obtained in connection with the Apartment Complex and all governmental approvals obtained, including planning, zoning and building permits;

- Credits;
- (c) any and all commitments with respect to the Project Loans and the Tax
 - (d) any and all rights under and pursuant to the Project Documents; and
 - (e) any other work product related to the Apartment Complex.

ARTICLE 2. DEFINED TERMS

In addition to the terms defined in the preamble to this Agreement, the following terms used in this Agreement shall have the meanings specified below:

“Accountants” means Sherbert Associates, P.C. or such other firm of independent certified public accountants as may be engaged by the General Partner, with the Consent of the Special Limited Partner, to prepare the Partnership income tax returns and audited financial statements and provide other services to the Partnership.

“Act” means the Revised Uniform Limited Partnership Act of the State, as may be amended from time to time during the term of the Partnership.

“Actual Credits” means as of any point in time, the total amount of the Tax Credits allocated by the Partnership to the Limited Partner representing in the aggregate ninety-nine and nine hundred eighty-nine thousandths percent (99.989%) of the aggregate Tax Credits reported and claimed by the Partnership and its Partners on their respective federal information and income tax returns, and not disallowed by any taxing authority.

“Adjusted Capital Account Deficit” means, with respect to any Partner, the deficit balance, if any, in such Partner’s Capital Account as of the end of the relevant fiscal period after giving effect to the following adjustments: (a) the credit to such Capital Account of any amounts which such Partner is obligated to restore under this Agreement or is deemed to be obligated to restore pursuant to either (i) the penultimate sentences of Treas. Reg. §1.704-2(g)(1) and Treas. Reg. §1.704-2(i)(5), or (ii) amounts that the Partner is treated as obligated to restore under Treas. Reg. §1.704-1(b)(2)(ii)(c); and (b) the debit to such Capital Account of the amounts described in Treas. Reg. §1.704-1(b)(2)(ii)(d)(4), (5) and (6). The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Treas. Reg. §1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

“Affiliate” of a specified Person means (i) any Person directly or indirectly controlling, controlled by or under common control with the Person specified, (ii) any Person owning or controlling ten percent (10%) or more of the outstanding voting securities or beneficial interests of the Person specified, (iii) any officer, director, partner, trustee or member of the immediate family of the Person specified, (iv) if the Person specified is an officer, director, general partner or trustee, any corporation, partnership or trust for which that Person acts in that capacity, or (v) any Person who is an officer, director, partner, member, trustee or holder of ten percent (10%) or more of the outstanding voting securities or beneficial interests of any Person described in clauses (i) through (iv). The term “control” (including the term “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Agency” means the North Carolina Housing Finance Agency, or any successor thereof, in its capacity as the agency of the State designated to allocate Tax Credits, acting through any authorized representative.

“Agreement” means this Amended and Restated Agreement of Limited Partnership, as amended from time to time.

“Apartment Complex” means the Land and the 138-unit multifamily rental housing development (all of which are Low-Income Units) comprised of 46 residential buildings and other improvements, including a community building to be rehabilitated, owned and operated thereon by the Partnership, and to be known as Terrace Lane Apartments.

“Architect” means Ross/Deckard Architects, P.A., the architect who prepared the Plans and Specifications and who will inspect the progress of rehabilitation of the Apartment Complex.

“As-Built Plans and Specifications” means the plans and specifications for the Apartment Complex stamped with the seal of the Architect and issued upon Substantial Completion.

“Asset Management Fee” shall have the meaning set forth in Section 14.04.

“Assignment” means the form of Assignment and Assumption Agreement substantially in the form attached hereto as Exhibit K pursuant to which the Limited Partner may hereafter transfer its interest in the Partnership to a Fund.

“Assumed Limited Partner Tax Liability” means for any given year the product of (i) the taxable income of the Limited Partner for federal income tax purposes, if any, resulting from allocations made to the Limited Partner pursuant to Article 11 but not including any taxable income resulting from a Capital Transaction, times (ii) a percentage equal to the sum of (A) the highest federal corporate tax rate for such year, plus (B) the highest state corporate tax rate for such year for the State.

“Authority” or “Authorities” means any nation or government, any state or other political subdivision thereof, and any entity exercising its executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including but not limited to, any federal, state or municipal department, commission, board, bureau, agency, court, tribunal or instrumentality.

“Bankruptcy” or “Bankrupt” as to any Person means:

(i) The entry of a decree or order for relief by a court having jurisdiction in respect of such Person in an involuntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) for such Person or for any substantial part of his property, or ordering the winding-up or liquidation of his affairs, and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days;

(ii) The commencement by such Person of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or similar law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian,

sequestrator (or other similar official) for such person or for any substantial part of his or its property, or the making by such Person of any assignment for the benefit of creditors, or the taking of action by such Person in furtherance of any of the foregoing;

(iii) The commencement against such Person of an involuntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy insolvency or similar laws which has not been vacated or discharged within sixty (60) consecutive days;

(iv) The admission by such Person of his or its inability to pay his or its debts as they become due; or

(v) Such Person becoming “insolvent” by the taking of any action or the making of any transfer or otherwise, as insolvency is or may be defined pursuant to the federal bankruptcy laws, the Uniform Fraudulent Conveyances Act, any state or federal act or law, or the ruling of any court.

“Bonds” means those certain \$5,100,000 Multifamily Housing Revenue Bond (Terrace Lane Apartments Project), Series 2014 to be issued by the Issuer on or before the Initial Closing.

“Bond Issuer” means the Lexington Housing Authority.

“Bond Lender” means Branch Banking and Trust Company.

“Bond Loan” means that certain loan to be made from the Bond Lender to the Partnership in the anticipated principal amount of \$5,100,000, which loan shall be collateralized by the proceeds of the FHA Loan.

“Breakeven Operations” means the date upon which the gross operating revenues from the normal operation of the Apartment Complex received on a cash basis (including all public subsidy payments and RAD HAP Contract payments due and payable at such time but not yet received by the Partnership and not more than 60 days in arrears, but excluding capital advances, tenant security deposits and insurance proceeds) for a period of three (3) consecutive calendar months after Final Closing equals or exceeds the greater of all projected (as set forth in the Projections) or actual accrued operating costs of the Apartment Complex, including, but not limited to, taxes, assessments, Replacement Reserve deposits and debt service payments and a ratable portion of the annual amount (as reasonably estimated by the General Partner) of those seasonal and/or periodic expenses (such as water and sewer charges, utilities, maintenance expenses and real estate taxes or service charges in lieu of real estate taxes) which might reasonably be expected to be incurred on an unequal basis during a full annual period of operation, for such period of three (3) consecutive calendar months on an annualized basis (based on projections of the Partnership), as evidenced by a certification of the General Partner with an accompanying unaudited balance sheet of the Partnership indicating that all trade payables have been satisfied (or with respect to trade payables within sixty (60) days of the date the services were performed or goods were delivered, the trade payables shall not be past due and the Partnership shall have an adequate cash reserve for the payment of such trade payables), all as shall be subject to the approval of the Special Limited Partner. Notwithstanding the foregoing, lower actual expenses may be used in lieu of higher projected expenses in the calculation of Breakeven Operations in instances where there is a true cost savings (i.e. cost savings that do not result from a change in goods or services provided to the

Apartment Complex, such as a reduction in taxes or insurance premiums without any change in insurance coverage) or for any particular line item in the budget where there is a cost savings that is approved by the Special Limited Partner. For purposes of this definition of "Breakeven Operations", non project-based public subsidy payments for any unit shall only be counted to the extent that the monthly public subsidy payment for that unit, when combined with the monthly tenant-paid rent, does not exceed the monthly maximum Tax Credit rent for such unit based on the applicable area median income limit for such unit, which shall not exceed the sixty percent (60%) or the fifty percent (50%) area median income limit, as applicable. For the purpose of calculating Breakeven Operations only, the following costs shall not be considered operating costs of the Apartment Complex: (i) payments on the Incentive Management Fee; (ii) payments to be made under the Development Agreement; and (iii) the Asset Management Fee.

Such calculation shall be subject to the Consent of the Special Limited Partner and shall be evidenced by a certification of the General Partner with an accompanying unaudited balance sheet and operating statement of the Partnership. The Special Limited Partner shall be provided with all documents and records which they may reasonably require in order to verify the achievement of Breakeven Operations and shall have the right to examine and copy all books and records of the Partnership, General Partner (relating to the Partnership and/or the Apartment Complex) and Management Agent (relating to the Partnership and/or the Apartment Complex) in connection therewith.

"Capital Account" means the capital account of a Partner as described in Section 11.06.

"Capital Contribution" means the total amount of money or other property contributed or agreed to be contributed, as the context requires, to the Partnership by each Partner pursuant to the terms of this Agreement. Any reference to the Capital Contribution of a Partner shall include the Capital Contribution made by a predecessor holder of the Interest of such Partner.

"Capital Transaction" means any transaction out of the ordinary course of the Partnership's business which is capital in nature, including without limitation, the disposition, whether by sale (except when such sale proceeds are to be used pursuant to a plan or budget approved by all of the Partners), casualty (where the proceeds are not to be used for reconstruction), condemnation, refinancing or similar event of any part or all of the Apartment Complex.

"Carveouts" means usual and customary recourse liabilities associated with fraud, misrepresentation, misuse of insurance proceeds or other liabilities specified in the Project Loan documents for which the Special Limited Partner has provided its Consent.

"Certificate" means the Partnership's Certificate of Limited Partnership or any certificate of limited partnership or any other instrument or document which is required under the laws of the State to be signed and sworn to by the General Partner and filed in the appropriate public offices within the State to perfect or maintain the Partnership as a limited partnership under the laws of the State, to effect the admission, withdrawal or substitution of any Partner of the Partnership, or to protect the limited liability of the Limited Partners as limited partners under the laws of the State.

"Certified Credits" means ninety-nine and nine hundred eighty-nine thousandths percent (99.989%) of the annual Tax Credits that the Accountants certify in writing to the Partnership that the Partnership will be able to claim during each full fiscal year during the Credit Period for all buildings in the Apartment Complex assuming full compliance with the rent restrictions and

income limitations of Section 42 of the Code. The calculation of the Certified Credits shall be based upon and determined promptly following issuance of the Form(s) 8609 issued by the Agency for all the buildings comprising the Apartment Complex. If there is a delay in issuance of the Form(s) 8609, with Consent of the Special Limited Partner, the calculation of the Certified Credits shall initially be based on the cost certification prepared in connection with the application by the Partnership for Form(s) 8609, provided that such determination shall be subject to further adjustment upon issuance of the Form(s) 8609. Once the Certified Credits are determined, they shall not be adjusted during the term of this Agreement, except if, pursuant to the previous sentence the Certified Credits are determined based on a cost certification, in which case they may be adjusted following issuance of the Form(s) 8609; provided, however, if with respect to a Tax Credit Recapture Event the General Partner makes a payment under Section 8.09 (c), then the Certified Credits shall be reduced prospectively by the annual reduction in Tax Credits attributable to such Tax Credit Recapture Event.

“Certified Credit Capital Adjustment” has the meaning set forth in Section 5.03(b)(i).

“Certified Credit Capital Decrease” has the meaning set forth in Section 5.03(b)(ii).

“Certified Credit Capital Increase” has the meaning set forth in Section 5.03(b)(iii).

“Code” means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of succeeding law.

“Co-General Partner” means Haven Redevelopment Group, Inc. (f/k/a Lexington Housing Redevelopment Corporation, Inc.), a North Carolina nonprofit corporation, and any other Person admitted as a general partner pursuant to this Agreement, and their respective successors as any such successor may be admitted pursuant to this Agreement, including those Persons admitted pursuant to the provisions of Sections 6.02 and 6.03.

“Compliance Period” means the fifteen-year “compliance period” as defined in and determined in accordance with Section 42(i) of the Code.

“Consent” means the prior written consent or approval of the Limited Partner, Special Limited Partner and/or any other Person, as the context may require, to do the act or thing for which the consent is solicited, provided that in such circumstances where the Limited Partner's Consent is required hereunder, the Limited Partner may designate the Special Limited Partner as the party to determine if any Consent is to be given or withheld. Except as otherwise specified in this Agreement, such Consent shall not be unreasonably withheld, conditioned or delayed.

“Construction Contract” means the construction contract (and any amendments thereto and inclusive of a description of the Plans and Specifications) in the lump sum of \$4,998,900 (including all exhibits and attachments thereto) to be entered into between the Partnership and the Contractor, pursuant to which the Apartment Complex is to be rehabilitated. Such Construction Contract, and any amendments thereto, shall be subject to the Consent of the Special Limited Partner.

“Construction Inspector” shall mean Dominion Due Diligence Group.

“Contractor” means Mutual Builders, Inc., a North Carolina corporation, which is the general construction contractor for the Apartment Complex.

“Continued Compliance Sale” has the meaning set forth in Section 8.03(a).

“Contribution Certificate” means a certificate in the form attached hereto as Exhibit B-1 to be delivered to the Limited Partners concurrently with the making of each Limited Partner Capital Contribution (other than the initial Limited Partner Capital Contribution) acceptable to the Limited Partner.

“Counsel” or “Counsel for the Partnership” means Klein Hornig, LLP, or such other attorney or law firm upon which the Special Limited Partner and the General Partner shall agree; provided, however, that if any section of this Agreement either (i) designates particular counsel for the purpose described therein, or (ii) provides that counsel for the purpose described therein shall be chosen by another method or by another Person, then such designation or provision shall prevail over this general definition.

“Credit Period” means the ten (10) year credit period as to each of the buildings comprising the Apartment Complex, as defined in and determined in accordance with Section 42(f) of the Code. The Credit Period shall be extended one additional year, to eleven (11) years, if Tax Credits are delivered pursuant to Section 42(f)(2)(B), i.e. first year Tax Credits being delivered in an 11th year.

“Debt Service Coverage Ratio” means for the applicable period of calculation, a fraction, the numerator of which is the difference between all cash actually received by the Partnership on a cash basis from normal operations (including public subsidy, if any), determined utilizing the greater of 7% or the actual vacancy of the Apartment Complex for the prior month’s operations, less the greater of (i) the Partnership’s projected operational costs for such period, which shall be the portion (pro rated for such period) of the initial projected annual expenses of \$658,450, or (ii) all the accrued actual operational costs of the Apartment Complex (including reserve requirements) determined utilizing the greater of 7% or the actual vacancy of the Apartment Complex for the prior month’s operations, and the denominator of which is all required debt service, mortgage insurance premium and/or other cash requirements imposed by the Project Loan documents properly allocable to a particular period on an annualized basis, as approved by the Special Limited Partner. For purposes hereof, all cash actually received from normal operations shall exclude capital advances, insurance (other than rental loss insurance proceeds) and condemnation proceeds, loan proceeds, security deposits (except to the extent such deposits are applied against rent or other amounts then payable by a tenant under the applicable lease) and similar items of a nonrecurring nature. Notwithstanding the foregoing, lower actual expenses may be used in lieu of higher projected expenses in instances where there is a true cost savings (i.e. cost savings that do not result from a change in goods or services provided to the Apartment Complex, such as a reduction in taxes or insurance premiums without any change in insurance coverage) or for any particular line item in the budget where there is a cost savings that is approved by the Special Limited Partner. For purposes of calculating Debt Service Coverage Ratio, the following costs shall not be considered operating costs of the Apartment Complex: (i) payments on the Incentive Management Fee; (ii) payments to be made under the Development Agreement; and (iii) the Asset Management Fee. For purposes of this definition of “Debt Service Coverage Ratio”, non project-based public subsidy payments for any unit shall only be counted to the extent that the monthly public subsidy payment for that unit, when combined with the monthly tenant-paid rent, does not exceed the monthly maximum Tax Credit rent for such unit based on the applicable area median income limit for such units, which shall not exceed the sixty percent (60%) and the fifty percent (50%) area median income limit.

“Default Rate” shall mean the greater of (i) 12% per annum or (ii) the Prime Rate, plus four percent (4%).

“Developer” means, collectively, TCG Development Advisors, LLC, a Maryland limited liability company and Haven Redevelopment Group, Inc., a North Carolina nonprofit corporation.

“Development Agreement” means the Amended and Restated Development Agreement between the Partnership and the Developer as of even date herewith relating to the development of the Apartment Complex and providing for the payment of the Development Fee, attached as Exhibit D and made a part hereof.

“Development Budget” means the development budget prepared by the General Partner and approved by the Special Limited Partner with respect to the costs and sources of financing for the development and rehabilitation of the Apartment Complex, and included in the Projections, attached hereto as Exhibit I.

“Development Costs” means all of the following: (i) all direct or indirect costs paid or accrued by the Partnership related to the acquisition of the Land and the development or rehabilitation of the Apartment Complex, including payment of the Development Fee, amounts due under the Construction Contract, any rehabilitation cost overruns, the cost of any change orders and all costs necessary to achieve Substantial Completion; (ii) all costs to achieve Initial Closing and Final Closing, and satisfy any escrow deposit requirements which are conditions to the Final Closing, including any amounts necessary for local taxes, utilities, mortgage insurance premiums, casualty and liability insurance premiums, and any applicable loan fees, discounts or other expenses; (iii) for the period prior to Stabilized Operations, all costs, payments and deposits needed to avoid a default under any Project Loan, including without limitation, all required deposits to satisfy any requirements of a Project Lender to keep a Project Loan “in balance”; (iv) the funding of all reserves required to be established on or prior to Final Closing pursuant to Article 7 of this Agreement (including without limitation, the Operating Reserve and the Replacement Reserve) or pursuant to the terms of any Project Loan; (v) all costs and expenses relating to remedying any environmental problem or condition or Hazardous Materials that existed on or prior to Final Closing; and (vi) all Operating Deficits incurred by the Partnership prior to Stabilized Operations.

“Development Fee” means the fee payable by the Partnership to the Developer pursuant to Section 14.01 of this Agreement and the Development Agreement.

“Downward Capital Adjustment.” has the meaning set forth in Section 5.03(b)(iv).

“Early Delivery Capital Adjustment” has the meaning set forth in Section 5.03(b)(vi).

“Economic Risk of Loss” has the meaning specified in Treas. Reg. §1.752-2.

“Environmental Consultant” has the meaning set forth in Section 4.03(d).

“Environmental Reports” means the following environmental reports and studies relating to the Land and any improvements: (i) Phase I Environmental Site Assessment, prepared for TCG Development Advisors LLC by Dominion Due Diligence Group and dated December 13, 2013; (ii) Letter Report of an Asbestos Survey, prepared for Evergreen Partners Housing by The LJM Group, Inc. and dated June 28, 2013; (iii) Operations and Maintenance Program, Lead Based Paint, prepared for Evergreen Partners Housing by LJM Group and dated June 28, 2013;

(iv) Operations and Maintenance Program, Asbestos-Containing Materials, prepared for Evergreen Partners Housing by LJM Group, Inc. and dated June 28, 2013; (v) Radon Measurement Testing, prepared for Evergreen Partners Housing by CDA Environmental, LLC and dated July 8, 2013; (vi) Limited Asbestos and Lead-Based Sampling, prepared for Evergreen Partners Housing by CDA Environmental, LLC and dated June 2013; (vii) Phase I Environmental Site Assessment, prepared for TCG Development Advisors LLC by Dominion Due Diligence Group and dated June 10, 2013; and (viii) XRF Lead-Based Paint Inspection, prepared for Environmental Solutions Group, LLC by Matrix Health and Safety Consultants, LLC and dated April 10, 2013.

“Excess Development Costs” means all Development Costs in excess of the proceeds of the Project Loans and all Capital Contributions the Limited Partner is required to make hereunder.

“Extended Use Agreement” means the instrument required pursuant to Section 42(h)(6)(B) of the Code, to be executed by the Partnership and delivered to the Agency at or subsequent to the Initial Closing, setting forth certain terms and conditions under which the Apartment Complex is to be operated.

“FHA Loan” means that certain construction/permanent 221(d)(4) HUD-insured loan in the amount of \$5,100,000 made by Wells Fargo Bank, National Association to the Partnership, with interest at 3.85% per annum, and a term of thirty-four (34) years plus the construction period.

“Final Closing” means the occurrence of all of the following: (i) Substantial Completion, (ii) if required by the Project Documents, approval by the Project Lenders of Partnership's certification of actual costs as to the development and rehabilitation of the Apartment Complex, (iii) disbursement by all Project Lenders of any previously undisbursed Project Loan proceeds and repayment in full of the Bond Loan, (iv) closing on the Permanent Loan(s) has occurred and commencement of amortization as to all Project Loans (to the extent any Project Loan requires principal amortization) such that the Apartment Complex will have a Debt Service Coverage Ratio of not less than 1.15:1.

“40-60 Set-Aside Test” means the Minimum Set-Aside Test whereby at least 40% of the units in the Apartment Complex must be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size.

“Fund” means an assignee of the Limited Partner's Partnership Interest where the general partner or managing member of the assignee is an Affiliate of the Limited Partner.

“General Partner” means, collectively, the Managing General Partner and the Co-General Partner.

“General Partner Loans” means the loans which may be made by the General Partner to the Partnership pursuant to Section 5.09(a) hereof, including any accrued interest thereon. Operating Deficit Loans shall not constitute General Partner Loans.

“General Partner Pledge” has the meaning set forth in Section 8.10.

“General Partner's Special Capital Contribution” has the meaning set forth in Section 5.01(b).

“Ground Lease” means that certain Ground Lease Agreement between the Lexington Housing Authority and the Partnership dated as of November 1, 2014, whereby the Lexington Housing Authority leases the Apartment Complex to the Partnership, as may be amended from time to time.

“Guarantor” means, on a joint and several basis, the Managing General Partner, the Co-General Partner, the Lexington Housing Authority, and TCG Development Advisors, LLC, a Maryland limited liability company, which is an Affiliate of the Managing General Partner.

“Guaranty” means the guaranty of the payment and performance of the obligations of the General Partner under this Agreement and the obligations of the Developer under the Development Agreement for the benefit of the Limited Partner and the Special Limited Partner given by the Guarantor, which Guaranty is attached hereto as Exhibit C and made a part hereof.

“Hazardous Substances” shall mean and include, without limitation, any hazardous, toxic or dangerous substance, waste or material, specifically including for purposes of this Agreement any petroleum, or crude oil or fraction thereof, friable asbestos or asbestos containing material, mold, lead based paint, polychlorinated biphenyls or urea formaldehyde foam insulation defined as such in, regulated by or for the purpose of, or in violation of any Hazardous Waste Laws.

“Hazardous Waste Laws” shall mean any governmental requirements pertaining to land use, air, soil, subsoil, surface water, groundwater (including the quality of, protection, clean-up, removal, remediation or damage of or to land, air, soil, subsoil, surface water and groundwater), including, without limitation, the following laws as the same may be from time to time amended: the Comprehensive Environmental Response Liability and Compensation Act, 42 U.S.C. § 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §6901, et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Federal Water Pollution Control Act, 33 U.S.C. §1251 et seq., the Safe Drinking Water Act, 42 U.S.C. § 300f et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., the Rivers and Harbors Act, 33 U.S.C. § 401 et seq., the Transportation Safety Act of 1974, portions of which are located at 49 U.S.C. § 1801 et seq., the Endangered Species Act, 16 U.S.C. § 1531 et seq., or any so-called “superfund” or “superlien” law, together with any other foreign or domestic laws (federal, state, provincial or local), common law, local rule, regulation (including, without limitation, any future change in judicial or administrative decisions interpreting or applying any of the laws, rules or regulations referred to herein) relating to emissions, discharges, release or threatened releases of any Hazardous Substances into ambient air, land, soil, subsoil, surface water, groundwater, personal property or structures, or otherwise relating to the manufacture, processing distribution, use treatment, storage, disposal, transport, discharge or handling of any Hazardous Substances, now or at any time hereafter in effect.

“Housing Authority” means the Lexington Housing Authority.

“Housing Authority Administrative Fee” means that certain annual fee of \$24,840 payable to the Lexington Housing Authority for administration of the operating subsidies provided for in the RAD HAP Contract, for the benefit of the Partnership, payable only after payment of the debt service on the FHA Loan and all other operating expenses, cumulative to the extent not paid in full in any year.

“Housing Authority Loan” means that certain construction/permanent loan in the amount of \$350,000 made by the Housing Authority to the Partnership, with an interest rate of zero percent (0%) per annum and a term of forty (40) years.

“HUD” means the United States Department of Housing and Urban Development.

“HUD Regulatory Agreement” means the Regulatory Agreement between the Partnership and HUD, dated as of November 1, 2014 and executed in connection with the FHA Loan.

“In-Balance” means, at any time when calculated, when the cumulative amount of the undisbursed Project Loans, and the undisbursed Capital Contributions of the Limited Partner required to be paid in through and including Final Closing are sufficient in the Special Limited Partner’s reasonable judgment to pay all of the following sums: (a) all costs of construction to achieve Substantial Completion; (b) all costs of marketing, ownership, maintenance and leasing of the Apartment Complex units; and (c) all construction period interest and all other sums accruing or payable under the Construction Loan documents.

“Incentive Management Fee” means the fee payable by the Partnership to the Managing General Partner pursuant to Section 14.02 of this Agreement.

“Initial Closing” means the date upon which (i) this Agreement is executed; (ii) the funding of the First Capital Contribution occurs; and (iii) one or more of the Project Loans is closed and the initial disbursement is made thereunder. The Initial Closing is anticipated to occur on or before November 30, 2014.

“Interest” or “Partnership Interest” means the ownership interest of a Partner in the Partnership at any particular time, including the right of such Partner to any and all benefits to which such Partner may be entitled as provided in this Agreement and in the Act, together with the obligations of such Partner to comply with all the terms and provisions of this Agreement and of said Act.

“IRS” means the Internal Revenue Service.

“Land” means the tract of land currently leased or to be leased by the Partnership upon which the Apartment Complex will be located, as more particularly described on Exhibit A attached hereto.

“Late Delivery Capital Adjustment” has the meaning set forth in Section 5.03(b)(v).

“Limited Partner” means, initially, RSEP Holding, LLC, a Delaware limited liability company, and any assignee of its interest permitted or consented to hereunder (including, without limitation, a Fund).

“Limited Partners” means, collectively, the Limited Partner and the Special Limited Partner.

“Limited Partner Due Diligence Costs” has the meaning set forth in Section 14.05.

“Liquidator” means the General Partner or, if there is none at the time in question, such other Person who may be appointed in accordance with applicable law and who shall be responsible for taking all action necessary or appropriate to wind up the affairs of, and distribute the assets of, the Partnership upon its dissolution.

“Loan Agreement” means any loan agreement and/or similar agreement with respect to the terms and conditions of the making of any of the Project Loans, which will be entered into between the Partnership and any one of the Project Lenders at or prior to the Final Closing.

“Losses” has the meaning set forth in the definition of “Profits” and “Losses.”

“Low-Income Units” means the units within the Apartment Complex that shall be subject to the rent and income restrictions of Section 42 of the Code and are sufficient for the Partnership to receive the Projected Credits. It is anticipated that there will be 138 Low-Income Units.

“Management Agent” means the management and rental agent for the Apartment Complex designated pursuant to Section 7.01.

“Management Agreement” means the agreement between the Partnership and the Management Agent providing for the marketing and management of the Apartment Complex by the Management Agent.

“Managing General Partner” means Terrace Lane LLC, a North Carolina limited liability company, and any other Person admitted as a general partner pursuant to this Agreement, and their respective successors as any such successor may be admitted pursuant to this Agreement, including those Persons admitted pursuant to the provisions of Sections 6.02 and 6.03.

“Minimum Gain” means the amount determined by computing with respect to each Nonrecourse Debt the amount of gain, if any, that would be realized by the Partnership if it disposed of the asset securing such liability (in a taxable transaction) in full satisfaction thereof (and for no other consideration), and by then aggregating the amounts so computed. For purposes of determining the amount of such gain with respect to a liability, the adjusted basis for federal income tax purposes of the asset securing the liability shall be allocated among all the liabilities that the asset secures in the manner set forth in Treas. Reg. §1.704-2(d)(2).

“Minimum Set-Aside Test” means the set-aside test selected by the Partnership pursuant to Section 42(g) of the Code with respect to the percentage of units in its Apartment Complex to be occupied by tenants with incomes equal to no more than a certain percentage of area median income. The Partnership has selected or will select the 40–60 Set-Aside Test as restricted by Code Section 42(g)(1) to require at least 40% of the units in the Apartment Complex be occupied by households with incomes of 60% or less of area median income, as adjusted for family size, as the Minimum Set-Aside Test.

“Mortgage” means any mortgage or deed of trust to be given by the Partnership in favor of any Project Lender as maker of a Project Loan, constituting a lien on the Apartment Complex and securing a Project Loan.

“Net Cash Flow” means the sum of (i) all cash received from rents, lease payments and all other sources, including payments received pursuant to the RAD HAP Contract but excluding (A) tenant security or other deposits (except to the extent forfeited to the Partnership), (B) Capital Contributions and interest thereon (other than if used to pay for an item deducted below in determining Net Cash Flow), (C) proceeds from Capital Transactions and (D) interest on reserves not available for distribution, (ii) the net proceeds of any insurance (including rental interruption insurance), other than fire and extended coverage and title insurance, to the extent

not used for rebuilding of the Apartment Complex, and (iii) any other funds deemed available for distribution by the General Partner with the Consent of the Special Limited Partner and the Project Lenders, if required, less the sum of (x) all cash expenditures, and all expenses unpaid but properly accrued, which have been incurred in the operation of the Partnership's business (whether or not such expenditure is deducted, amortized or capitalized for tax purposes), including the management fee to the Management Agent and the Housing Authority Administrative Fee, (y) all payments on account of any loans made to the Partnership (whether such loan is made by a Partner or otherwise), but not including any amounts to be paid pursuant to the Development Agreement or pursuant to any loans made by any Partners where repayment of such loans is to be made out of Net Cash Flow, and (z) any cash payments for reserves for, among other purposes, working capital, capital expenditures, repairs, replacements and anticipated expenditures, in such amounts as may be reasonably required by the Project Lenders or the Special Limited Partner, or may be determined from time to time by the General Partner with the Consent of the Special Limited Partner and the Project Lenders, if required, to be advisable for the operation of the Partnership.

“Net Projected Tax Liabilities” means, as determined by the Accountants, based on the Partnership's tax records, and any final adjustments made prior to the availability of proceeds of Capital Transaction(s) for distribution, the cumulative amounts of the respective projected liabilities (collectively, the “Projected Tax Liabilities”) of the General Partner, the Special Limited Partner, the Limited Partner, and their respective partners and members, if any (collectively, the “Partnership Taxpayers”), for any and all federal, state and local taxes, including any recapture of prior Tax Credits, to be imposed on the Partnership Taxpayers by reason of all Capital Transactions of the Partnership from which the proceeds in question are to be distributed, any and all prior Capital Transactions of the Partnership (to the extent proceeds from such prior Capital Transactions equal to the Projected Tax Liabilities for such prior transactions were not distributed), and any liquidation of the Partnership. Such projections of liabilities shall estimate the applicable tax rate or rates for the General Partner (based on actual or projected taxable income) and shall assume the maximum applicable tax rate or rates for each of the Special Limited Partner's and Limited Partner's partners or members, if any (without regard to actual taxable income), in effect at the time of each Capital Transaction in all cases without regard to the alternative minimum tax, limitations on the use of business tax credits, or other factors that may affect tax liability in particular cases, and without adjustment for any variance from actual tax liabilities that may later occur.

“New Allocation” has the meaning set forth in Section 11.07(m)(ii).

“Nonrecourse Debt” means any Partnership liability that is considered nonrecourse for purposes of Treas. Reg. §1.1001-2 (without regard to whether such liability is a recourse liability under Treas. Reg. §1.752-1(a)(1)).

“Nonrecourse Deductions” has the meaning set forth in Treas. Reg. §1.704-2(b)(1).

“Nonrecourse Liability” means any Partnership liability (or portion thereof) for which no Partner or related Person (within the meaning of Treas. Reg. §1.752-4(b)) bears (or is deemed to bear) the Economic Risk of Loss.

“Note” means any promissory note given by the Partnership in favor of a Project Lender evidencing a Project Loan.

“Notice” means a writing containing the information required by this Agreement to be communicated to a Partner as specified pursuant to Section 16.08.

“Operating Deficit” means the amount by which the gross receipts of the Partnership from rental payments made by tenants of the Apartment Complex, and all other income and receipts of the Partnership including public housing subsidy payments pursuant to the RAD HAP Contract payments received by the Partnership or due and payable and not more than 60 days in arrears (other than tenant security deposits not applied toward tenant rents, insurance proceeds, proceeds of any loans to the Partnership, Capital Contributions, and investment earnings not available for distribution on funds on deposit in the Replacement Reserve and the Operating Reserve, and other such reserve or escrow funds or accounts not available for distribution, unless released to pay or fund approved expenses of the Partnership, subject to the approval of the Special Limited Partner as provided herein) for a particular period of time, is exceeded by the sum of all the operating expenses, including all required debt service, real estate tax payments, operating, maintenance and utility expenses, fees of the Accountants and property management fees, required deposits into the Replacement Reserve, any fees to the Project Lenders and/or any applicable mortgage insurance premium payments and all other Partnership obligations or expenditures, and the Housing Authority Administrative Fee, and excluding payments for rehabilitation of the Apartment Complex and fees and other expenses and obligations of the Partnership to be paid from the Capital Contributions of the Limited Partner to the Partnership pursuant to this Agreement during the same period of time.

“Operating Deficit Guaranty Period” shall have the meaning set forth in Section 8.09(b) of this Agreement.

“Operating Deficit Loan” shall have the meaning set forth in Section 8.09(b) of this Agreement.

“Operating Reserve” means the reserve referred to in Section 7.06.

“Partner” means any General Partner, Limited Partner or Special Limited Partner.

“Partner Nonrecourse Debt” means any Nonrecourse Debt (or portion thereof) for which a Partner or related Person (within the meaning of Treas. Reg. §1.752-4(b)) bears (or is deemed to bear) the Economic Risk of Loss.

“Partner Nonrecourse Deductions” has the meaning set forth in Treas. Reg. §1.704-2(i)(2), and the amount of Partner Nonrecourse Deductions with respect to a Partner Nonrecourse Debt for a fiscal year shall be determined in accordance with the rules of Treas. Reg. §1.704-2(i)(2).

“Partnership” means this Terrace Lane Associates, LP, a North Carolina limited partnership.

“Payment Date” means the date which is ninety (90) days after the end of the Partnership's fiscal year with respect to the preceding fiscal year.

“Percentage Interest” means the percentage Interest of each Partner as set forth in Sections 5.01(a) and 5.02(a).

“Permitted Assignment” shall have the meaning set forth in Section 6.01(a).

“Person” means any individual, partnership, corporation, trust, limited liability company or other entity.

“Plans and Specifications” means the plans and specifications for the Apartment Complex stamped with the seal of the Architect and as described in the Construction Contract, which are subject to the Consent of the Special Limited Partner, and any changes thereto made in accordance with the terms of this Agreement and the list of drawings compiled in connection with these plans and specifications.

“Post Closing Due Diligence Checklist” means that certain list of items attached hereto as Exhibit G to be completed on or before the dates set forth therein.

“Prime Rate” means an annual rate of interest equal to the prime rate of interest as reported from day to day in The Wall Street Journal (notwithstanding that such publication shows the prime rate of interest for the preceding Business Day) as the base rate on corporate loans posted by at least 75 percent of the nation’s 30 largest banks, or, if such rate is no longer available, then the base rate or prime rate of interest of any “Money Center” bank designated from time to time by Fannie Mae, in its discretion. Any change in the Prime Rate due to a change in the prime rate of interest as reported in The Wall Street Journal shall take effect on the date of publication.

“Profits” and “Losses” mean, for each fiscal year of the Partnership, an amount equal to the Partnership’s taxable income or loss for such period from all sources, determined in accordance with §703(a) of the Code, adjusted in the following manner: (a) the income of the Partnership that is exempt from federal income tax shall be added to such taxable income or loss; (b) any expenditures of the Partnership which are not deductible in computing its taxable income and not properly chargeable to capital account under either §705(a)(2)(B) of the Code or the regulations promulgated under §704(b) of the Code shall be subtracted from such taxable income or loss; (c) in the event any Partnership asset is revalued in accordance with Treas. Reg. §1.704-1(b)(2)(iv)(f), then the amount of any adjustment to the value of such Partnership asset shall be taken into account as gain or loss from the disposition of such Partnership asset for purposes of computing Profits or Losses; (d) gain or loss resulting from any disposition of Partnership asset which has been revalued pursuant to Treas. Reg. §1.704-1(b)(2)(iv)(f) and with respect to which gain or loss is recognized for Federal income tax purposes shall be computed by reference to the adjusted value of such Partnership asset, notwithstanding that the adjusted tax basis of such Partnership asset differs from the adjusted value; and (e) any depreciation, amortization or other cost recovery deductions taken into account in computing such taxable income or loss shall be recomputed based upon the adjusted value of any Partnership asset which has been revalued in accordance with Treas. Reg. §1.704-1(b)(2)(iv)(f).

“Project Documents” means and includes this Agreement (and all exhibits hereto), the Construction Contract, the Plans and Specifications, any permits, licenses and other documents which are required for the construction, operation and use of the Apartment Complex (including the tax credit application), the Mortgage(s), Note(s), Loan Agreement(s), Regulatory Agreement, Extended Use Agreement, Management Agreement, Purchase Option, Ground Lease, RAD HAP Contract, and all instruments delivered to (or required by) the Project Lenders or the Agency to the extent not otherwise listed in this definition.

“Project Lender” means any lender in its capacity as a lender of one of the Project Loans, or its successors and assigns in such capacity, acting through any authorized representative.

“Project Loans” means those loans set forth and described on Exhibit H hereto.

“Projected Credits” means the Tax Credits that the General Partner has projected will be available to the Limited Partner during the Credit Period, and which are equal to ninety-nine and nine hundred eighty-nine thousandths percent (99.989%) of the Tax Credits. The Projected Credits for the Credit Period are: \$3,661,317, available as follows: \$228,169 in 2015, \$321,692 in 2016, \$366,132 for years 2017 through 2024, \$137,963 in 2025, and \$44,440 in 2026.

“Projections” means the construction, development and financing budget for the construction, development and financing of the Apartment Complex, including without limitation the construction or rehabilitation of all improvements, the furnishing of all personalty in connection therewith, and the operation of the Apartment Complex, which Projections are attached hereto as Exhibit I, and any amendments thereto made with the Consent of the Special Limited Partner. The Projections shall also include (i) a calculation of the Projected Credits for the Apartment Complex indicating the assumptions regarding basis which underlie such calculation, (ii) a capital account and minimum gain analysis, (iii) an operations budget, (iv) a debt/value analysis, and (v) such other items as may be requested by the Limited Partner or Special Limited Partner.

“Purchase Option” means that certain Purchase Option and Right of First Refusal Agreement by and among the Partnership and the Co-General Partner attached hereto as Exhibit P.

“Qualified Contract” has the meaning set forth in Section 42(h)(6)(F) of the Code.

“Qualified Occupancy” means the achievement of occupancy of 100% of the Low-Income Units in the Apartment Complex by Qualified Tenants.

“Qualified Tenants” shall mean tenants under executed leases of at least six months who at the time of their initial occupancy of the Apartment Complex satisfy the (i) Rent Restriction Test and (ii) Minimum Set-Aside Test, based on documents to be submitted to the Special Limited Partner for its review and approval.

“RAD HAP Contract” shall mean the Housing Assistance Payment Contract (HUD Form 52530A) and the Rental Assistance Demonstration Rider (HUD Form 52621) between the Lexington Housing Authority and the Partnership evidencing a project-based Section 8 operating subsidy, pursuant to 24 CFR 983, for all 138 units in the Apartment Complex through the Compliance Period, as amended by the LIHTC Rider to Housing Assistance Payments Contract (for PBV RAD conversions from Public Housing), as may be further amended.

“RAD Program” means that certain HUD Rental Assistance Demonstration program enabling Housing Authorities to convert existing public housing units to project-based Section 8 rental assistance.

“RAD Requirements” means all requirements of the RAD Program, including without limitation those set forth in HUD Notice PIH-2012-32(HA), REV-1, as it may be amended.

“RAD Units” means the 138 units in the Apartment Complex receiving project-based Section 8 rental assistance under the RAD HAP Contract, subject to the RAD Use Agreement, as defined herein.

“RAD Use Agreement” means that certain Rental Assistance Demonstration Use Agreement (HUD Form 52625) recorded against the Apartment Complex for the benefit of HUD, subjecting the Apartment Complex to the RAD Requirements. The RAD Use Agreement shall be considered a Regulatory Agreement.

“RCC” means that certain Rental Assistance Demonstration Conversion Commitment for the Apartment Complex dated July 24, 2014 issued by HUD to the Lexington Housing Authority, agreeing to convert 138 existing public housing units to project-based Section 8 rental assistance.

“REAC” shall refer to the Real Estate Assessment Center of the United States Department of Housing and Urban Development (“HUD”).

“Recapture Amount” has the meaning set forth in Section 11.02(c).

“Regulatory Agreement” means, to the extent applicable, and collectively, any regulatory agreements and/or any declaration of covenants and restrictions including, without limitation, the RAD Use Agreement, to be entered into between the Partnership and any Project Lender or any applicable government agency at or after the Initial Closing setting forth certain terms and conditions under which the Apartment Complex is to be operated.

“Rent Restriction Test” means the test pursuant to Section 42(g) of the Code whereby the gross rent charged to tenants of the Low-Income Units in the Apartment Complex cannot exceed thirty percent (30%) of the imputed income limitation of the applicable units.

“Replacement Reserve” means the cash funded reserve for replacements required pursuant to Section 7.05.

“Seller Financing Loan” means that certain acquisition loan from the Lexington Housing Authority to the Partnership in the amount of \$2,300,000, with interest at six percent (6%), for a term of forty (40) years.

“Special Additional Capital Contribution” means the Special Additional Capital Contributions of the Limited Partner under Section 5.02(c).

“Special Limited Partner” means Red Stone Equity Manager, LLC, a Delaware limited liability company, or its assignee and any Person who becomes a Special Limited Partner as provided herein, in its capacity as a special limited partner of the Partnership.

“Stabilized Operations” means the date after achievement of Final Closing upon which the Apartment Complex achieves a Debt Service Coverage Ratio of 1.15:1 for six (6) consecutive months.

“State” means the State of North Carolina.

“State Designation” means, with respect to the Apartment Complex, the allocation by the Agency of Tax Credits, as evidenced by the receipt by the Partnership of a written determination required to be received from the Agency under Sections 42(m)(1)(D) and (m)(2)(D) of the Code.

“Substantial Completion” means the date that the Partnership receives (i) an architect's certificate of substantial completion (using AIA Form G704) from the Architect, (ii) all necessary

permanent certificates of occupancy (or certificates of occupancy which contain conditions or qualifications which are Consented to by the Special Limited Partner) from the applicable governmental jurisdiction(s) or authority(ies) for one hundred percent (100%) of the apartment units in the Apartment Complex, (iii) evidence that all “punchlist” items have been completed by the Contractor, (iv) evidence that the construction of the Apartment Complex did not result in the filling or disturbance of any wetlands, (v) evidence that any actions recommended to be taken which were contained in any environmental assessment reports prepared in conjunction with the development of the Apartment Complex have been appropriately completed in a manner that fully complies with such recommendations and all laws, regulations, ordinances, orders or decrees pertaining to environmental matters, and (vi) results of testing to confirm that radon gas is not present at the Apartment Complex at a level above the recommended permitted safe level as determined by the Environmental Protection Agency or any other applicable Authority and as defined in Exhibit O. Substantial Completion shall not be deemed to have occurred if on such date any liens or other encumbrances as to title to the Land and the Apartment Complex exist, other than those securing such Project Loan and/or those Consented to by the Special Limited Partner, and/or those liens that are insured or bonded over to the satisfaction of the Special Limited Partner.

“Substitute Limited Partner” means any Person admitted to the Partnership as a Limited Partner pursuant to Section 9.02.

“Surplus Cash” means any Net Cash Flow which, pursuant to the Project Documents or rules or regulations of the Agency, is permitted to be distributed to the Partners.

“Tax Credits” means the low-income housing tax credits allowed for low-income housing projects pursuant to Section 42 of the Code.

“Tax Credit Compliance Guaranty” has the meaning set forth in Section 8.09(c).

“Tax Credit Recapture Event” means (a) the filing of a tax return or an amended return by the Partnership evidencing a reduction in the qualified basis of the Apartment Complex or an event described in Section 42(j) of the Code causing a recapture of Tax Credits previously allocated to the Limited Partner, (b) a reduction in the qualified basis or applicable percentage with respect to the Apartment Complex following an audit by the IRS which results in the assessment of a deficiency by the IRS against the Partnership or the Limited Partner with respect to any Tax Credits previously claimed in connection with the Apartment Complex, unless the Partnership shall timely file a petition with respect to such deficiency with the United States Tax Court or any other federal court of competent jurisdiction and the collection of such assessment shall be stayed pending the disposition of such petition, (c) a decision by the United States Tax Court or any other federal court of competent jurisdiction upholding the assessment of such deficiency against the Partnership or the Limited Partner with respect to any Tax Credits previously claimed in connection with the Apartment Complex, unless the Partnership shall timely appeal such decision and the collection of such assessment shall be stayed pending the disposition of such appeal, (d) the decision of a federal court of competent jurisdiction affirming such decision, or (e) any other event which would cause a recapture of a Tax Credits under applicable law.

“Tax Credit Shortfall” means, as to any period of time, the difference between the Certified Credit for such period of time and the Actual Credits for such period of time. For purposes of determining the amount of the Tax Credit Shortfall for a particular period of time, if there is an adjustment to Capital Contributions under Section 5.03 because of a Late Delivery

Capital Adjustment, the Tax Credit Shortfall for such period of time shall be reduced by the Late Delivery Capital Adjustment.

“Title Company” means Chicago Title Insurance Company or such other title company designated by the General Partner and acceptable to the Special Limited Partner.

“Title Policy” has the meaning set forth in Section 5.02(b)(i)(A).

“Title Policy Date Down” means a date down certificate or endorsement to the Title Policy to be delivered concurrently with the making of each Limited Partner Capital Contribution (other than the initial Limited Partner Capital Contribution), in form and substance acceptable to the Limited Partner, insuring the Partnership’s ownership of the Apartment Complex, showing that the Apartment Complex is subject to no mortgage, deed of trust, lien, encumbrance, easement, covenant, restriction or charge other than the exceptions set forth on the Title Policy (except as shall be acceptable to the Limited Partner), evidencing the fact that all real property taxes and assessments for the Apartment Complex due and payable through the date of endorsement have been timely and fully paid and containing such endorsements as the Limited Partner may reasonably require.

“Unpaid Tax Credit Shortfall” means the outstanding amount of any Tax Credit Shortfall and any unpaid amount due to the Limited Partner as a result of a Tax Credit Recapture Event for all the fiscal years of the Partnership, reduced by any amounts distributed to the Limited Partner pursuant to Sections 8.09(c), 11.03 (b)(ii) and 11.04(c)(i) of this Agreement. The Unpaid Tax Credit Shortfall shall bear interest at the Default Rate.

“Upward Capital Adjustment” has the meaning set forth in Section 5.03(a).

ARTICLE 3. PURPOSE AND BUSINESS OF THE PARTNERSHIP

3.01 Purpose of the Partnership. The Partnership has been organized exclusively to acquire the Land and the Apartment Complex, and to develop, finance, construct, rehabilitate, own, maintain, operate and sell or otherwise dispose of the Apartment Complex, in order to obtain for the Partners long-term appreciation, cash income, and tax benefits consisting of Tax Credits and tax losses.

3.02 Authority of the Partnership. In order to carry out its purpose, the Partnership is empowered and authorized to do any and all acts and things necessary, appropriate, proper, advisable, incidental to or convenient for the furtherance and accomplishment of its purpose, and for the protection and benefit of the Partnership, including but not limited to the following:

- (a) acquire a leasehold interest in both the Land and the Apartment Complex;
- (b) construct, operate, maintain, improve, buy, own, sell, convey, assign, mortgage, rent or lease any real estate and any personal property necessary to the operation of the Apartment Complex;
- (c) enter into any kind of activity, and perform and carry out contracts of any kind necessary to, in connection with, or incidental to, the accomplishment of the purposes of the Partnership;

(d) borrow money and issue evidences of indebtedness in furtherance of the Partnership business and secure any such indebtedness by mortgage, pledge, or other lien; provided, however, that the Project Loans, and any evidences of indebtedness thereof and any documents amending, modifying or replacing any of such loans shall have the legal effect that at and after Final Closing the Partnership and the Partners shall have no personal liability for the repayment of the principal of or payment of interest on any Project Loan, and that the sole recourse of any Project Lender (other than Carveouts), with respect to the principal thereof and interest thereon, shall be to the property securing such Project Loan;

(e) maintain and operate the Apartment Complex, and entering into any agreement for the management of the Apartment Complex during its rent-up and after its rent-up period;

(f) subject to the approval of the Agency and/or the Project Lenders, if required, and to other limitations expressly set forth elsewhere in this Agreement, negotiate for and conclude agreements for the sale, exchange, lease or other disposition of all or substantially all of the property of the Partnership, or for the refinancing of any mortgage loan on the property of the Partnership;

(g) enter into the Project Documents, including Loan Agreement, the Regulatory Agreement and the Extended Use Agreement, providing for regulations with respect to rents, profits, dividends and the disposition of property;

(h) rent dwelling units in the Apartment Complex from time to time, in accordance with the provisions of the Code applicable to Tax Credits and in accordance with applicable federal, state and local regulations, collecting the rents therefrom, paying the expenses incurred in connection with the Apartment Complex, and distributing the net proceeds to the Partners, subject to any requirements which may be imposed by the Extended Use Agreement, the Regulatory Agreement and/or the other Project Documents; and

(i) do any and all other acts and things necessary or proper in furtherance of the Partnership business.

ARTICLE 4. REPRESENTATIONS, WARRANTIES AND COVENANTS

4.01 Representations, Warranties and Covenants Relating to the Apartment Complex and the Partnership. The General Partner hereby represents, warrants and covenants to the Partnership and to the Partners that:

(a) Construction of Apartment Complex. The rehabilitation and development of the Apartment Complex shall be undertaken and shall be completed in a timely, good and workmanlike manner, free from liens and defects, in accordance with (i) all applicable requirements of the Project Loans and the Project Documents, (ii) all applicable requirements of all appropriate governmental entities, and (iii) the Plans and Specifications of the Apartment Complex that have been or shall be hereafter approved by the Special Limited Partner and, if required, the Project Lenders and any applicable governmental entities, as such Plans and Specifications may be changed from time to time with the Consent of the Special Limited Partner as required pursuant to Section 8.02 hereof and the Project Lenders, if required, and any applicable Authorities, if such approval shall be required; it shall promptly provide copies of all change orders to the Special Limited Partner.

(b) Zoning and Related Matters. At the date hereof, at the Initial Closing and at the time of commencement of the rehabilitation of the Apartment Complex and thereafter continuously, the Land is and will be properly zoned for the Apartment Complex, all consents, permissions and licenses required by all applicable Authorities have been obtained, and the Apartment Complex conforms and will conform to all applicable federal, state and local land use, zoning, environmental and other governmental laws and regulations.

(c) Public Utilities. All appropriate roads, public utilities, including, without limitation, sanitary and storm sewers, cable television, telephone, water, gas and electricity, are currently available and will be operating properly and in sufficient capacity for all units in the Apartment Complex at the time of Substantial Completion.

(d) Title Insurance. An owner's title insurance policy issued by the Title Company, in an amount equal to the total Development Costs for the Apartment Complex, in favor of the Partnership, will be issued at or prior to the Initial Closing subject only to such easements, covenants, restrictions and such other standard exceptions as are normally included in owner's title insurance policies and which are Consented to by the Special Limited Partner and with such endorsements to such policy as the Special Limited Partner may request and with date down endorsements (as more fully described in and delivered at the times set forth in Section 5.02(b) and Article 9 of this Agreement). Good and marketable leasehold interest in the Land and the Apartment Complex will be held by the Partnership. The General Partner has not made any misrepresentation or failed to make any disclosure that will or could result in the Partnership lacking title insurance coverage based on imputation of knowledge of the General Partner to the Partnership.

(e) Non-Recourse Loans. At and after the Final Closing, except for those Project Loans that must be recourse, as determined by the Special Limited Partner, in its sole discretion, there shall be no direct or indirect personal liability of the Partnership, any of the Partners, or any Affiliates of the Partnership or Partners for the repayment of the principal of or payment of interest on any Project Loan, and the sole recourse of any Project Lender under any Project Loan with respect to the principal thereof and interest thereon shall be to the property securing the indebtedness, except for any liability of the General Partner with respect to Carveouts.

(f) No Defaults. The General Partner is not aware of (i) any default or any circumstances which, with the giving of notice or the passage of time, would constitute a default, under any agreement, contract, lease, Project Loan, Project Document, or other commitment, or (ii) of any claim, demand, litigation, proceedings or governmental investigation pending or, to the knowledge of the General Partner, threatened against the General Partner, the Apartment Complex or the Partnership, or related to the business or assets of the General Partner, the Apartment Complex or Partnership, which claim, demand, litigation, proceeding or governmental investigation could result in any judgment, order, decree, or settlement which would materially and adversely affect the business or assets of the General Partner, the Apartment Complex or the Partnership. Other than those actions previously disclosed to the Special Limited Partner, there are currently no criminal or civil actions or administrative proceedings pending, or, to the General Partner's knowledge, threatened against the General Partner, Guarantors or their respective Affiliates, shareholders, partners, members or managers.

(g) No Violation. The execution and delivery of the Project Documents, the incurrence of the obligations set forth in any of the Project Documents, and the consummation of the transactions contemplated by any of the Project Documents do not violate any provision

of law, any order, judgment or decree of any court binding on the Partnership or the General Partner or any Affiliate(s) thereof, any provision of any indenture, agreement, or other instrument to which the Partnership or the General Partner is a party or by which the Partnership, General Partner or the Apartment Complex is affected, and are not in conflict with, and will not result in a breach of or constitute a default under any such indenture, agreement, or other instrument or result in creating or imposing any lien, charge, or encumbrance of any nature whatsoever upon the Apartment Complex.

(h) Construction Contract. The Construction Contract has been entered into between the Partnership and the Contractor (a true and correct copy of which, including all exhibits, has been provided to the Special Limited Partner); no other consideration or fee shall be paid to the Contractor in its capacity as the Contractor for the Apartment Complex other than the amounts set forth in the Construction Contract or as evidenced by change orders approved by the Project Lenders and as otherwise disclosed in writing to and Consented to by the Special Limited Partner; and all change orders to date have been paid in full. In addition, no consideration or fee shall be paid to the Developer or General Partner by the Contractor.

(i) Performance Bond; Letter of Credit. Either (i) one hundred percent (100%) payment and performance bonds issued by a nationally, financially recognized bonding company noted in the Department of the Treasury's listing of approved sureties (Department Circular 570), in forms acceptable to the Limited Partner, and in amounts satisfactory to the Project Lenders and the Limited Partner, or (ii) a letter of credit in an amount and in a form, and from an issuer satisfactory to the Limited Partner, will be obtained by the Contractor at or before Initial Closing and shall remain in full force and effect under terms and conditions as shall be acceptable to the Limited Partner.

(j) Insurance. The General Partner shall cause the Partnership to obtain and maintain insurance in accordance with the requirements of Exhibit J attached hereto.

(k) No Undisclosed Financial Responsibilities. Neither the Partnership, nor the General Partner, either individually or on behalf of the Partnership, has incurred any financial responsibility with respect to the Apartment Complex prior to the date of execution of this Agreement, other than (i) that disclosed to the Limited Partner in writing prior to the date of this Agreement, or (ii) obligations which will be fully satisfied at or prior to the Initial Closing. As of the date hereof and hereafter continuously, unless the Special Limited Partner otherwise Consents or unless otherwise specifically provided for herein, the only indebtedness of the Partnership with respect to the Apartment Complex are the Project Loans. Without limiting the generality of the foregoing, neither the General Partner, any of its Affiliates, nor the Partnership, has entered, or shall enter, into any agreement or contract for any loans (other than the Project Loans) without the Consent of the Special Limited Partner or for the payment of any Project Loan discounts, additional interest, yield maintenance or other interest charges or financing fees, or any agreement providing for the guarantee of payment of any such interest charges or financing fees relating to any Project Loan. The financial statements and other financial data delivered to the Limited Partner in connection with the Apartment Complex and General Partner, Developer and Guarantors are true, complete and accurate in all material respects. No material adverse change has occurred in any such entity's financial position since the date of the financial statements and financial data last delivered to the Limited Partner.

(l) Valid Partnership; Power of Authority. The Partnership is and will continue to be a valid limited partnership, duly organized under the laws of the State, and shall have and shall continue to have full power and authority to acquire the Land and to develop,

rehabilitate, operate and maintain the Apartment Complex in accordance with the terms of this Agreement, and shall have taken and shall continue to take all action under the laws of the State and any other applicable jurisdiction that is necessary to protect the limited liability of the Limited Partners and to enable the Partnership to engage in its business.

(m) Restrictions on Sale or Refinancing. No restrictions on the sale or refinancing of the Apartment Complex, other than restrictions that may be set forth in the Project Documents, exist as of the date hereof, and no such restrictions shall, at any time while the Limited Partner is a Limited Partner, be placed upon the sale or refinancing of the Apartment Complex.

(n) Projected Credits; Projections. The Projected Credits are \$3,661,317. The Projected Credits are based upon the General Partner's representation that 100% of the residential units in the Apartment Complex will be occupied by Qualified Tenants. The General Partner further represents that there is and, at the time of cost certification, shall continue to be sufficient eligible basis (as defined in Section 42(d) of the Code) to provide the full amount of the Projected Credits. The Projections prepared by the Limited Partner, attached hereto as Exhibit I, to the best of the General Partner's knowledge, are true, complete and accurate in all material respects. Without limiting the foregoing, (i) the Projections accurately allocate the Development Costs between non-depreciable and depreciable costs, and (ii) no portion of the Incentive Management Fee or Development Fee is allocable to the organization of the Partnership, to the sale of any interests in the Partnership, or to any permanent financing arrangements. The Project Loans described on Exhibit H are all the sources of financing received or to be received by the Partnership, and there are no agreements or other arrangements contemplating the forgiveness of any such Project Loans.

(o) Compliance with Agreements. The General Partner, either individually or on behalf of the Partnership, has fully complied with all applicable provisions and requirements of any and all contracts, options and other agreements with respect to the purchase of the Land and the development, financing and operation of the Apartment Complex; it shall take, and/or cause the Partnership to take, all actions as shall be necessary to achieve and maintain continued compliance with the provisions, and fulfill all applicable requirements, of such agreements.

(p) Sources In-Balance. The General Partner shall keep all sources of funding In Balance and has adequate sources of funds to timely cause Final Closing of the Apartment Complex and satisfaction of all other obligations of the Partnership and General Partner under this Agreement.

(q) Compliance with Agency Requirement. The General Partner shall at no time develop the Apartment Complex or manage the Partnership in a manner which is not consistent with the award of points assigned by the Agency to the Partnership's Tax Credits application or reservation, except with the prior approval of the Agency and Consent of the Special Limited Partner.

(r) Publicity. The General Partner shall notify the Special Limited Partner and cause a representative for the Special Limited Partner to be invited to attend any groundbreaking, ribbon-cutting or other public relations ceremony or event with respect to the Apartment Complex and to cause the Fund, as an investor, and the attendance of any such representative at each ceremony or event to be recognized and in furtherance thereof the General Partner will follow the instructions of the Special Limited Partner for the purpose of

identifying the appropriate representative to be invited to such ceremony or event. The General Partner will use best efforts to provide the Special Limited Partner with written notice of such ceremony or event at least three (3) weeks in advance.

(s) State Designation. By no later than Initial Closing, the Partnership will receive valid State Designation with respect to the Apartment Complex in the amount of not less than \$3,661,720 for the Apartment Complex's Credit Period.

(t) Applicable Income and Rent Restrictions. The Apartment Complex is being developed in a manner which satisfies, and shall continue to satisfy, all restrictions, including tenant income and rent restrictions, applicable to projects generating Tax Credits under Section 42 of the Code. The Partnership will comply with the so-called "40-60 Set-Aside Test" of Code Section 42(g)(1)(B), so that at least 40% of the units in the Apartment Complex will be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size; the Apartment Complex is not subject to any other rental restrictions under the Project Documents except to the extent that more than 40% of the residential units in the Apartment Complex will be rent and income restricted in order to generate the full amount of the Projected Credits. The Partnership will also set aside 14 of the units in the Apartment Complex for occupancy by individuals with incomes of 50% or less of area median income, as adjusted for family size; and the remaining 124 units will be set aside for occupancy by individuals with incomes of 60% or less of area median income, as adjusted for family size.

(u) Term of Extended Use Agreement. The term of the Extended Use Agreement will not exceed thirty (30) years.

(v) Title to Apartment Complex; Taxes and Assessments. The Partnership has and shall have at all times good and marketable leasehold title to the Apartment Complex, subject only to permitted exceptions thereto to which the Special Limited Partner has given its Consent. All real estate taxes, assessments, water and sewer charges and other municipal charges, to the extent due and owing, have been paid in full on the Apartment Complex.

(w) Compliance with Federal Fair Housing Act. At all times during the term of this Agreement, the Partnership shall comply with the provisions of the Federal Fair Housing Act, as amended.

(x) Taxpayer Certifications. On behalf of the Partnership, the General Partner will cause to be filed any and all certifications and other documents on a timely basis with the IRS, the Agency and all other Authorities, as have been and may be required to support the full amount of Projected Credits.

(y) Taxation and Limited Liability. No event has occurred that has caused, and the General Partner will not act in any manner that will cause (i) the Partnership to be treated for federal income tax purposes as an "association" taxable as a corporation, rather than as a partnership; or (ii) the Limited Partner or the Special Limited Partner to be liable for the Partnership's obligations in excess of their Capital Contributions.

(z) Transfer Taxes. No transfer tax, fee or imposition is or will be due and owing to any state or local Authorities as a result of the admission of the Limited Partner and Special Limited Partner as a Partner of the Partnership, or the subsequent transfer of a Limited Partner's Interest in accordance with Section 9.01(a) herein.

(aa) No Tax-Exempt Use Property. No portion of the Apartment Complex is or will be treated as “tax-exempt use property” as defined in Section 168(h) of the Code. In the event the General Partner or any member or partner of the General Partner is controlled by a tax-exempt entity, such entity will make the election permitted under Section 168(h)(6)(F) of the Code. No portion of the Apartment Complex is or will be leased to tax-exempt entities.

(bb) No Abusive Tax Shelter. The General Partner has not received notice from the IRS that it has considered the General Partner to be involved in any abusive tax shelter and is not aware of any facts, which if known to the IRS, would cause such notice to be issued.

(cc) Required Consents. The Partnership has obtained all consents required for the admission of the Limited Partner and Special Limited Partner to the Partnership, including but not limited to, HUD Form 2530 previous participation certification clearances, the consent of the holder(s) of the Project Loans, if necessary, and any other required consents of applicable Authorities.

(dd) Bankruptcy. No Bankruptcy, including, without limitation, attachments, execution proceedings, assignments for the benefit of creditors, insolvency, reorganization or other proceedings is pending or threatened against the Partnership or the General Partner. The General Partner will not permit such a Bankruptcy to occur.

(ee) Governmental Actions. To the best of the General Partner's knowledge, there is no official action of any Authority, pending or threatened, which in any way would (i) have a material adverse effect on the Partnership, the Apartment Complex, the Limited Partner, or the Tax Credits; (ii) involve any intended public improvements which improvements may result in any charge in excess of \$10,000 being levied against the Land; or (iii) result in any special assessment, being levied against or assessed upon the Land or the Apartment Complex. There is no existing, proposed or contemplated, plan to widen, modify or realign any street or highway contiguous to the Land. The General Partner will promptly notify the Limited Partner of any such official actions or plans, if and as they arise.

(ff) Moratoria; Assessments; Dedications. There is no reassessment (except for real estate property taxes), reclassification, rezoning, proceeding, ordinance or regulation (including amendments and modifications to any of the foregoing) pending or proposed to be imposed, by any Authority or any public or private utility having jurisdiction over the Land which would have a material adverse effect upon the use or occupancy of the Apartment Complex. No special assessments have been levied against the Apartment Complex or by an Authority upon the commencement or completion of any construction, alteration or rehabilitation on or of the Apartment Complex or any portion thereof. The General Partner will promptly notify the Limited Partner of any such actions, if and as they arise. Except as previously disclosed in writing to and approved by the Special Limited Partner, the completion of the improvements, construction, alteration or rehabilitation on or to the Apartment Complex or any portion thereof will not require the dedication of any portion of the Apartment Complex by any Authority.

(gg) No Defects, Compliance. Upon completion of the rehabilitation of the Apartment Complex, there will be no material physical or mechanical defects or deficiencies in the condition of the Apartment Complex, including, but not limited to, the roofs, exterior walls or structural components of the Apartment Complex and the heating, air conditioning, plumbing, ventilating, elevator, utility, sprinkler and other mechanical and electrical systems, apparatuses and appliances located in, or about, the Land which would materially and adversely affect the Apartment Complex or any portion thereof. The Apartment Complex is free from infestation by

termites or other pests, insects, animals or other vermin and the General Partner will keep and maintain the Apartment Complex in such condition. The Apartment Complex conforms (or will timely conform) to all governmental regulations, including, without limitation, all zoning, building, health, fire and environmental rules, regulations ordinances or requirements or environmental laws, regulations or procedures applicable to the Apartment Complex where the failure to conform would result in a material adverse effect. The General Partner shall not cause or permit to occur any circumstances that would (i) give rise to a “flag” affecting the Limited Partner or its Affiliates under HUD’s previous participation certification system, the effect of which would be to adversely impact the ability of the Limited Partner or its Affiliates from participation in HUD loan or subsidy programs; or (ii) result in a determination by HUD that the Apartment Complex has failed to comply with HUD’s minimum standards for physical condition (which under current REAC practice, would mean a score of below 60).

(hh) No Defective Soils Conditions. To the best of the General Partner's knowledge after due inquiry, there are no defects or conditions of the soil that would have a material adverse effect upon the use, occupancy and operation of the Apartment Complex. The soil condition of the Land is such that it will support all of the improvements to be located thereon for its foreseeable life, without the need for unusual or new subsurface excavations, fill, footings, caissons or other installations. The improvements on the Land, as built, will be or are constructed in a manner compatible with the soil condition at the time of construction and all necessary excavations, fills, footings, caissons and other installations were then, have since been and will be provided.

(ii) Rights of First Refusal; Options. Except for the Purchase Option, neither the General Partner nor the Partnership has entered into (nor will enter into) any contracts for the sale of the Apartment Complex, the Tax Credits with respect thereto, or any interest in the Apartment Complex or Partnership other than in contemplation of this Agreement, nor do there exist any rights of first refusal or options to purchase the Apartment Complex, the Tax Credits with respect thereto, or any Interest in the Partnership.

(jj) Securities Law Compliance. The General Partner has or will have timely complied or caused the timely compliance with all applicable Federal and state securities laws in connection with the offer and sale of the Interest in the Partnership to the Limited Partner.

(kk) Section 42 Requirements.

(i) Upon Substantial Completion, the Apartment Complex will consist of sixty-five (65) building(s) which shall contain one hundred thirty-eight (138) residential rental units and related subordinate facilities. The residential rental units will be constructed for use by the general public, in accordance with all applicable federal, state and local laws, will be suitable for occupancy and will be used on other than a transient basis. Except as permitted by Code Section 42(i)(3)(D), no unit will be occupied entirely by students (as determined under Code Section 151(c)(4)). There will be no space in the Apartment Complex that will not be used in connection with the residential rental units. All of the apartment units in the Apartment Complex will be of approximately the same quality standard within the meaning of Code Section 42(d)(3). All of the amenities of the Apartment Complex will be available to all of the residential rental units in the Apartment Complex, without separate charge other than the laundry facilities and the parking area. There will not be any continuous or frequent medical, nursing, psychiatric, food or other additional significant services provided by the Partnership to the tenants of the Apartment Complex. All of the land constituting the Apartment Complex is contiguous to each other parcel of such land.

(ii) Intentionally deleted.

(iii) A leasehold interest in the Apartment Complex was acquired by the Partnership at the Initial Closing by purchase (as defined in Code Section 179(d)(2)). During the ten (10) year period prior to the acquisition of the Apartment Complex by the Partnership, the Apartment Complex has not been placed in service (within the meaning of Section Code 42(d)(2)(B)(ii)(I)).

(iv) The Partnership has elected to “lock-in” the Applicable Percentage pursuant to Section 42(b)(2)(A)(ii)(I) which Applicable Percentage is 3.24%.

(v) The Eligible Basis of the Apartment Complex will not include any costs incurred in connection with the nonresidential rental project or in connection with any residential unit which is not a low-income unit (as defined in Code Section 42) and which is above the average quality standard of the low-income units in the Apartment Complex. None of the amounts that will be includable in the Eligible Basis of the New Building will be financed with the proceeds of any obligation the interest on which is exempt from tax under Code Section 103 or any obligation which is a below-market federal loan (as defined in Code Section 42(i)(2)(D)). None of the amounts that will be includable in the Eligible Basis (1) will be funded with a federal grant within the meaning of Code Section 42(d)(5)(A).

(vi) All fees payable to the General Partner or any of its Affiliates pursuant to this Agreement are reasonable in amount and are payable or will be payable only for services actually performed or material actually provided, in accordance with applicable restrictions promulgated by the Agency.

(II) Social Services. The General Partner shall cause the Partnership to provide all social services which the Partnership is obligated to provide to the tenants of the Apartment Complex, including, without limitation, any such social services described in the Project Documents, funding for which is included in the Projections. The General Partner shall take all action necessary to cause the Partnership to pay all amounts incurred by the Partnership in connection with the provisions of any such social services.

(mm) Truth and Completeness of Representations and Disclosures. No representation, warranty or statement of the General Partner in this Agreement or in any document, certificate or schedule furnished or to be furnished to the Limited Partner pursuant hereto contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements or facts contained therein not misleading.

(nn) Bonds. The General Partner, with the advice and Consent of the Special Limited Partner, shall take such actions as may be necessary (after giving effect to applicable provisions of the Development Agreement) to assure that the percentage of the aggregate basis of the Land and buildings (including site improvements) financed with an obligation the interest on which is exempt from tax under Section 103 of the Code and which is within the State of North Carolina volume cap shall be not less than 50% as of Substantial Completion and to assure that at least 50% of the acquisition cost and 50% of the rehabilitation costs are financed with the proceeds of the Bonds. The interest paid on the Bonds is excludable by the recipient thereof from Federal income taxation, and the General Partner has done and performed, or caused to be done and performed, all acts and things necessary or desirable to assure that such interest is exempt; and neither the General Partner nor any other party has permitted at

any time or times any of the proceeds of the Bonds or any other funds to be used directly or indirectly to acquire any securities or obligations, the acquisition of which would cause any Bonds to be an arbitrage bond as defined in Section 148(a) of the Code.

(oo) Tax Exemption. So long as North Carolina General Statutes § 157–26 is in effect providing for a property tax exemption, and the Partnership has a leasehold interest in the Apartment Complex and the Housing Authority retains the underlying fee interest, the Partnership shall benefit from the Housing Authority's property tax exemption.

(pp) Survival of Representations and Warranties. All of the representations, warranties and covenants contained herein shall be deemed to be re-made as of the date of each Capital Contribution made by the Limited Partner shall survive the date of Final Closing and the funding date of each such Capital Contribution (except to the extent otherwise disclosed by the General Partner to the Special Limited Partner, with respect to facts not within its direct control). The General Partner shall indemnify and hold harmless the Limited Partner against a breach of any of the foregoing representations, warranties and covenants and any damage, loss or claim caused thereby, including reasonable attorneys' fees and costs and expenses of litigation and collection.

4.02 Duties and Obligations Relating to the Apartment Complex and the Partnership. The General Partner shall have the following duties and obligations with respect to the Apartment Complex and the Partnership:

(a) Qualifying for Tax Credits. The General Partner shall ensure that all requirements shall be met which are necessary to obtain or achieve (i) compliance with the Minimum Set-Aside Test, the Rent Restriction Test, and any other requirements necessary for the Apartment Complex to initially qualify, and to continue to qualify, for Tax Credits, including all applicable requirements set forth in the Regulatory Agreement and the Extended Use Agreement, (ii) issuance of IRS Form(s) 8609, (iii) issuance of all necessary permanent, unconditional certificates of occupancy, including all governmental approvals required to permit occupancy of all of the apartment units in the Apartment Complex, (iv) Initial Closing and Final Closing, and (v) compliance with all material provisions of the Project Documents.

(b) Tax Treatment of Partnership. While conducting the business of the Partnership, the General Partner shall not act in any manner which it knows or should have known after due inquiry will (i) cause the termination of the Partnership for federal income tax purposes without the Consent of the Special Limited Partner or (ii) cause the Partnership to be treated for federal income tax purposes as an association taxable as a corporation. The Apartment Complex shall be managed upon Substantial Completion so that (i) the Apartment Complex may be depreciated as residential rental property under Section 168(c) of the Code, and (ii) the rental of all units in the Apartment Complex comply with the tenant income limitations and other restrictions under the Rent Restriction Test and as set forth in the Regulatory Agreement and the Extended Use Agreement.

(c) Good Faith of General Partner. The General Partner shall exercise good faith in all activities relating to the conduct of the business of the Partnership, including the development, operation and maintenance of the Apartment Complex, and the General Partner shall take no action with respect to the business and property of the Partnership which is not reasonably related to the achievement of the purpose of the Partnership as set forth in Section 3.01.

(d) No Security Interests or Encumbrances. The General Partner shall ensure that all of (i) the fixtures, maintenance supplies, tools, equipment and the like now and to be owned by the Partnership or to be appurtenant to, or to be used in the operation of the Apartment Complex, as well as (ii) the rents, revenues and profits earned from the operation of the Apartment Complex, will be free and clear of all security interests and encumbrances except for the Project Loans, the Mortgages, and any additional security agreements executed in connection therewith.

(e) Basis Adjustments. The General Partner will execute on behalf of the Partnership all documents necessary pursuant to Sections 732, 743 and 754 of the Code to elect to adjust the basis of the Partnership's property upon the request of the Limited Partner, if, in the sole opinion of the Limited Partner, such election would be advantageous to the Limited Partner.

(f) Payment of Development Fee. The General Partner guarantees payment by the Partnership of the Development Fee as provided in Section 5.01(b).

(g) Compliance with Governmental and Contractual Obligations. The General Partner shall comply and cause the Partnership to comply with the provisions of all applicable governmental and contractual obligations.

(h) Tax Elections. The General Partner has made (if applicable) and shall make such elections, or refrain from making such elections, with respect to the Tax Credits, that the Special Limited Partner reasonably determines are in the Limited Partner's best interest. At the direction of the Special Limited Partner, the General Partner shall elect to defer the commencement of the Credit Period for all or any portion of the Tax Credits allowable to the Partners under Section 42(f) of the Code, to the extent that any such deferral may be in the best economic interest of the Limited Partner. In such event, the calculations to be made pursuant to Section 5.03 shall be made as if there was no deferral in the commencement of the Credit Period. The General Partner shall cause the Partnership to report to the Limited Partner all reportable transactions under Section 6111 and 6112 of the Code and Treasury Regulation 1.6011-1 in which the Partnership is engaged.

(i) Fines and Penalties. To the extent the Partnership has failed to pay any fines or penalties imposed by the Agency or any Project Lender pursuant to the Project Documents and any documents executed in connection with obtaining the Tax Credits (other than with respect to payments of principal or interest under any Project Loan), the General Partner shall be responsible for the payment of such fines or penalties.

(j) Notification of Default or Service Proceedings. In addition to any requirements set forth in Article 13 hereof, the General Partner shall immediately notify the Limited Partner of any written or oral notice of (i) any default or failure of compliance with respect to any of the Project Loans, Project Documents or any other financial, contractual or governmental obligation of the Partnership or the General Partner, or (ii) any IRS proceeding regarding the Apartment Complex or the Partnership.

(k) Payment of Taxes. It will cause the Partnership to pay on or before the date when the same would become delinquent, any and all real estate and ad valorem taxes, personal property taxes, assessments, water rates, sewer rents, fines, impositions and any other charges now or hereafter levied against the Apartment Complex, whether foreseen or unforeseen, ordinary or extraordinary; and also any and all license fees or similar charges which

may be imposed by any Authority with respect to the Apartment Complex for the use and occupancy of the Apartment Complex, use of walks, chutes, areas and other space beyond the lot line of the Apartment Complex and on or abutting the public sidewalks and/or highways in front or adjoining the Apartment Complex or pursuant to any applicable law for the use of any furnaces, compactors, incinerators, parking areas or for other matters covered by any such laws; and also any and all corporate, franchise, withholding, income, profits and gross receipts, and other taxes due by the Partnership; in each case together with any penalties and interest on any of the foregoing, and in default thereof.

(l) Payment of Utility Charges. It will cause the Partnership to pay promptly, when and as due, all charges for utilities, whether public or private, and will not suffer or permit any construction or mechanics, laborers, material statutory or other liens to be created or to remain outstanding upon any part of the Apartment Complex, and if any such lien is created, will cause the Partnership to discharge the same of record by payment or bonding within forty-five (45) days after the filing thereof.

(m) Construction Monitoring; Notification of Construction Delays. If at any time during the rehabilitation of the Apartment Complex, (i) rehabilitation stops or is suspended for a period of fifteen (15) business days, or (ii) rehabilitation has been delayed so that in the reasonable determination of the General Partner (A) Substantial Completion may not be achieved by the date set forth in the Construction Contract, or (B) the Projected Credits for any year during the Credit Period may not be achieved, the General Partner shall immediately send Notice of such occurrence, together with an explanation of the circumstances surrounding such occurrence, to the Limited Partner.

(n) Compliance Issues. The Apartment Complex shall at all times comply with the applicable requirements of the Americans with Disabilities Act of 1990, the Americans with Disabilities Act Accessibility Guidelines for Buildings and Facilities, as now existing or hereafter amended or adopted, the Fair Housing Act of 1988, as amended, the Fair Housing Act Design Manual implemented in connection therewith as now existing or hereafter amended or adopted, any other federal and state and local laws and ordinances related to disabled access, and all statutes, rules, regulations, and orders of governmental bodies and regulatory agencies or orders or decrees of any court adopted or enacted with respect thereto (collectively, "Access Laws"). The Special Limited Partner may also require a certificate of compliance with the Access Laws from an architect, engineer, or other third party acceptable to the Special Limited Partner. Notwithstanding any provisions set forth herein or in any other document, the General Partner shall not alter or permit any tenant or other person to alter the Apartment Complex in any manner which would increase the General Partner's responsibilities for compliance with the Access Laws without the prior written Consent of the Special Limited Partner. In connection with any such Consent, the Special Limited Partner may require a certificate of compliance with the Access Laws from an architect, engineer, or other person acceptable to the Special Limited Partner.

(o) RAD HAP Contract. The Special Limited Partner shall review and Consent to the RAD HAP Contract prior to the Partnership's execution of the same. The General Partner shall request annually any upward adjustment to the rental assistance payments as may be permitted under the RAD HAP Contract. If the initial term of the RAD HAP Contract does not extend through the termination of the Compliance Period, the General Partner shall also diligently undertake efforts to secure the renewal of the RAD HAP Contract through the Compliance Period.

4.03 Environmental Matters.

(a) The General Partner represents and warrants that (i) except as otherwise disclosed in the Environmental Reports, it has no knowledge of any deposit, storage, disposal, burial, discharge, spillage, uncontrolled loss, seepage or filtration of any Hazardous Substances at, upon, under or within the Land or any contiguous real estate and (ii) it has not caused or permitted to occur, and it shall not permit to exist, any condition which may cause a discharge of any Hazardous Substances at, upon, under or within the Land or from the Land onto any contiguous real estate.

(b) The General Partner further represents and warrants that (i) neither it nor, to the best of its knowledge, any other party has been, is or will be involved in operations at or, pursuant to the General Partner's best knowledge, near the Land, which operations could lead to (A) a determination of liability under the Hazardous Waste Laws as to the Partnership or (B) the creation of a lien on the Land under the Hazardous Waste Laws or under any similar laws or regulations; and (ii) the General Partner has not permitted, and will use best efforts not to permit, any tenant or occupant of the Apartment Complex to engage in any activity that could impose liability under the Hazardous Waste Laws on such tenant or occupant, on the Land or on any other owner of the Apartment Complex.

(c) The General Partner shall comply strictly and in all respects with all material requirements of the Hazardous Waste Laws and related regulations and with all similar laws and regulations.

(d) The General Partner acknowledges that, on behalf of the Limited Partner, the Limited Partner will retain an environmental consultant (the "Environmental Consultant") to review and give recommendations related to environmental reports that are provided to the Limited Partner by the General Partner (including, but not limited to, Phase I and Phase II environmental assessments, wetlands reports, lead, mold and asbestos reports, abatement reports and other environmental reports required by the Environmental Consultant, to the reasonable satisfaction of the Environmental Consultant) for the Land, or the construction and rehabilitation of existing buildings, if the reports indicate the possible presence of hazardous materials on or near the Apartment Complex or if such reports appear incomplete or inadequate for purposes of making such a determination. The Special Limited Partner shall be solely responsible for the payment of the fees of the Environmental Consultant.

(e) The General Partner shall at all times indemnify and hold harmless the Partnership, the Limited Partner and the Special Limited Partner against and from any and all claims, suits, actions, debts, damages, costs, charges, losses, obligations, judgments and expenses, of any nature whatsoever, suffered or incurred by the Partnership or the Limited Partner, under or on account of the Hazardous Waste Laws or any similar laws or regulations, including the assertion of any lien thereunder.

4.04 Representations, Warranties and Covenants Relating to the General Partner. The General Partner hereby represents, warrants and covenants to the Partnership and the Partners:

(a) Due Authorizations, Execution and Delivery. The execution and delivery of this Agreement by the General Partner and the performance by the General Partner of the transactions contemplated hereby have been duly authorized by all requisite corporate, limited liability company, partnership or trust actions or proceedings, as applicable. The Managing

General Partner is duly organized, validly existing and in good standing under the laws of the state of its formation with power to enter into this Agreement and to consummate the transactions contemplated hereby. The Co-General Partner is duly organized, validly existing and in good standing under the laws of the state of its formation with power to enter into this Agreement and to consummate the transactions contemplated hereby.

(b) Pre-Development Activities. The General Partner shall be specifically and solely responsible for the following duties:

- (i) Analyzing the Qualified Allocation Plan (“QAP”).
- (ii) Identifying the sites.
- (iii) Analyzing the demographics of the sites.
- (iv) Analyzing the site's economy and forecast future growth potential.
- (v) Determining the site's zoning status and possible rezoning actions.
- (vi) Contacting local government officials concerning access to utilities, public transportation, impact fees and local ordinances.
- (vii) Performing environmental tests on the selected sites.
- (viii) Negotiating the purchase of the land upon which the Apartment Complex is located and its related financing.
- (ix) Performing any other duties or activities relating to the acquisition of the land upon which the Apartment Complex is located.

The General Partner shall not assign any of the foregoing duties to the Developer.

(c) Single Purpose Entity; General Partner Status. The Managing General Partner shall engage in no other business or activity other than that of being the Managing General Partner of the Partnership. The Managing General Partner was formed exclusively for the purpose of acting as the Managing General Partner of the Partnership and has never engaged in any other activity, business or endeavor. As of the date of this Agreement, the Managing General Partner has no liabilities or indebtedness other than its liability for the debts of the Partnership, and the Managing General Partner shall not incur any indebtedness other than its liability for the debts of the Partnership. If the Managing General Partner determines it needs additional funds for any purpose, it shall obtain such funds solely from capital contributions from its owners or members. The Managing General Partner has observed and shall continue to observe all necessary or appropriate organizational formalities in the conduct of its business. The Managing General Partner shall keep its books and records separate and distinct from those of its owners, members and/or other of its Affiliates, and shall maintain the Partnership accounts in financial institutions, whose accounts are federally insured, segregated from any other accounts and funds of the Managing General Partner or any of its shareholders, members and/or other of its Affiliates. The Managing General Partner and TCG North Carolina, LLC are accrual basis taxpayers. The Managing General Partner shall clearly identify itself as a

legal entity separate and distinct from its shareholders, members and/or other of its Affiliates in all dealings with other Persons. The Managing General Partner has been adequately capitalized for the purposes of conducting its business and will not make distributions at a time when it would have unreasonably small capital for the continued conduct of its business. If there is a change in federal income tax laws whereby the Managing General Partner is required to maintain a specific level of net worth to support a determination that the Partnership will be taxed as a partnership and not as a corporation, the Managing General Partner shall obtain an opinion of an independent qualified tax counsel that it has met such new requirements. Furthermore, the Managing General Partner shall, thereafter through the term of the Partnership, maintain a net worth in such amount that in the opinion of such tax counsel the Partnership will be taxed as a partnership and not as a corporation.

(d) Ownership of General Partner. TCG North Carolina, LLC owns and shall continue to own during the term of this Agreement, one hundred percent of all classes of interest in the Managing General Partner. The Co-General Partner is not owned by any members, rather all authority is vested in its 5-person board of directors.

ARTICLE 5.
PARTNERS, PARTNERSHIP INTERESTS
AND OBLIGATIONS OF THE PARTNERSHIP

5.01 General Partner Capital Contributions and Partnership Interests.

(a) General Partner. The General Partner, its principal address or place of business, its Capital Contribution and its Percentage Interest are as follows:

General Partner	Capital Contribution	Percentage Interest
Terrace Lane LLC 348 Thompson Creek Mall Suite 357 Stevensville, MD 21666	\$51.00	0.0051%
Haven Redevelopment Group, Inc. 1 Jamaica Drive Lexington, NC 27292	\$49.00	0.0049%

The 0.0051% Percentage Interest of Terrace Lane LLC and the 0.0049% Percentage Interest of Haven Redevelopment Group, Inc., totaling .01% are, collectively, referred to herein as the "General Partner Percentage Interest".

(b) General Partner's Special Capital Contribution. In the event that the Partnership has not timely paid all or part of the amounts due under the Development Agreement, the General Partner shall contribute to the Partnership an amount equal to any such remaining payments (the "General Partner's Special Capital Contribution") and the Partnership shall thereupon make a payment in an equal amount to pay off all amounts due under the Development Agreement by the earlier of (i) the thirteenth year following the date of the

Development Agreement, (ii) the date of liquidation of the Partnership, or (iii) the date of removal of the General Partner from the Partnership.

5.02 Limited Partners.

(a) The Limited Partner and the Special Limited Partner, respectively, their principal office and place of business, their Capital Contributions and their Percentage Interests are as follows:

Limited Partner	Capital Contribution	Percentage Interest
RSEP Holding, LLC 200 Public Square, Suite 2050 Cleveland, OH 44114	Capital Contribution is as set forth in Section 5.02(b)	99.989%
Special Limited Partner		
Red Stone Equity Manager, LLC 200 Public Square, Suite 2050 Cleveland, OH 44114	\$10.00	0.001%

(b) Limited Partner Capital Contributions. Subject to the provisions of this Agreement, including, without limitation, the provisions of Sections 5.03 and 5.06, the Limited Partner shall be obligated to make Capital Contributions to the Partnership in the aggregate amount of Three Million Two Hundred Twelve Thousand Eight Hundred Six and No/100 Dollars (\$3,212,838.00) in installments as follows:

(i) First Capital Contribution. The amount of the first Capital Contribution shall be Six Hundred Twenty-Three Thousand Six Hundred Eighty and No/100 Dollars (\$623,680.00) (the "First Capital Contribution"). After satisfaction of all of the conditions set forth below, and review and approval of the items described below, the Limited Partner shall make the First Capital Contribution to the Partnership:

(A) Title Policy. The Title Company shall have issued an ALTA-form policy of owner's title insurance (the "Title Policy") in an amount equal to the acquisition and development cost of the Apartment Complex, showing the Partnership as owner of leasehold title to the Apartment Complex and subject to only such exceptions as are acceptable to the Limited Partner, and containing extended coverage and such endorsements as the Limited Partner may require, including, without limitation, access, blanket easement (CLTA 103.1 or its equivalent) (if applicable), contiguity (if the Land is comprised of adjoining lots), fairway, non-imputation, (protecting the Limited Partner against the knowledge of all other partners, including any withdrawing partners), owner's comprehensive (with minerals if applicable) protecting the existing improvements or, if the Apartment Complex has yet to be constructed, protecting the planned improvements as shown on specified plans (ALTA Form 9.1 or 9.2 or an equivalent), separate tax lot, subdivision (if applicable), survey and zoning 3.1 with parking;

(B) Environmental Matters. The Limited Partner shall have received an environmental phase I site assessment report upon which it can rely (as

confirmed in writing by the Person preparing such report) prepared in accordance with American Society for Testing Materials (ASTM) Standard E-1527-05 requirements for Phase I environmental site assessments (and phase II report, if recommended by the terms of the phase I or if requested by the Limited Partner) dated within six months of the date of the making of the First Capital Contribution satisfactory to the Limited Partner from an environmental consultant satisfactory to the Limited Partner confirming no recognized environmental conditions exist at or in close proximity to the Land;

(C) Legal Opinion. The Limited Partner shall have received a legal opinion of the Counsel to the Partnership, the General Partner, the Guarantor and the Developer, which opinion shall explicitly state that counsel to the Limited Partner may explicitly rely upon it, and which shall be in form and substance acceptable to the Limited Partner;

(D) Tax Opinion. The Limited Partner shall have received a tax certification ("Tax Certification") generally in the form attached hereto as Exhibit L, through which the General Partner and any such Affiliates as required by the Limited Partner certify to the Limited Partner and its counsel such matters as may be required to enable such counsel to deliver an overall tax opinion that addresses all material tax issues and indicates that the financial projections and tax credit calculation contained in the Projections appear reasonable and complete;

(E) Survey. The Limited Partner shall have received an approved ALTA/ACSM survey of the Land in a form reasonably satisfactory to the Limited Partner;

(F) Permits and Licenses. The Limited Partner shall have received a copy of any permits and licenses required for the construction of the Apartment Complex issued by the applicable governmental authorities for the Apartment Complex;

(G) Issuance of Bonds. The Bonds shall have been issued and all cost of issuance associated with the Bonds shall have been paid in full;

(H) Bond Loan. The Bond Loan shall have closed and funded such amounts as are required by the applicable Project Documents as of the date of the Initial Closing;

(I) RAD HAP Contract. The Limited Partner shall have received a fully executed copy of the RAD HAP Contract that is consistent with the Projections;

(J) Disbursement of Loan. The FHA Loan and the Housing Authority Loan shall have closed and funded such amounts as are required by the applicable Project Documents as of the date of the Initial Closing, and the Seller Financing Loan shall have closed as of the date of the Initial Closing;

(K) Other Documentation. The Limited Partner shall have received such other documentation as it may reasonably request to satisfy its due diligence requirements including, without limitation, (i) those documents listed on the Limited Partner's closing checklist, a copy of which has been previously delivered to the

General Partner, and (ii) such additional items requested by the Limited Partner to otherwise verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article 4.

The proceeds of the First Capital Contribution shall first be used to pay the Limited Partner Due Diligence Costs and thereafter to pay costs associated with the acquisition of the Apartment Complex, the issuance of the Bonds and the closing of the Project Loans as the Special Limited Partner may approve.

(ii) Second Capital Contribution. The amount of the second Capital Contribution shall be Three Hundred Twenty-One Thousand Two Hundred Eighty-One and No/100 Dollars (\$321,284.00) (the "Second Capital Contribution"). After satisfaction of all of the conditions set forth below, and review and approval by the Limited Partner of the items described below, the Limited Partner shall make the Second Capital Contribution to the Partnership:

(A) First Capital Contribution Conditions. All conditions to funding the Limited Partner's First Capital Contribution have been satisfied;

(B) Title Policy Date Down. The Limited Partner shall have received a Title Policy Date Down dated no earlier than fifteen (15) days prior to the making of the Second Capital Contribution;

(C) 40% Completion. The Limited Partner shall have received a certificate from the Architect and the Construction Inspector stating that the rehabilitation of the Apartment Complex is at least 40% complete;

(D) Date Certain. July 1, 2015;

(E) Contribution Certificate. The Limited Partner shall have received a Contribution Certificate;

(F) Estoppel Certificate. An estoppel certificate in the form attached as Exhibit N dated within 15 days of the request for the Second Capital Contribution;

(G) Post Closing Due Diligence Checklist. The Limited Partner shall have received and approved any item set forth on the Post Closing Due Diligence Checklist which are then due to the Limited Partner pursuant to the terms of the Post Closing Due Diligence Checklist; and

(H) Other Documents and Outstanding Fees. The Limited Partner shall have received such other documents as the Limited Partner reasonably determines are necessary to clarify any matter disclosed by the documents described above or to verify the accuracy of any representation, warranty or covenant set forth herein. The Special Limited Partner shall have confirmed that there are no outstanding fees owed to the Limited Partners at the time of the making of the Second Capital Contribution.

(iii) Third Capital Contribution. The amount of the third Capital Contribution shall be Four Hundred Eighty-One Thousand Nine Hundred Twenty-One and

No/100 Dollars (\$481,926.00) (the "Third Capital Contribution"). After satisfaction of all of the conditions set forth below, and review and approval by the Limited Partner of the items described below, the Limited Partner shall make the Third Capital Contribution to the Partnership:

(A) Second Capital Contribution Conditions. All conditions to funding the Limited Partner's Second Capital Contribution have been satisfied;

(B) Title Policy Date Down. The Limited Partner shall have received a Title Policy Date Down dated no earlier than fifteen (15) days prior to the making of the Third Capital Contribution;

(C) 62% Completion. The Limited Partner shall have received a certificate from the Architect and the Construction Inspector stating that the rehabilitation of the Apartment Complex is at least 62% complete;

(D) Date Certain. October 1, 2015;

(E) Contribution Certificate. The Limited Partner shall have received a Contribution Certificate;

(F) Estoppel Certificate. An estoppel certificate in the form attached as Exhibit N dated within 15 days of the request for the Third Capital Contribution;

(G) Post Closing Due Diligence Checklist. The Limited Partner shall have received and approved any item set forth on the Post Closing Due Diligence Checklist which are then due to the Limited Partner pursuant to the terms of the Post Closing Due Diligence Checklist; and

(H) Other Documents and Outstanding Fees. The Limited Partner shall have received such other documents as the Limited Partner reasonably determines are necessary to clarify any matter disclosed by the documents described above or to verify the accuracy of any representation, warranty or covenant set forth herein. The Special Limited Partner shall have confirmed that there are no outstanding fees owed to the Limited Partners at the time of the making of the Third Capital Contribution.

(iv) Fourth Capital Contribution. The amount of the fourth Capital Contribution shall be Six Hundred Forty-Two Thousand Five Hundred Sixty-One and No/100 Dollars (\$642,568.00) (the "Fourth Capital Contribution"). After satisfaction of all of the conditions set forth below, and review and approval by the Limited Partner of the items described below, the Limited Partner shall make the Fourth Capital Contribution to the Partnership:

(A) Third Capital Contribution Conditions. All conditions to funding the Limited Partner's Third Capital Contribution have been satisfied;

(B) Title Policy Date Down. The Limited Partner shall have received a Title Policy Date Down dated no earlier than fifteen (15) days prior to the making of the Fourth Capital Contribution;

(C) 75% Completion. The Limited Partner shall have received a certificate from the Architect and the Construction Inspector stating that the rehabilitation of the Apartment Complex is at least 75% complete;

(D) Date Certain. January 1, 2016;

(E) Contribution Certificate. The Limited Partner shall have received a Contribution Certificate;

(F) Estoppel Certificate. An estoppel certificate in the form attached as Exhibit N dated within 15 days of the request for the Fourth Capital Contribution;

(G) Post Closing Due Diligence Checklist. The Limited Partner shall have received and approved any item set forth on the Post Closing Due Diligence Checklist which are then due to the Limited Partner pursuant to the terms of the Post Closing Due Diligence Checklist; and

(H) Other Documents and Outstanding Fees. The Limited Partner shall have received such other documents as the Limited Partner reasonably determines are necessary to clarify any matter disclosed by the documents described above or to verify the accuracy of any representation, warranty or covenant set forth herein. The Special Limited Partner shall have confirmed that there are no outstanding fees owed to the Limited Partners at the time of the making of the Fourth Capital Contribution.

(v) Fifth Capital Contribution. The amount of the fifth Capital Contribution shall be Three Hundred Twenty-Three Thousand Seven Hundred Thirty-Seven and No/100 Dollars (\$323,755.00) (the "Fifth Capital Contribution"). After satisfaction of all of the conditions set forth below, and review and approval by the Limited Partner of the items described below, the Limited Partner shall make the Fifth Capital Contribution to the Partnership:

(A) Fourth Capital Contribution Conditions. All conditions to funding the Limited Partner's Fourth Capital Contribution have been satisfied;

(B) Substantial Completion. Substantial Completion of the Apartment Complex shall have occurred;

(C) Survey. The Limited Partner shall have received and approved an updated and recertified ALTA/ACSM standards as-built survey satisfactory to the Limited Partner dated no more than thirty (30) days prior to the date of funding;

(D) Final Construction Documentation. The Limited Partner shall have received and approved all of the following: (i) an architect's certificate of substantial completion in the form requested by the Limited Partner, (ii) the Construction Inspector shall have delivered its final report, (iii) an affidavit of final construction cost executed by the General Partner, (iv) copies of any change orders not previously submitted to the Limited Partner; (v) a list of all warranties and maintenance agreements applicable to the completed construction; (vi) the As-Built Plans and Specifications; (vii) if required by the Limited Partner, final soil reports confirming that the Apartment

Complex has been constructed in a manner compatible with the soil conditions at the time of construction and all necessary excavations, fills, footings, caissons and other installations have been provided; and (viii) if applicable, evidence that any material outstanding deficiencies notes in any previously issued HUD REAC inspection reports have been remedied;

(E) Environmental Matters. In addition to the reports described in Section 5.01(b)(i), the General Partner shall have provided the Limited Partner (i) evidence that any actions recommended to be taken which were contained in any environmental assessment reports prepared in conjunction with the development of the Apartment Complex have been appropriately completed in a manner that fully complies with such recommendations and all laws, regulations, ordinances, orders or decrees pertaining to environmental matters;

(F) Cost Certification. Receipt of an audited cost certification of Eligible Basis (as defined in Code Section 42(d)) for the Apartment Complex prepared by the Accountants, and approved by the Special Limited Partner as to form and substance;

(G) Insurance Certificates. The Limited Partner shall have received current certificates of insurance evidencing the insurance coverages required to be maintained by the Partnership as required hereunder;

(H) Date Certain. October 1, 2016;

(I) Title Policy Date Down. The Limited Partner shall have received a Title Policy Date Down dated no earlier than fifteen (15) days prior to the making of the Fifth Capital Contribution;

(J) Contribution Certificate. The Limited Partner shall have received a Contribution Certificate;

(K) Tax Returns. The Limited Partner shall have received a copy of the Partnership's Federal tax return for the most recent reporting period in accordance with Article 13 herein;

(L) Estoppel Certificate. An estoppel certificate in the form attached as Exhibit N dated within 15 days of the request for the Fifth Capital Contribution;

(M) Post Closing Due Diligence Checklist. The Limited Partner shall have received and approved any item set forth on the Post Closing Due Diligence Checklist which are then due to the Limited Partner pursuant to the terms of the Post Closing Due Diligence Checklist; and

(N) Other Documents and Outstanding Fees. The Limited Partner shall have received such other documents as the Limited Partner reasonably determines are necessary to clarify any matter disclosed by the documents described above or to verify the accuracy of any representation, warranty or covenant set forth herein. The Special Limited Partner shall have confirmed that there are no outstanding

fees owed to the Limited Partners at the time of the making of the Fifth Capital Contribution.

(vi) Sixth Capital Contribution. The amount of the sixth Capital Contribution shall be Eight Hundred Nineteen Thousand Six Hundred Twenty-Six and No/100 Dollars (\$819,626.00) (the "Sixth Capital Contribution"). After satisfaction of all of the conditions set forth below, and review and approval by the Limited Partner of the items described below, the Limited Partner shall make the Sixth Capital Contribution to the Partnership:

(A) Fifth Capital Contribution Conditions. All conditions to funding the Limited Partner's Fifth Capital Contribution have been satisfied;

(B) Final Closing; Debt Service Coverage. Achievement of Final Closing (including satisfaction of the conditions to final endorsement of the FHA Loan) and operation of the Apartment Complex shall have resulted in a Debt Service Coverage Ratio of not less than 1.15 for the three month period prior to the month in which the Sixth Capital Contribution is to be made;

(C) Evidence of Minimum Set-Aside. The Limited Partner shall have received satisfactory evidence that the Minimum Set-Aside Test has been achieved;

(D) Occupancy Requirements. Achievement of Qualified Occupancy and ninety percent (90%) physical occupancy of the residential units in the Apartment Complex for the three month period prior to the month in which the Sixth Capital Contribution is to be made; and the General Partner, if requested by the Limited Partner, shall demonstrate such occupancy by submitting to the Limited Partner certified rent rolls and tenant qualification forms that confirm that the Qualified Tenants qualify under Section 42 of the Code;

(E) Bond Loan. The Limited Partner shall have received satisfactory evidence of the repayment of the Bond Loan;

(F) Form 8609. Receipt of the Form(s) 8609 for the entire Apartment Complex executed by the Agency;

(G) Extended Use Agreement. Receipt by the Limited Partner of a copy of an as-recorded Extended Use Agreement;

(H) Stabilized Operations. Achievement of Stabilized Operations;

(I) Date Certain. February 1, 2017;

(J) Tax Returns. The Limited Partner shall have received a copy of the Partnership's Federal tax return for the most recent reporting period in accordance with Article 13 herein;

(K) Estoppel Certificate. An estoppel certificate in the form attached as Exhibit N dated within 15 days of the request for the Sixth Capital Contribution;

(L) Title Policy Date Down. The Limited Partner shall have received a Title Policy Date Down dated no earlier than fifteen (15) days prior to the making of the Sixth Capital Contribution;

(M) Contribution Certificate. The Limited Partner shall have received a Contribution Certificate;

(N) Post Closing Due Diligence Checklist. The Limited Partner shall have received and approved any item set forth on the Post Closing Due Diligence Checklist which are then due to the Limited Partner pursuant to the terms of the Post Closing Due Diligence Checklist; and

(O) Other Documents and Outstanding Fees. The Limited Partner shall have received such other documents as the Limited Partner reasonably determines are necessary to clarify any matter disclosed by the documents described above or to verify the accuracy of any representation, warranty or covenant set forth herein. The Special Limited Partner shall have confirmed that there are no outstanding fees owed to the Limited Partners at the time of the making of the Sixth Capital Contribution.

(vii) Other Documents and Outstanding Fees. The Limited Partner shall have received such other documents as the Limited Partner reasonably determines are necessary to clarify any matter disclosed by the documents described above or to verify the accuracy of any representation, warranty or covenant set forth herein. The Special Limited Partner shall have confirmed that there are no outstanding fees owed to the Limited Partners at the time of the making of the Sixth Capital Contribution.

(c) Limited Partner's Special Additional Capital Contributions; Limited Partner Advances. If, in any fiscal year of the Partnership, the Limited Partner's Capital Account balance may be reduced to or below zero, the Limited Partner may, in its sole and absolute discretion, make a special additional capital contribution to the Partnership, in an amount reasonably required to avoid the reduction of the Limited Partner's Capital Account balance to or below zero (the "Special Additional Capital Contribution"). If the Limited Partner makes a Special Additional Capital Contribution to the Partnership pursuant to this paragraph, such funds shall be deposited in a separate Partnership reserve account, withdrawals from which shall require the Consent of the Special Limited Partner. All interest earned on such account shall be payable to such Limited Partner, and an amount of income equal to the amount of such interest shall be specifically allocated to such Limited Partner. The Limited Partner shall receive a guaranteed payment pursuant to Section 5.07 for the use of its Special Additional Capital Contribution. Whenever the Limited Partner makes a Special Additional Capital Contribution to the Partnership pursuant to this paragraph, the General Partner shall have the option, in its sole and absolute discretion, to make Special Additional Capital Contributions to the Partnership, up to the same amount and on the same terms in the aggregate as the Special Additional Capital Contribution made by the Limited Partner at that time. The Limited Partner (or an Affiliate of the Limited Partner), in the Limited Partner's sole and absolute discretion, may loan funds to the Partnership to meet the needs of the Partnership, in the event the Limited Partner determines in good faith that such funds are not otherwise available to the Partnership when needed. Such advances ("Limited Partner Advances") shall bear interest at Prime Rate plus 3%, per annum. Limited Partner advances shall be paid as provided in Section 11.03 and 11.04.

5.03 Adjustment to Capital Contributions of Limited Partner; General Partner Payments. Following determination of Certified Credits, the Accountants shall calculate the Downward Capital Adjustment or Upward Capital Adjustment (if applicable), as defined below. If events subsequent to such calculation result in a decrease due to a Late Delivery Capital Adjustment, as defined below, then the Accountants shall recalculate the Downward Capital Adjustment, and the Partners or the Partnership, as appropriate, shall make payments pursuant to Section 5.03(a) to reflect such recalculation. Such calculation shall be subject to the review and approval of the Special Limited Partner, which approval shall not be unreasonably withheld, conditioned or delayed.

(a) If there is a Downward Capital Adjustment, then the Capital Contributions of the Limited Partner shall be immediately reduced by the Downward Capital Adjustment. The Downward Capital Adjustment shall reduce any unfunded Capital Contribution of the Limited Partner, commencing with the first unfunded Capital Contribution. If the Downward Capital Adjustment exceeds the total of all unfunded Capital Contributions (prior to the reduction under this provision), then the General Partner shall make a payment to the Partnership equal to the amount of such excess, and the Partnership shall immediately distribute such amount to the Limited Partner as a return of its Capital Contributions. Such payment by the General Partner shall constitute a non-reimbursable funding by it of Excess Development Costs and shall not give rise to any right as a loan or Capital Contribution or result in any increase in the Capital Account of the General Partner. Such payment shall be made within 10 days following a demand therefor from the Limited Partner, failing which interest shall accrue at the Default Rate.

If there is a Certified Credit Capital Increase or an Early Delivery Capital Adjustment (each or collectively, an "Upward Capital Adjustment"), then the Capital Contribution of the Limited Partner shall be increased by the Upward Capital Adjustment, but in no event shall the additional Capital Contribution by the Limited Partner be greater than \$160,064. The additional Limited Partner Capital Contribution shall increase the Sixth Capital Contribution. The Partnership shall use the increase in the Sixth Capital Contribution (i) first to pay any outstanding fees owed to the Limited Partners, and (ii) then to distribute any remaining proceeds in accordance with the provisions of Section 11.03(b).

(b) The following definitions shall apply for purposes of determining adjustments to Capital Contributions:

(i) "Certified Credit Capital Adjustment" shall equal the product of (A) Certified Credits for the Credit Period (excluding any Tax Credits resulting from an increase in qualified basis under Code Section 42(f)(3)), minus \$3,661,317, and (B) \$0.8775. The Certified Credit Capital Adjustment may be a positive or negative number.

(ii) "Certified Credit Capital Decrease" means a negative Certified Credit Capital Adjustment.

(iii) "Certified Credit Capital Increase" means a positive Certified Credit Capital Adjustment.

(iv) "Downward Capital Adjustment" shall mean the following: (A) if either there is a Certified Credit Capital Decrease or if the Certified Credit Capital Adjustment is zero, then the Certified Credit Capital Decrease plus the Late Delivery Capital Adjustment; or (B) if there is a Certified Credit Capital Increase, the positive amount, if any, by which the Late Delivery Capital Adjustment exceeds the Certified Credit Capital Increase.

(v) "Late Delivery Capital Adjustment" shall mean for calendar years 2015 and 2016, the product of (a) the amount, if any, by which \$228,169 and \$321,692 respectively, exceeds Actual Credits for such year, and (b) \$0.65. If any building in the Apartment Complex does not achieve Qualified Occupancy by the end of the first year of the Credit Period for such building, then the Late Delivery Capital Adjustment shall be the sum of (i) the amount determined under the preceding sentence and (ii) the positive difference, if any, between the Projected Credits and the Actual Credits projected to be available in years 2017 through 2026, as calculated by the Limited Partner at the end of the first year of the Credit Period.

(vi) "Early Delivery Capital Adjustment" shall mean, provided that the Certified Credit Capital Adjustment equals or exceeds zero, (i) the product of (a) Certified Credits for the calendar years 2015 and 2016 (excluding any Tax Credits resulting from an increase in qualified basis under Code Section 42(f)(3) minus \$228,169 and \$321,692, respectively, and (b) \$0.55.

5.04 Deposit of Capital Contributions. The cash portion of the Capital Contributions of each Partner shall be deposited at the General Partner's discretion in a checking, savings and/or money market or similar account to be established and maintained in the name of the Partnership or invested in government securities or certificates of deposit issued by any bank, or, if requested by the Limited Partner, the cash portion may be deposited directly to a construction escrow account. Thereafter, such amounts shall be utilized for the conduct of the Partnership business pursuant to the terms of this Agreement. The Limited Partner shall have the right to make payment of its Capital Contribution directly to a construction escrowee or other third party to be utilized for payment of costs contemplated by the Projections or as required by the Project Documents. Such direct payments shall be credited to the Limited Partner as if such payment was paid directly to an account maintained for or by the Partnership.

5.05 Return of Capital Contribution. Except as provided in this Agreement, no Partner shall be entitled to demand or receive the return of its Capital Contribution.

5.06 Withholding of Capital Contribution Upon Default.

(a) Conditions Giving Rise to Withholding. In the event that (a) the General Partner, or any successor General Partner shall not have complied with any material provisions under this Agreement after notice from the Special Limited Partner of such noncompliance and failure to cure such noncompliance within a period of thirty (30) days from the date of the delivery of such notice, or (b) the Guarantor shall have failed to perform any of its obligations under the Guaranty, or (c) any Project Lender shall have declared the Partnership to be in default under any Project Loan after the expiration of any applicable notice and cure period, or (d) foreclosure proceedings shall have been commenced against the Apartment Complex, and such proceedings are not dismissed within sixty (60) days thereof, then the Partnership and the General Partner shall be in default of this Agreement, and the Limited Partner, at its sole election, may cause the withholding of payment of any Capital Contribution otherwise payable to the Partnership, and the General Partner shall make no further payment to the Developer prior to maturity pursuant to the Development Agreement without the Consent of the Special Limited Partner.

(b) Release to Partnership Following Cure. All amounts so withheld by the Limited Partner under this Section 5.06 shall be promptly released to the Partnership only after

the General Partner or the Partnership has cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Limited Partner.

5.07 Guaranteed Payments. No later than ninety (90) days after the end of the Partnership's fiscal year, any Partner who has made a Special Additional Capital Contribution pursuant to Section 5.02(c) shall receive, as a guaranteed payment for the use of its capital, an amount equal to the annual interest earned by the Partnership, if any, on such Special Additional Capital Contribution. The Partnership shall invest any amounts contributed pursuant to Section 5.02(c) as reasonably directed by the contributing Partner. Any guaranteed payment due to a Partner shall be deemed an expense of the Partnership for purposes of determining Net Cash Flow. Any guaranteed payment which is not paid when due shall remain a liability of the Partnership and shall bear interest as set forth above.

5.08 Repurchase Obligation.

(a) Conditions for Repurchase. If (i) the entire Apartment Complex is not placed in service by September 30, 2016 (or such later date as may be Consented to by the Special Limited Partner); (ii) the Partnership has not received State Designation in 2014, (iii) the IRS Form(s) 8609 (is) (are) not issued by the Agency so as to allow the Credit Period to commence as of 2016; (iv) Final Closing has not occurred by November 30, 2016 (or such later date as may be Consented to by the Special Limited Partner); (v) the Partnership fails to meet the Minimum Set-Aside Test and the Rent Restriction Test by the close of the first year of the Credit Period or at any time thereafter; (vi) less than fifty percent (50%) of the aggregate cost basis of the construction and the basis of the Land on which the construction is located, as such terms are defined in Code Section 42(h)(4)(B), is financed by an obligation described in Code Section 42(h)(4)(A); (vii) Breakeven Operations has not occurred within 18 months following Substantial Completion, which is anticipated to occur not later than September 30, 2016; (viii) at any time before Breakeven Operations (1) an action is commenced and successfully prosecuted to foreclose, abandon or permanently enjoin construction of the Apartment Complex; (2) it is determined that the Apartment Complex will qualify for less than 80% of the Projected Tax Credits; or (3) if applicable, the Apartment Complex fails to comply with HUD's minimum standards for physical condition as determined pursuant to HUD's REAC inspection process; (ix) an Extended Use Agreement is not in effect before the end of the first year of the Credit Period; or (x) the commitment to provide permanent financing is rescinded or withdrawn and a substitute permanent loan commitment on comparable terms, acceptable to the Special Limited Partner, is not provided within thirty (30) days of the occurrence thereof then the General Partner shall, within fifteen (15) days of the occurrence thereof, send to the Limited Partner Notice of such event and of its obligation to purchase the Interest of the Limited Partner hereunder and return to the Limited Partner its Capital Contributions in the event the Limited Partner, in its sole discretion, requires in a Notice to the General Partner such purchase of the Interest of the Limited Partner.

(b) Thereafter, the General Partner, within thirty (30) days of the mailing date of Notice by the Limited Partner of such election, shall acquire the entire Interest of the Limited Partner in the Partnership by making payment to the Limited Partner, in cash, of an amount equal to the sum of (i) 110% of its Capital Contributions, and (ii) interest on such amount at the Default Rate accruing from the date or dates of the Limited Partner's Capital Contributions, but in no event higher than the highest rate permitted by applicable law

(c) Upon receipt by the Limited Partner of any such payment of its Capital Contributions, the Interest of the Limited Partner and all further obligations of the Limited

Partner hereunder shall terminate, and, to the extent that the Limited Partner has acted in accordance with the terms of this Agreement, the General Partner shall indemnify and hold harmless the Limited Partner from any losses, damages, and/or liabilities, to or as a result of claims of Persons other than Partners or Affiliates thereof, to which the Limited Partner (as a result of its respective participation hereunder) may be subject.

5.09 General Partner Loans.

(a) General Partner Loans. The General Partner shall have the right, but not the obligation, after funding all other obligations under this Agreement, including, without limitation, its obligation to fund Excess Development Costs under its Construction Completion Guaranty under Section 8.09(a) or Operating Deficits under its Operating Deficit Guaranty under Section 8.09(b) hereof, to make General Partner Loans pursuant to this Section 5.09(a) to fund Operating Deficits of the Partnership or to fund other reasonable and necessary obligations of the Partnership, subject to the Consent of the Limited Partner. General Partner Loans shall be on the following terms: (i) no interest shall accrue on the General Partner Loans; and (ii) General Partner Loans shall be repayable solely as set forth in Sections 11.03, 11.04 and 12.02 of this Agreement. The making of such loans shall be subject to the Consent of the Special Limited Partner.

(b) Documentation of General Partner Loans. At the request of a Partner, which request may be made quarterly, any General Partner Loan shall be evidenced by a non-negotiable promissory note or notes reflecting any such General Partner Loans made during the preceding calendar quarter. General Partner Loans shall be unsecured loans by such Partner. General Partner Loans shall not be considered Capital Contributions and shall not increase such Partner's Capital Account.

(c) Usury Savings Clause. Notwithstanding anything to the contrary herein or in any note evidencing a General Partner Loan, in no event shall interest accrue on any General Partner Loan at a rate in excess of the highest rate permitted by applicable law, and if such designated interest rate should be in excess of such interest rate, the interest rate designated hereunder shall be reduced to the maximum rate of interest permitted by such law.

ARTICLE 6.
CHANGES IN GENERAL PARTNERS

6.01 Withdrawal of the General Partner.

(a) The General Partner may withdraw from the Partnership or sell, transfer or assign its Interest as General Partner only with the prior Consent of the Special Limited Partner (which Consent shall be in the Special Limited Partner's sole discretion), and of the Agency and the Project Lenders, if required, and only after being given written approval by the necessary parties as provided in Section 6.02, and by the Agency and the Project Lenders, if required, of the General Partner(s) to be substituted for it or to receive all or part of its Interest as General Partner (a "Permitted Assignment").

(b) In the event that a General Partner withdraws from the Partnership or sells, transfers or assigns its entire Interest pursuant to Section 6.01(a), it shall be and shall remain liable for all obligations and liabilities incurred by it as General Partner before such

withdrawal, sale, transfer or assignment shall have become effective, but shall be free of any obligation or liability incurred on account of the activities of the Partnership from and after the time such withdrawal, sale, transfer or assignment shall have become effective. Notwithstanding anything to the contrary set forth herein, in the event of a Permitted Assignment, any and all obligations and liabilities of a withdrawing General Partner pursuant to any Guaranty shall remain in full force and effect and shall apply to any and all past or future obligations as may be guaranteed pursuant to the applicable Guaranty.

6.02 Admission of a Successor or Additional General Partner. A Person shall be admitted as a General Partner of the Partnership only if the following terms and conditions are satisfied:

(a) the admission of such Person shall have been Consented to by the General Partner and the Special Limited Partner (which Consent shall be in the Special Limited Partner's sole discretion), and consented to by the Agency and the Project Lenders, if required;

(b) the successor or additional Person shall have accepted and agreed to be bound by (i) all the terms and provisions of this Agreement by executing a counterpart thereof, (ii) all the terms and provisions of the Loan Agreement and the Project Documents by executing counterparts thereof or an assumption agreement, if requested by the Project Lenders, and (iii) all the terms and provisions of such other documents or instruments as may be required or appropriate in order to effect the admission of such Person as a General Partner, and a certificate of amendment to the certificate of limited partnership evidencing the admission of such Person as a General Partner shall have been filed, and all other actions required by Section 1.06 in connection with such admission shall have been performed;

(c) if the successor or additional Person is a corporation, it shall have provided the Partnership with evidence satisfactory to Counsel for the Partnership of its authority to become a General Partner, to do business in the State and to be bound by the terms and provisions of this Agreement;

(d) Except in the case of the removal of the General Partner in accordance with Section 6.05, Counsel for the Partnership shall have rendered an opinion that the admission of the successor or additional General Partner is in conformity with the Act and that none of the actions taken in connection with the admission of the successor or additional General Partner will cause the termination or dissolution of the Partnership or will cause it to be classified other than as a partnership for federal income tax purposes; and

(e) The General Partner shall pay all third-party, out of pocket expenses, including reasonable legal fees, incurred by the Partnership and the Limited Partner in connection with such transfer.

6.03 Effect of Bankruptcy, Death, Withdrawal, Dissolution or Incompetence of a General Partner.

(a) Subject to the provisions of Section 6.05 of this Agreement, in the event of the Bankruptcy of a General Partner or the withdrawal, death or dissolution of a General Partner, or an adjudication that a General Partner is incompetent (which term shall include, but not be limited to, insanity) the business of the Partnership shall be continued by the other General Partner(s); provided, however, that if the withdrawn, Bankrupt, deceased, dissolved or incompetent General Partner is then the sole General Partner, or if such General Partner

withdraws from the Partnership in contravention of the provisions of Section 6.01(a) of this Agreement, then the Partnership shall be terminated, unless within ninety (90) days after receiving Notice of such Bankruptcy, withdrawal, death, dissolution or adjudication of incompetence or breach of Section 6.01(a), the Limited Partner elects to designate the Special Limited Partner or such other entity as the Limited Partner may desire as a successor General Partner and continue the Partnership upon the conversion of such Special Limited Partner to the General Partner of the Partnership.

(b) Subject to the provisions of Section 6.05 of this Agreement, upon the Bankruptcy, death, dissolution or adjudication of incompetence of a General Partner or breach of Section 6.01(a), such General Partner shall upon such election immediately cease to be a General Partner and its Interest shall without further action be converted to a Limited Partner Interest; provided, however, that, if such Bankrupt, dissolved, incompetent, deceased or defaulted General Partner is the sole remaining General Partner, such General Partner shall cease to be a General Partner only upon the expiration of ninety (90) days after Notice to the Limited Partner of the Bankruptcy, death, dissolution, declaration of incompetence or default of such General Partner; and provided further that, if such Bankrupt, dissolved, incompetent, deceased or defaulted General Partner is the sole remaining General Partner, the converted Partnership Interest of such replaced General Partner shall be ratably reduced to the extent necessary to insure that the substitute General Partner(s) holds a .01% Percentage Interest (as set forth in Section 5.01).

(c) Except as set forth above, such conversion of a General Partner Interest to a Limited Partner Interest shall not affect any rights, obligations or liabilities (including without limitation, any of the General Partner's obligations under Section 8.09 herein) of the Bankrupt, deceased, dissolved, removed, incompetent or defaulted General Partner existing prior to the Bankruptcy, death, dissolution, removal, incompetence or default of such person as a General Partner (whether or not such rights, obligations or liabilities were known or had matured).

(d) If, at the time of the withdrawal, Bankruptcy, death, dissolution, adjudication of incompetence or default under Section 6.01(a) of a General Partner, the Bankrupt, withdrawn, deceased, dissolved, incompetent or defaulted General Partner was not the sole General Partner of the Partnership, the remaining General Partner or General Partners shall immediately (i) give Notice to the Limited Partners of such Bankruptcy, death, dissolution, adjudication of incompetence or default, and (ii) make such amendments to this Agreement and execute and file such amendments or documents or other instruments as are necessary to reflect the conversion of the Interest of the Bankrupt, deceased, dissolved, incompetent or defaulted General Partner and its having ceased to be a General Partner. The remaining General Partner or General Partners are hereby granted an irrevocable power of attorney, coupled with an interest, to execute any or all documents on behalf of the Partners and the Partnership and to file such documents as may be required to effectuate the provisions of this Section 6.03.

6.04 Restrictions on Transfer of General Partner's Interests. This is an agreement under which applicable law excuses the Limited Partner from accepting performance from any General Partner which is a debtor in a case under the Bankruptcy Code, 11 U.S.C. § 101 et seq., from a trustee of any such debtor and from the assignee of any such debtor or trustee. The Limited Partner has entered into this Agreement with the General Partner in reliance upon the unique knowledge, experience and expertise of the General Partner, and its officers in the planning and implementation of the acquisition of the Apartment Complex and in the area of affordable housing and development in general. The foregoing restriction on transfer is based

in part on the above factors. The General Partner expressly agrees that the Limited Partner shall not be required to accept performance under this Agreement from any person other than the General Partner, including, without limitation, any trustee of the General Partner appointed under the Bankruptcy Code, 11 U.S.C. § 101 et seq., and any assignee of any such trustee.

6.05 Removal of the General Partner.

(a) Conditions for Removal. The Special Limited Partner, so long as it is a Partner, shall have the right to remove the General Partner:

(i) for any (x) fraud, (y) gross negligence or intentional misconduct or (z) breach of fiduciary duty in the discharge of its duties and obligations as General Partner (provided that such violation under clause (z) above results in, or is likely to result in, a material detriment to the Partnership or the Limited Partner or an impairment of the Apartment Complex or assets of the Partnership), or

(ii) upon the occurrence of any of the following:

(A) the General Partner or the Partnership shall have violated any material provisions of the Regulatory Agreement, the Extended Use Agreement and/or the Loan Agreement, or any material provisions of any other Project Document or other document required in connection with any Project Loan or any material provisions of a Project Lender and/or Agency requirements applicable to the Apartment Complex (including the failure to remedy any conditions noted in a HUD REAC inspection report), which violation has not been explicitly waived in writing by the applicable Project Lender or the Agency, as applicable;

(B) the General Partner or the Partnership shall have (i) violated any material provision of this Agreement, including, without limitation, any of its guarantees or payment obligations under Sections 5.01(b), 5.03, 5.08 and/or 8.09, (ii) violated any material provision of applicable law, or (iii) breached any representation and warranty contained in Article 4 in any material respect;

(C) any event occurs which, with the giving of notice or passage of time would constitute an event of default under any Project Loan or Project Document;

(D) the General Partner shall have conducted its own affairs or the affairs of the Partnership in such manner as would:

(1) cause the termination of the Partnership for federal income tax purposes; or

(2) cause the Partnership to be treated for federal income tax purposes as an association, taxable as a corporation; or

(3) in the reasonable opinion of the Special Limited Partner, cause a recapture or reduction in Certified Credits beyond that which the General Partner has funded pursuant to the Tax Credit Compliance Guaranty; or

(4) violate any federal or state securities laws; or

(5) cause the Limited Partner to be liable for Partnership obligations in excess of its Capital Contributions;

(E) the General Partner fails to timely and promptly discharge the Management Agent if (1) at any time cause for such removal exists or (2) the Special Limited Partner exercises its rights pursuant to Section 7.02(b);

(F) any default by the Guarantor under the Guaranty;

(G) the amount of Actual Credits for any year are, or are projected by the Accountants to be, less than eighty-five percent (85%) of the Projected Credits for that year; or less than eighty-five percent (85%) of Certified Credits if Certified Credits have been determined and adjustments to the Capital Contribution of the Limited Partner have been made as may be required under Section 5.03;

(H) the General Partner shall (x) fail to obtain the dismissal of any case commenced against the General Partner (i) for the appointment of a trustee for the General Partner, or any of its property, or (ii) in Bankruptcy; or (y) file a voluntary Bankruptcy;

(I) an event of repurchase occurs, as described in Section 5.08;

(J) the General Partner or any Guarantor or an Affiliate of either is convicted of a felony by a court of competent jurisdiction;

(K) the General Partner fails to fund any Operating Deficit, whether such Operating Deficit occurs prior to or following expiration of the Operating Deficit Guaranty Period;

(L) intentionally deleted.

(b) Procedure for Removal. The Special Limited Partner shall give Notice to all Partners and to the Project Lenders of its determination that the General Partner shall be removed. The General Partner shall have ten (10) business days after receipt of such Notice with respect to monetary defaults, or thirty (30) days with respect to non-monetary defaults, to cure any default or other reason for such removal, in which event it shall remain as General Partner; provided, however, that no Notice shall be required with respect to a default set forth in paragraphs a(i)(x), a(ii)(G) or (a)(ii)(H) above. If, at the end of the applicable cure period, the General Partner has not cured any default or other reason for such removal, it shall cease to be General Partner and the powers and authorities conferred on it as General Partner under this Agreement shall cease and the Interests of such General Partner shall be transferred to the Special Limited Partner or its designee which, without further action, shall become the General Partner; in such event, upon becoming the General Partner, such designee shall be bound by all applicable terms and conditions of this Agreement and of the Project Documents.

(c) General Partner Obligations and Liability Following Removal. In the event that the General Partner is removed pursuant to the terms of this Agreement, it shall be and shall remain liable for all obligations and liabilities incurred by it as General Partner of the Partnership before such removal shall become effective, including but not limited to the obligations and liabilities of the General Partner with respect to its obligations set forth in

Sections 4.03, 5.03, 5.08 and 8.09 of this Agreement; provided, however, that if amounts otherwise payable to the General Partner as fees or other payments are applied to meet the obligations of the General Partner as stated in Sections 4.03, 5.03, 5.08 and 8.09 of this Agreement, such application shall serve to reduce any such liabilities of the General Partner or any successor, except for any liability incurred as the result of its negligence, misconduct, fraud or breach of its fiduciary duties as General Partner of the Partnership. If the General Partner is removed as Partner of the Partnership as aforesaid, the General Partner shall not be entitled to payment of any further installments of the Incentive Management Fee, or other fees or payments which otherwise would have been due and payable under this Agreement.

(d) Power of Attorney. The Special Limited Partner hereby is granted an irrevocable power of attorney, coupled with an interest, to execute any and all documents on behalf of the Partners and the Partnership as shall be legally necessary and sufficient to effect all of the foregoing provisions of this Section 6.05. The election by the Special Limited Partner to remove the General Partner under this Section shall not limit or restrict the availability and use of any other remedy which the Limited Partner or any other Partner might have with respect to the General Partner in connection with its undertakings and responsibilities under this Agreement.

ARTICLE 7. MANAGEMENT AND OPERATION OF APARTMENT COMPLEX; RESERVE REQUIREMENTS

7.01 Selection of Management Agent. The Partnership shall engage such person, firm or company as the General Partner may select, and as the Special Limited Partner may approve, which approval shall not be unreasonably withheld, to manage the operation of the Apartment Complex. Such Management Agent shall possess all required and applicable certifications and licenses issued through the State or through a reputable property management educational organization (such as a Certified Property Manager designation through the Institute of Real Estate Management) as well as any additional certifications or licenses which are required to manage Tax Credit properties. The Management Agent shall perform its obligations in accordance with all laws, procedures and regulations governing property managers within the State. The Management Agent shall be paid a management fee subject to the approval of the Agency and/or the Project Lenders, if required, and the Special Limited Partner, but in no event will the annual management fee be greater than six and five tenths percent (6.5%) of the annual gross revenues of the Apartment Complex. The contract between the Partnership and the Management Agent and the management plan for the Apartment Complex shall be in the form set forth in Exhibit M, with such changes acceptable to the Agency and/or the Project Lenders, if required, and reasonably acceptable to the Special Limited Partner; such contract shall have an initial term of one (1) year and shall be renewable annually thereafter and, shall provide, among other things, (i) for immediate termination by the General Partner at the direction of the Special Limited Partner in the event that the Special Limited Partner determines that grounds for removal of the Management Agent exist under Section 7.02; (ii) for payment of a management fee in an amount not to exceed the respective percentages set forth above; (iii) that it shall be cancelable upon thirty (30) days' prior notice from the Partnership. Further, if the Management Agent is an Affiliate of the General Partner, (i) the Management Agent will accrue the management fee until all other operating expenses are paid and (ii) the Management Agent will accrue the management fee if at any time the General Partner has failed to provide the reports set forth in Section 13.04 in a timely manner. Excel Property Management, Inc. is approved by the parties hereto as the initial Management Agent.

7.02 Removal of the Management Agent. The General Partner:

(a) may, upon receiving any required approval of the Agency and Project Lenders, if required, and the Special Limited Partner, dismiss the Management Agent as the entity responsible for the Apartment Complex under the terms of the contract between the Partnership and the Management Agent,

(b) shall, at the request of the Special Limited Partner, remove the Management Agent if the Special Limited Partner determines that the same is necessary to protect the interests of the Partnership or if the Management Agent is declared Bankrupt, is dissolved, or makes an assignment for the benefit of its creditors, or for any intentional misconduct by the Management Agent or its negligence in the discharge of its duties and obligations as Management Agent (subject to the fulfillment and expiration of any notice and/or opportunity to cure provisions of the Management Agreement), including, without limitation, for any action or failure to take any action which:

(i) violates in any material respect any provision of the Management Agreement entered into with the Partnership and approved by the Project Lenders, if required, and/or any material provision of the Project Documents and/or the Loan Documents applicable to the Apartment Complex, or the Project Lenders' approved management plan for the Apartment Complex;

(ii) violates in any material respect any provision of this Agreement or any provision of applicable law; or

(iii) causes the Apartment Complex to be operated in a manner which if continued would give rise to an event which would cause or would likely cause a recapture of Tax Credit; and

(c) shall include in any Management Agreement with an Affiliate of the General Partner, a provision that the Special Limited Partner shall have the right to terminate the Management Agreement in the event the General Partner is removed pursuant to the terms of this Agreement.

7.03 Replacement of the Management Agent. Upon the removal of the Management Agent as the entity responsible for the management of the Apartment Complex, a substitute Management Agent which is not an Affiliate of the General Partner shall be named by the General Partner, subject to the approval of the Project Lenders, if required, and the approval of the Special Limited Partner, which approval shall not be unreasonably withheld, conditioned or delayed.

7.04 Loans to the Partnership. The Partnership is authorized to receive Operating Deficit Loans and General Partner Loans on the terms set forth in this Agreement. In addition, if (a) additional funds are required by the Partnership for any purpose relating to the business of the Partnership or for any of its obligations, expenses, costs or expenditures, and (b) the Partnership has not received an Operating Deficit Loan, or General Partner Loan to pay such amounts, then the Partnership may with the prior Consent of the Special Limited Partner borrow such funds as are needed from a Person or organization, other than a Partner or an Affiliate of a Partner, in accordance with the terms of this Section 7.04, for such period of time and on such terms as the General Partner and the Limited Partner may agree; provided, however, that no such additional loans shall be secured by any mortgage or other encumbrance on the property

of the Partnership without the prior Consent of the Special Limited Partner. Nothing in this Section 7.04 shall modify or affect the obligation of the General Partner to make Operating Deficit Loans and to perform its obligations when and as required by this Agreement.

7.05 Replacement Reserve. The General Partner shall cause the Partnership to establish and maintain a segregated reserve account (the "Replacement Reserve") to provide for working capital needs, improvements and replacements relating to the Apartment Complex. Commencing upon final endorsement of the FHA Loan, the General Partner shall cause the Partnership to annually deposit \$48,300 (which amount shall increase by four percent (4%) per annum) from the Partnership's gross operating revenues into the Replacement Reserve. The General Partner shall be entitled to withdraw funds from the Replacement Reserve subject to the Consent of the Special Limited Partner. Any request for such Consent shall be made separate and apart from the annual budget submitted for approval pursuant to Article XIII.

7.06 Operating Reserve. The General Partner shall cause the Partnership to establish and maintain a segregated reserve account (the "Operating Reserve") to meet operating expenses and debt service of the Partnership which exceed operating revenues available for the payment thereof. No later than the making of the Sixth Capital Contribution, the General Partner shall cause the Partnership to deposit the amount of \$453,330 (or such greater amount as may be required by the Project Lenders) into the Operating Reserve. The initial \$453,330 of the Operating Reserve shall be funded from the Sixth Capital Contribution and/or the proceeds of the Project Loans; provided, however, that if there are insufficient funds from the aforementioned sources upon Final Closing, the General Partner shall be required to fund the Operating Reserve. The Operating Reserve shall be replenished from Net Cash Flow, as set forth in Section 11.03(b). The General Partner shall be entitled to withdraw funds from the Operating Reserve subject to the Special Limited Partner's approval. Any request for such approval shall be made separate and apart from the annual budget submitted for approval pursuant to Article XIII. Any amounts remaining in the Operating Reserve at the end of the Compliance Period shall be distributed as Net Cash Flow, as set forth in Section 11.03(b), or as the proceeds of a Capital Transaction, as set forth in Section 11.04.

ARTICLE 8. RIGHTS, OBLIGATIONS AND POWERS OF THE GENERAL PARTNER

8.01 Management of the Partnership.

(a) Except as otherwise set forth in this Agreement, the Managing General Partner, within the authority granted to it under this Agreement, shall have full, complete and exclusive discretion to manage and control the business of the Partnership for the purposes stated in Article 3, shall make all decisions affecting the business of the Partnership and shall manage and control the affairs of the Partnership to the best of its ability and use its best efforts to carry out the purpose of the Partnership. In so doing, the Managing General Partner shall take all actions necessary or appropriate to protect the interests of the Limited Partners and of the Partnership. The Managing General Partner shall devote such time as is necessary to the affairs of the Partnership.

(b) Except as otherwise set forth in this Agreement and subject to the applicable Project Lender and/or Agency rules and regulations and the provisions of the Project Documents, the Managing General Partner (acting for and on behalf of the Partnership), in extension and not in limitation of the rights and powers given by law or by the other provisions of

this Agreement, shall, in its sole discretion, have the full and entire right, power and authority in the management of the Partnership business to do any and all acts and things necessary, proper, convenient or advisable to effectuate the purpose of the Partnership. In furtherance and not in limitation of the foregoing provisions, the Managing General Partner is specifically authorized and empowered to execute and deliver, on behalf of the Partnership, the Loan Agreements, the Regulatory Agreement, the Extended Use Agreement, the Notes, the Mortgages, and the other Project Documents, and to execute any and all other instruments and documents, and amendments thereto provided the Special Limited Partner shall be provided with the opportunity to review and Consent to any such documents prior to their execution by the Managing General Partner, as shall be required in connection with the Project Loans, including, but not limited to, executing any mortgage, note, contract, building loan agreement, bank resolution and signature card, release, discharge, or any other document or instrument in any way related thereto or necessary or appropriate in connection therewith. Copies of all applications for advances of proceeds of the Project Loans shall be provided to the Limited Partner prior to the disbursement of any funds pursuant thereto and shall be subject to the Consent of the Special Limited Partner; and provided further that any such applications which provide for the disbursement of funds of the Partnership in lieu of or in addition to the proceeds of the Project Loans shall be subject to the Consent of the Special Limited Partner. All decisions made for and on behalf of the Partnership by the Managing General Partner shall be binding upon the Partnership. No Person dealing with the Managing General Partner shall be required to determine its authority to make any undertaking on behalf of the Partnership, nor to determine any facts or circumstances bearing upon the existence of such authority.

8.02 Limitations Upon the Authority of the General Partner.

- (a) The General Partner shall not have any authority to:
- (i) perform any act in violation of any applicable law or regulation thereunder;
 - (ii) perform any act in violation of the provision of any Project Document;
 - (iii) do any act required to be approved or ratified in writing by the Limited Partners under the Act unless the right to do so is expressly otherwise given in this Agreement;
 - (iv) knowingly rent apartments in the Apartment Complex such that the Apartment Complex would not meet the requirements of the Rent Restriction Test or Minimum Set-Aside Test;
 - (v) borrow from the Partnership or commingle Partnership funds with funds of any other Person; or
 - (vi) execute or deliver any general assignment for the benefit of creditors or file a petition or acquiesce in the filing of a petition for Bankruptcy.

(b) The General Partner shall not, without the Consent of the Special Limited Partner, (which Consent for clauses (ii), (xi), (xii), (xiii), (xvi) and (xxiv) and below may be granted or denied in the sole discretion of the Special Limited Partner), have any authority to:

(i) sell or otherwise dispose of, at any time, all or substantially all of the assets of the Partnership;

(ii) refinance any Project Loan or amend the terms of any Project Loan or any Project Document;

(iii) borrow in excess of \$25,000 in the aggregate at any one time outstanding on the general credit of the Partnership, except General Partner Loans and Operating Deficit Loans, and except as and to the extent provided for in an approved budget pursuant to Section 7.05;

(iv) agree to any change order for the Construction Contract (a) in excess of \$25,000, for any one line item or change orders in excess of \$100,000 in the aggregate, (b) which diminishes the quality of the construction or materials used in the Apartment Complex (regardless of the dollar amount involved) from the approved Plans and Specifications, (c) which extends the duration of the construction schedule, or (d) which materially alters the design of the Apartment Complex from the approved Plans and Specifications; provided, however, the Special Limited Partner shall have sole and absolute discretion to approve or disapprove any change order that would result in any of the following: (i) a change in the number of units comprising the Apartment Complex, (ii) a change in the number of bedrooms in any unit comprising the Apartment Complex, (iii) a change in the number or location of parking spaces for the Apartment Complex, or (iv) a deviation from the agreements, representations or obligations of the Partnership as described in the Partnership's application for Tax Credits;

(v) following Final Closing, construct any new or replacement capital improvements on the Apartment Complex which substantially alter the Apartment Complex or its use or which are at a cost in excess of \$10,000 in a single Partnership fiscal year, or rebuild the Apartment Complex with the use of insurance proceeds, except (a) replacements and remodeling in the ordinary course of business or under emergency conditions, or (b) reconstruction paid for from insurance proceeds, or (c) as and to the extent provided for in an approved budget pursuant to Section 7.05;

(vi) acquire any real property in addition to the Apartment Complex other than easements reasonable and necessary for the operation of the Apartment Complex;

(vii) confess a judgment against the Partnership in excess of \$5,000, or commence or settle, or acquiesce in the commencement or settlement of any legal actions, arbitration, or other like proceedings involving the Partnership or the General Partner;

(viii) admit any Person as a General Partner or a Limited Partner, or withdraw as General Partner;

(ix) do any act in contravention of this Agreement or any other agreement to which the Partnership is a party;

- (x) execute or deliver any assignment for the benefit of the creditors of the Partnership;
- (xi) transfer or hypothecate the General Partner's interest as a General Partner in the Partnership, including its interest in Partnership allocations or distributions, except as otherwise provided in this Agreement;
- (xii) dissolve the Partnership or take any action which would result in dissolution;
- (xiii) prepay or modify the terms of any mortgage or long-term liability of the Partnership, or sell, grant an option to acquire (except for the Purchase Option), exchange, mortgage, encumber, pledge or otherwise transfer all or any portion of any interest in the Partnership or the Partnership's interest in the Apartment Complex, or borrow funds or participate in a merger or consolidation with any other entity;
- (xiv) change the nature of the business of the Partnership, or do any act which would make it impossible to carry on the ordinary business of the Partnership;
- (xv) materially change any accounting method or practice of the Partnership;
- (xvi) file a voluntary petition for bankruptcy of the Partnership;
- (xvii) make any expenditure or incur any liability on behalf of the Partnership in excess of \$10,000 which is not identified in the Projections or any budget Consented to by the Special Limited Partner, except with respect to emergency repairs necessary to protect the safety and comfort of the tenants or the structural integrity of the Apartment Complex, provided, however, that if any such expenditure is made, the General Partner shall immediately notify the Limited Partner of said expenditure along with a detailed explanation of the circumstances necessitating the expenditure;
- (xviii) possess Partnership property or assign rights in specific property for other than a business purpose of the Partnership;
- (xix) take any action which would cause the termination of the Partnership for federal income tax purposes under Code Section 708;
- (xx) make, amend or revoke any tax election required of or permitted to be made by the Partnership under the Code or Regulations, including, without limitation, any election under Section 42 (including an election to treat any year other than 2015 as the first year of the Credit Period (as defined in Code Section 42(f) for the Apartment Complex) or Section 754 of the Code;
- (xxi) enter into any agreement or take any action without the prior Consent of the Special Limited Partner or Limited Partner with respect to any matters for which the prior Consent of the Special Limited Partner or Limited Partner is a prerequisite;
- (xxii) approve any increase in fees to the General Partner or any Affiliate of the General Partner;

(xxiii) enter into any cost-sharing, shared use or reciprocal easement agreements relating to the Apartment Complex or the Land;

(xxiv) change in ownership, control or management of the General Partner; or

(xxv) allow this Agreement to be amended.

8.03 Sale of Apartment Complex.

(a) Limited Partner Request for Sale. Notwithstanding the foregoing Section 8.02, and subject to all Agency regulations then in effect and the receipt of all required approvals and consents of the Project Lenders, and subject further to the extended use requirements applicable pursuant to Section 42(h)(6) of the Code, at any time after the fourteenth (14th) anniversary of the first day of the first taxable year of the applicable Tax Credit Compliance Period the Limited Partner may request that the Partnership sell the Apartment Complex subject to the Extended Use Agreement (a "Continued Compliance Sale").

(b) Continued Compliance Sale. After receipt of a request for a Continued Compliance Sale, the General Partner shall use its best efforts to find a third party purchaser for the Apartment Complex and to cause the Partnership to consummate a sale of the Apartment Complex subject to the Extended Use Agreement and on terms Consented to by the Limited Partner. If such efforts are not successful on terms reasonably satisfactory to the Limited Partner within four (4) months, the Limited Partner shall have the right thereafter to locate a purchaser for the Apartment Complex. If the Limited Partner locates such a purchaser, the General Partner shall be given a right of first refusal to purchase the Apartment Complex on the same terms and conditions as would be applicable to such purchaser. If such right of first refusal is not exercised by the General Partner within thirty (30) days, then the General Partner shall be obligated to Consent to the sale to such purchaser so long as the purchase price and other terms offered by such purchaser are at least as favorable to the Partnership as the best offer, if any, located by the General Partner.

(c) Intentionally Deleted.

(d) Redemption of Limited Partner Interest. At any time after payment of Limited Partner's Capital Contributions, Limited Partner may require that the Partnership purchase the Limited Partner's Interest and the Special Limited Partner's Interest, subject to all then existing liens and encumbrances to title, for an amount equal to \$100 (the "Put Option"). To exercise the Put Option, the Limited Partner must deliver to the General Partner an irrevocable written notice of such exercise. The purchase by the Partnership will be closed within 60 days after the later of (i) the Limited Partner's exercise of such right, or (ii) the receipt of all required consents, if any. Any conveyance from the Limited Partner and the Special Limited Partner to the Partnership under this Section 8.03 will be made by quitclaim transfer, without representation or warranty of any kind by the Limited Partner or the Special Limited Partner except that the Limited Partner and the Special Limited Partner will represent that such Partner has not previously transferred its Interest and such Partner's Interest is free of liens or encumbrances other than those contemplated by the Partnership's Mortgage Loans and/or by this Agreement. The Limited Partner and the Special Limited Partner agree that the Partnership will have no liability for any adverse tax consequences to the Limited Partner or the Special

Limited Partner as a result of the exercise of the Put Option, including, but not limited to, recapture or lost Tax Credits.

8.04 Delegation of Authority. The General Partner may delegate all or any of its powers, rights and obligations hereunder, and may appoint, employ, contract or otherwise deal with any Person for the transaction of the business of the Partnership, which Person may, under supervision of the General Partner, perform any acts or services for the Partnership as the General Partner may approve, but in no event shall such delegation of duties relieve the General Partner of its obligations hereunder, including its fiduciary obligations to the other Partners.

8.05 General Partner or Affiliates Dealing with Partnership. The General Partner or any Affiliates thereof shall have the right to contract or otherwise deal with the Partnership for the sale of goods or services to the Partnership in addition to those set forth herein, if (a) compensation paid or promised for such goods or services is reasonable (i.e., at fair market value) and is paid only for goods or services actually furnished to the Partnership, (b) the goods or services to be furnished shall be reasonable for and necessary to the Partnership, (c) the fees, terms and conditions of such transaction are at least as favorable to the Partnership as would be obtainable in an arm's-length transaction, and (d) no agent, attorney, accountant or other independent consultant or contractor who also is employed on a full-time basis by the General Partner or any Affiliate shall be compensated by the Partnership for his services. Any contract covering such transactions shall be in writing and shall be terminable without penalty on sixty (60) days' Notice. Any payment made to the General Partner or any Affiliate for such goods or services shall be fully disclosed to all Limited Partners in the reports required under Section 13.04. Neither the General Partner nor any Affiliate shall, by the making of lump sum payments to any other Person for disbursement by such other Person, circumvent the provisions of this Section 8.05.

8.06 Other Activities. Except as limited in Section 8.05, Affiliates of the General Partner may engage in or possess interests in other business ventures of every kind and description for their own account, including, without limitation, serving as general partner of other partnerships which own, either directly or through interests in other companies, government assisted housing developments similar to the Apartment Complex. Neither the Partnership nor any of the Partners shall have any rights by virtue of this Agreement in or to such other business ventures or to the income or profits derived therefrom.

8.07 Liability for Acts and Omissions. No General Partner or Affiliate thereof shall be liable, responsible or accountable in damages or otherwise to any of the Partners for any act or omission performed or omitted by it in good faith on behalf of the Partnership and in a manner reasonably believed by it to be within the scope of the authority granted to it by this Agreement and in the best interest of the Partnership, provided that the protection afforded the General Partner pursuant to this Section 8.07 shall not apply in the case of gross negligence, willful misconduct, fraud or any breach of fiduciary duty as General Partner or its officers, directors, agents or employees with respect to such acts or omissions. Any loss or damage incurred by any General Partner or Affiliate thereof by reason of any act or omission performed or omitted by it or any of them in good faith on behalf of the Partnership and in a manner reasonably believed by it to be within the scope of the authority granted by this Agreement and in the best interests of the Partnership (but not, in any event, any loss or damage incurred by the General Partner or Affiliate thereof by reason of gross negligence, willful misconduct or fraud of the General Partner or Affiliate thereof, or any breach of fiduciary duty as General Partner, with respect to such acts or omissions) shall be paid from Partnership assets to the extent available

(but the Limited Partners shall not have any personal liability to the General Partner or Affiliate(s) thereof under any circumstances on account of any such loss or damage incurred by the General Partner or Affiliate(s) thereof or on account of the payment thereof).

8.08 Indemnification of Limited Partner and the Partnership. The General Partner and the Partnership shall, jointly and severally, indemnify, defend, and save harmless the Limited Partner from and against any claim, loss, expense, action or damage, including without limitation, reasonable costs and expenses of litigation and appeal (and the reasonable fees and expenses of counsel) asserted against the Limited Partner based on any act, omission, malfeasance or nonfeasance of the Partnership or the General Partner, including without limitation any claim that the Limited Partner is liable for any indebtedness of the Partnership and excluding only liability directly caused by the Limited Partner's gross negligence or willful misconduct. In addition, the General Partner and the Partnership shall, jointly and severally, indemnify, defend, save and hold harmless the Limited Partner, and its representatives, from and against any and all costs, losses, liabilities, damages, lawsuits, proceedings (whether formal or informal), investigations, judgments, orders, settlements, recoveries, obligations, deficiencies, claims and expenses (whether or not arising out of third party claims), including, without limitation, interest, penalties, attorneys' fees and all amounts paid in investigation, or settlement of any of the foregoing, incurred in connection with or arising out of or resulting from the operations of the General Partner, the Partnership or the Apartment Complex prior to the date of this Agreement.

8.09 Construction of the Apartment Complex, Construction Cost Overruns, Operating Deficits; Other General Partner Guarantees.

(a) Construction Completion Guaranty.

(i) The Partnership has entered into the Construction Contract. The General Partner shall guaranty to the Partnership and the Limited Partners that the Partnership shall be:

(A) achieving completion of rehabilitation of the Apartment Complex on a timely basis in a good and workmanlike manner without construction defects in accordance with the Plans and Specifications for the Apartment Complex, the terms of this Agreement, the Project Documents and all applicable federal, state and local governmental requirements, including, without limitation, all local building and zoning laws, codes, ordinances, rules, regulations and orders;

(B) meeting all requirements for obtaining all necessary unconditional certificates of occupancy for all the apartment units in the Apartment Complex;

(C) fulfilling all actions required of the Partnership to assure that the Apartment Complex satisfies the Minimum Set-Aside Test and the Rent Restriction Test;

(D) causing the funding of the Project Loans by the respective Project Lenders;

(E) paying for all operating costs of the Apartment Complex, including funding of the Operating Reserve; and

(F) achieving Final Closing and Stabilized Operations.

(ii) The General Partner hereby is obligated to pay all Excess Development Costs; the Partnership shall have no obligation to pay any Excess Development Costs. Any amounts paid by the General Partner pursuant to this clause (ii) shall not be repaid by the Partnership, nor shall such amounts be considered or treated as Capital Contributions of the General Partner to the Partnership.

(iii) In the event that the General Partner shall fail to pay any such Excess Development Costs as required in this Section 8.09(a), then, the total of any remaining unpaid installments of the Development Fee due pursuant to Section 14.01 shall be suspended by the Partnership until such obligations are met by the General Partner.

(iv) Any suspension of funds otherwise payable pursuant to Section 14.01 and/or the Development Agreement as aforesaid shall not constitute reductions in amounts owed pursuant to Section 14.01 and/or the Development Agreement, and the General Partner shall have the obligation to make a Capital Contribution pursuant to Section 5.01(b) sufficient to make such installment payments as they become due under the Development Agreement.

(b) Operating Deficit Guaranty. In the event that, at any time during the period beginning upon the later of: (i) the date that Stabilized Operations is achieved, or (ii) the date the conditions set forth in Section 8.09(a) are satisfied, and for five years thereafter, provided, however, that such period shall be extended until (i) the Apartment Complex is operating at Stabilized Operations for the last consecutive four quarters of such period; and (ii) the RAD HAP Contract is fully executed and in place (the "Operating Deficit Guaranty Period"), an Operating Deficit shall exist, the General Partner shall provide such funds to the Partnership as shall be necessary to pay such Operating Deficit(s); provided, however, that the General Partner shall not be obligated to provide such funds to the extent that the provision of such funds, if considered an Operating Deficit Loan as hereinafter defined, would cause the aggregate unpaid balance of all Operating Deficit Loans to exceed \$470,000. Funds provided after the achievement of Stabilized Operations shall be in the form of a loan to the Partnership (the "Operating Deficit Loan(s)"). Any Operating Deficit Loan shall be on the following terms: (i) it shall be unsecured; (ii) it shall not bear interest; (iii) it shall be repayable solely from Net Cash Flow and proceeds of a Capital Transaction at the time and in the amounts set forth in Sections 11.03(b), 11.04 and 12.02(a) of this Agreement; and (iv) shall be fully subordinated to payment of Project Loans, General Partner Loans, indebtedness of the Partnership to all Persons other than Partners and the Asset Management Fee. Withdrawals from the Operating Reserve shall not be permitted during the Operating Deficit Guaranty Period, without the Consent of the Special Limited Partner. In the event that the General Partner shall fail to make any such Operating Deficit Loan as aforesaid, the Partnership shall suspend amounts otherwise payable as installments of the Development Fee pursuant to Section 14.01 of this Agreement until such obligation to fund the Operating Deficit Loan is met by the General Partner. Any amounts of the Development Fee so suspended shall not constitute reductions of amounts owed pursuant to Section 14.01 and the Development Agreement, and the General Partner shall have the obligation to make a Capital Contribution pursuant to Section 5.01(b) sufficient to make such installment payments as they become due under the Development Agreement. For the purpose of this Section 8.09(b), all expenses shall be paid on a sixty (60) day current basis.

(c) Tax Credit Compliance Guaranty. The following is herein referred to as the "Tax Credit Compliance Guaranty":

(i) If with respect to any fiscal year of the Partnership there is a Tax Credit Shortfall, the General Partner irrevocably and unconditionally guarantees, within forty-five (45) days following the close of such fiscal year, payment to the Limited Partner of an amount equal to (A) the amount of the Tax Credit Shortfall for the fiscal year immediately preceding the payment due date, (B) all penalties and interest imposed by the Code and assessed against the Limited Partner by the IRS with respect to any Tax Credit Shortfall, and (C) an amount sufficient to pay any tax liability owed by the Limited Partner resulting from the receipt of the amounts specified in the foregoing clauses (A), (B) and this clause (C) of this Section 8.09(c)(i) (such calculation to be made assuming the Limited Partner is subject to the highest federal and state tax rates imposed on corporate tax payers under the Code at that time for the taxable year of the Limited Partner in which such payment is taken into income by the Limited Partner) together with interest on such amounts at the Prime Rate accruing from such payment due date.

(ii) The General Partner irrevocably and unconditionally guarantees payments specified in this Section 8.09(c)(ii) to the Limited Partner if there is a Tax Credit Recapture Event. The payments required by this Section 8.09(c)(ii) shall be the sum of the following amounts: (A) the amount of Tax Credits previously allocated to the Limited Partner and subsequently disallowed because of such Tax Credit Recapture Event; (B) the "credit recapture amount" (as defined in Code Section 42(j)(2)) allocated to the Limited Partner because of such Tax Credit Recapture Event; (C) all penalties and interest imposed by the Code and assessed against the Limited Partner by the IRS with respect to such Tax Credit Recapture Event; (D) an amount sufficient to pay any tax liability owed by the Limited Partner resulting from the receipt of the amounts specified in the foregoing clauses (A), (B), (C) and this clause (D) of this Section 8.09(c)(ii) (such calculation to be made assuming the Limited Partner is subject to the highest federal and state tax rate imposed on corporate taxpayers under the Code at that time for the taxable year of the Limited Partner in which such payment is taken into income by the Limited Partner) together with interest on such amounts at the Prime Rate accruing from the date the Limited Partner remits funds to a taxing authority with respect to a Tax Credit Recapture Event; and (E) if the cause of the Tax Credit Recapture Event will, in the determination of the Limited Partner, decrease the maximum amount of Tax Credits that will be available to the Partnership and allocated to the Limited Partner during the remainder of the compliance period under Section 42 of the Code, assuming full compliance with Section 42 of the Code, then an amount equal to the total amount of such decrease. The General Partner shall make such payment to the Limited Partner within forty-five (45) days of the Tax Credit Recapture Event.

(iii) The Tax Credit Compliance Guaranty set forth herein shall not apply to amounts due solely to the transfer by the Limited Partner of all or a portion of its Interest in the Partnership or to changes in the Code after Stabilized Operations with which the General Partner is unable to comply despite the exercise of its good faith and reasonable efforts.

8.10 Guaranty. Concurrently with the execution of this Agreement, the General Partner shall deliver to the Limited Partner (a) the Guaranty fully executed by each Guarantor, (b) a pledge and security agreement executed by the General Partner in the form of Exhibit F attached hereto (the "General Partner Pledge"), wherein the General Partner pledges and grants a security interest in its partnership interest in the Partnership to secure its obligations under this Agreement, and (c) an opinion of counsel to the Guarantors in form satisfactory to the Limited Partner regarding the Guaranty and the General Partner Pledge.

ARTICLE 9.
TRANSFERS AND RESTRICTIONS ON TRANSFERS
OF INTERESTS OF LIMITED PARTNERS

9.01 Transfer of Limited Partners' Interests.

(a) Subject to the requirements in the RAD HAP Contract, the Limited Partner shall have the right to sell, transfer and/or assign interests within the Limited Partner or to transfer Interests of the Limited Partner to a Fund without the Consent of the General Partner, or to a Person once during the term of this Agreement, without the Consent of the General Partner. The Limited Partner shall provide Notice to the General Partner(s) of such transfer. The Special Limited Partner shall have the right to sell, transfer and/or assign interests of the Special Limited Partner to an Affiliate of the Special Limited Partner, without the Consent of the General Partner.

(b) Except as described in Section 9.01(a), under no circumstances will any offer, sale, transfer, assignment, hypothecation or pledge of any Limited Partner Interest be permitted unless the General Partner, in its sole discretion, shall have Consented thereto, and the Project Lenders, if required, also shall have Consented thereto, provided however, that the General Partner's Consent shall not be required for a pledge by a Limited Partner of its Limited Partner Interest or a transfer of its right to receive distributions hereunder, so long as no pledgee or transferee shall have any right to become a Substitute Limited Partner in the Partnership or exercise any voting rights of a Limited Partner. In connection with any transfer of a Limited Partner's Interest, the Partnership shall pay such reasonable expenses as may be incurred by the Partnership in connection with such transfer, to include, without limitation, environmental and title insurance update costs, tax and judgment lien searches and legal opinion updates. Notwithstanding the foregoing, in no event shall the General Partner's Consent to a transfer of a Limited Partner's Interest be required after the Limited Partner has made all Capital Contributions required hereunder.

9.02 Admission of Substitute Limited Partners.

(a) An assignee of the Interest of a Limited Partner pursuant to Section 9.01(a) (which shall be understood to include a Fund, or any purchaser, transferee, donee, or other recipient of any disposition of such Interest) shall be deemed admitted as a Substitute Limited Partner of the Partnership upon Notice to the General Partner without the need for further action of any parties or the need for an amendment hereto; provided, however, an amended Certificate evidencing the admission of such Person as a Limited Partner shall be promptly filed for recording pursuant to the requirements of the Act, if required.

(b) Subject to the other provisions of this Article 9, an assignee of the Interest of a Limited Partner other than pursuant to Section 9.01(a), shall be deemed admitted as a Substitute Limited Partner of the Partnership upon completion of the following:

(i) Consent of the General Partner (which may be withheld in its reasonable discretion), and the consent of the Project Lenders, if required, shall have been given; such Consent of the General Partner may be evidenced by the execution by the General Partner of an amended Agreement and/or Certificate evidencing the admission of such Person as a Limited Partner pursuant to the requirements to the Act, provided, however, that no Consent shall be required for any sale, transfer or assignment pursuant to Section 9.01 (a);

(ii) the assignee shall have accepted and agreed to be bound by the terms and provisions of this Agreement by executing the Assignment pursuant to which it assumes all of the obligations of the Limited Partner or Special Limited Partner to be performed hereunder from and after the effective date of the Assignment;

(iii) an amended Agreement or Certificate evidencing the admission of such Person as a Limited Partner or Special Limited Partner shall have been filed for recording pursuant to the requirements of the Act, if required;

(iv) if the assignee is a corporation, the assignee shall have provided the General Partner with evidence satisfactory to Counsel for the Partnership of its authority to become a Limited Partner under the terms and provisions of this Agreement; and

(v) the assignee or the assignor shall have reimbursed the Partnership and/or the General Partner for all reasonable expenses, including all reasonable legal fees and recording charges, incurred by the Partnership and/or General Partner in connection with such assignment.

(c) For the purpose of allocation of profits, losses and credits, and for the purpose of distributing cash of the Partnership, a Substitute Limited Partner shall be treated as having become, and as appearing in, the records of the Partnership as a Partner upon its signing of an assumption agreement agreeing to be bound hereby in the case of an assignment pursuant to Section 9.01(a) or an amendment to this Agreement agreeing to be bound hereby in the case of an assignment pursuant to Section 9.01(b).

(d) The General Partner shall cooperate with the Person seeking to become a Substitute Limited Partner by preparing the documentation required by this Section and making all official filings and publications. In such event, the Partnership shall take all such action, including the filing, if required, of any amended Agreement and/or Certificate evidencing the admission of any Person as a Limited Partner, and the making of any other official filings and publications, as promptly as practicable after the satisfaction by the assignee of the Interest of a Limited Partner of the conditions contained in this Article 9 to the admission of such Person as a Limited Partner of the Partnership. Any cost or expense incurred in connection with such admission shall be borne by the Substitute Limited Partner.

(e) Prior to admission of the Substitute Limited Partner, the General Partner agrees to provide, at the expense of the Partnership, upon the request of the Limited Partner or its assignee a "date down" title endorsement as described in Section 5.02 and to execute such documents as the Title Company may require in connection therewith and an environmental update.

9.03 Rights of Assignee of Partnership Interest.

(a) Except as provided in this Article and as required by operation of law, the Partnership shall not be obligated for any purpose whatsoever to recognize the assignment by any Limited Partner of its Interest until the Partnership has received actual Notice thereof.

(b) Any Person who is the assignee of all or any portion of a Limited Partner's Interest, but does not become a Substitute Limited Partner, and who desires to make a further assignment of such Interest, shall be subject to all the provisions of this Article 9 to the same

extent and in the same manner as any Limited Partner desiring to make an assignment of its Interest.

ARTICLE 10.
RIGHTS AND OBLIGATIONS OF LIMITED PARTNERS

10.01 Management of the Partnership. No Limited Partner or Special Limited Partner shall take part in the management or control of the business of the Partnership nor transact any business in the name of the Partnership. Except as otherwise expressly provided in this Agreement, no Limited Partner or Special Limited Partner shall have the power or authority to bind the Partnership or to sign any agreement or document in the name of the Partnership. No Limited Partner or Special Limited Partner shall have any power or authority with respect to the Partnership except insofar as the consent of any Limited Partner shall be expressly required in this Agreement and except as otherwise expressly provided in this Agreement.

10.02 Limitation on Liability of Limited Partners. The liability of the Limited Partner and the Special Limited Partner is limited to each of its Capital Contributions as and when payable under the provisions of this Agreement, and as provided under the Act. Neither the Limited Partner nor the Special Limited Partner shall have any other liability to contribute money to, or in respect of the liabilities or obligations of, the Partnership, nor shall the Limited Partner or Special Limited Partner be personally liable for any obligations of the Partnership, except as and to the extent provided in the Act. Neither the Limited Partner nor the Special Limited Partner shall be obligated to make loans to the Partnership.

10.03 Other Activities. The Limited Partner and Special Limited Partner and any Affiliates thereof may engage in or possess interests in other ventures of every kind and description for its own account, including without limitation, serving as a partner of other partnerships which own, either directly or through interests in other partnerships, government-assisted housing projects similar to the Apartment Complex. Neither the Partnership nor any of the Partners shall have any right by virtue of this Agreement in or to such other business ventures to the income or profits derived therefrom.

10.04 Inspection. The Limited Partner and its Affiliates shall have the right, from time to time, upon prior reasonable notice during business hours, to make a physical inspection of the Apartment Complex, subject to the rights of existing tenants.

ARTICLE 11.
PROFITS, LOSSES AND DISTRIBUTIONS

11.01 Allocation of Profits and Losses Other Than From Capital Transactions.

(a) Manner of Determination. Profits, Losses and credits for all purposes of this Agreement shall be determined in accordance with the definition of the same under Article 11 of this Agreement (as applicable) and in accordance with the accrual accounting method and in accordance with applicable Code sections and Treasury Regulations governing same.

(b) Allocations. All Profits and Losses, except those items in Sections 11.02, 11.05, 11.07 and 12.02(b) below, shall be allocated to the Partners in accordance with their Percentage Interests. Every item of income, gain, loss, deduction, or tax preference entering into the computation of such Profits and Losses, or applicable to the period during which such

Profits and Losses were realized, shall be considered allocated to each Partner in the same proportion as Profits and Losses are allocated to such Partner.

(c) Qualified Allocations. Notwithstanding any provision in this Agreement to the contrary, in no event shall the Co-General Partner be allocated more than its Percentage Interest, determined as of the date hereof, of any item of Partnership income, gain, loss, deduction, credit or basis so that at no time will any portion of the property held by the Partnership be classified as tax-exempt use property for purposes of Code Section 168(h)(6). Such qualified allocation shall have substantial economic effect and shall be consistent with the Co-General Partner being allocated the same distributive share of each item of income, gain, loss, deduction, credit and basis of the Partnership and such share remaining the same during the entire period that the Co-General Partner is a Partner of the Partnership.

11.02 Allocation of Profits and Losses from Capital Transactions. Except to the extent provided in Sections 11.07 and 12.02(b), Profits and Losses recognized by the Partnership upon a Capital Transaction shall be allocated in the following manner:

(a) Profits shall be allocated (i) first, to the Partners with negative Capital Account balances, that portion of gains (including any gains treated as ordinary income for federal income tax purposes) which is equal in amount to, and in proportion to, such Partners' respective negative Capital Accounts in the Partnership; provided that no gain shall be allocated under this Section 11.02(a)(i) to a Partner once such Partner's Capital Account is brought to zero and (ii) second, gains in excess of the amount allocated under (i) shall be allocated to the Partners in the amounts and to the extent necessary to increase the Partners' respective Capital Accounts so that the proceeds distributed under Section 11.04(e)-(f) will be distributed in accordance with the Partners' respective Capital Accounts.

(b) Losses shall be allocated (i) first, to the extent and in such proportions as the respective positive balances in all Partners' Capital Accounts, and (ii) second, any remaining loss to the Partners in accordance with the manner in which they bear the economic risk of loss associated with such loss or, if none, to the Partners in accordance with the Partners' Percentage Interests.

(c) Any portion of the Profits treated as ordinary income for federal income tax purposes under Sections 1245 and 1250 of the Code ("Recapture Amount") shall be allocated on a dollar for dollar basis to those Partners to whom the items of Partnership deduction or loss giving rise to the Recapture Amount had been previously allocated.

11.03 Distributions: Net Cash Flow.

(a) Determination of Net Cash Flow. Net Cash Flow shall be determined separately for each fiscal year or portion thereof commencing on the day after Substantial Completion and shall not be cumulative. Wherever there is a reference to the distribution of Net Cash Flow pursuant to the provisions of this Agreement, Net Cash Flow shall be deemed to be limited to Surplus Cash available for distribution. Income received by the Partnership from the period commencing with the date of receipt of the initial certificate of occupancy with respect to the Apartment Complex and ending on the date of the Substantial Completion shall not be distributed during such period and shall be treated as Net Cash Flow with respect to the first Payment Date following Substantial Completion.

(b) Manner of Distribution. Subsequent to Substantial Completion, subject to the approval of the Project Lenders, if required, Net Cash Flow shall be applied and/or distributed on each Payment Date in the following priority:

(i) first, to the Limited Partner until the aggregate amount of distributions made to the Limited Partner under this Section 11.03(b)(i) for the current and all prior years equals the Assumed Limited Partner Tax Liability for the current and all prior years;

(ii) second, to the Limited Partner in an amount equal to any amounts due and owing to the Limited Partner hereunder, including without limitation, Unpaid Tax Credit Shortfall, Limited Partner Advances, Special Additional Capital Contributions;

(iii) third, to the payment of any unpaid Asset Management Fees to the Special Limited Partner;

(iv) fourth, to replenish the Operating Reserve;

(v) fifth, until all amounts due under the Development Agreement have been paid in full, one hundred percent (100%) to the payment of such amounts;

(vi) sixth, to the pro rata payment of any outstanding Operating Deficit Loans and General Partner Loans, based upon the respective outstanding balances of each;

(vii) seventh, forty-five percent (45%), in the following order: (a) first, to payment of the Seller Financing Loan, and (b) second, to payment of the Housing Authority Loan;

(viii) eighth, ninety percent (90%) to the Incentive Management Fee;

(ix) thereafter, a percentage equal to the Limited Partner Percentage Interest to the Limited Partner; a percentage equal to the General Partner Percentage Interest to the General Partner; and one one thousandth of one percent (.001%) to the Special Limited Partner, provided, however, that notwithstanding anything to the contrary herein, if the amount of the distribution to the Limited Partner under this Section (ix) is less than ten percent (10%) of the Net Cash Flow of the Apartment Complex, then the Limited Partner shall receive a priority distribution before any distributions under Sections (viii) and (ix) hereunder in an amount such that, when added to the sum distributable to the Limited Partner under this Section (ix), shall equal ten percent (10%) of Net Cash Flow.

(c) Distributions to be Subject to Regulatory Restrictions. Notwithstanding the foregoing, during such time as regulations of the Project Lenders are applicable to the Apartment Complex, the total amount of Net Cash Flow which may be so distributed to the Partners with respect to any fiscal year shall not exceed such amounts as such regulations permit to be distributed.

11.04 Distributions: Capital Transactions and Liquidation of Partnership. Except as may be required under Section 12.02(b), the proceeds resulting from the liquidation of the Partnership assets pursuant to Section 12.02, and the net proceeds resulting from any Capital Transaction, as the case may be, shall be distributed and applied in the following order of priority:

(a) to the payment of all matured debts and liabilities of the Partnership (including amounts due pursuant to any Project Loan and all expenses of the Partnership incident to any such sale or refinancing), excluding (1) debts and liabilities of the Partnership to Partners or any Affiliates, and (2) all unpaid fees owing to the General Partner under this Agreement;

(b) to the setting up of any reserves which the Liquidator (or the General Partner if the distribution is not pursuant to the liquidation of the Partnership) deems reasonably necessary for contingent, unmatured or unforeseen liabilities or obligations of the Partnership;

(c) to the payment of any debts and liabilities (including unpaid fees) owed to the Partners or any Affiliates by the Partnership for Partnership obligations; provided, however, that the foregoing debts and liabilities owed to Partners and their Affiliates shall be paid or repaid, as applicable, in the following order of priority, if and to the extent applicable: (i) to the Limited Partner, an amount equal to any amounts due and owing the Limited Partner hereunder, including without limitation, any Unpaid Tax Credit Shortfall (applied first to accrued but unpaid interest (at the Default Rate) and then principal), Limited Partner Advances or Special Additional Capital Contributions; (ii) to the Special Limited Partner, an amount equal to any outstanding accrued and unpaid Asset Management Fees; (iii) to the Limited Partner an amount equal to the Net Projected Tax Liabilities of the Limited Partner's partners or members and their respective partners or members until they each have received, cumulatively, an amount equal to their respective Net Projected Tax Liabilities; (iv) to the payment of any outstanding General Partner Loans; (v) to amounts due under the Development Agreement; (vi) amounts due with respect to Operating Deficit Loans, if any; and (vii) any other such debts and liabilities;

(d) one percent (1%) of the gross proceeds of the Capital Transaction to the Special Limited Partner, or its assignee, as a Capital Transaction administrative fee, except if arising due to the exercise of the Purchase Option;

(e) the balance, forty-nine ten thousandths percent (.0049%) to the Co-General Partner, fifty-one ten thousandths percent (.0051%) to the Managing General Partner; ninety-nine and nine hundred eighty-nine thousandths percent (99.989%) to the Limited Partner, and one one thousandth of one percent (0.001%) to the Special Limited Partner.

Written determination of the proposed distributions of proceeds of Capital Transactions, showing all relevant calculations and assumptions, shall be delivered to the Limited Partner and Special Limited Partner not later than twenty (20) days prior to the Partnership entering into any agreement for a Capital Transaction, and written confirmation or any revision thereof shall be delivered to the Limited Partner and Special Limited Partner not later than twenty (20) days prior to the making of any such distribution.

11.05 Distributions and Allocations: General Provisions.

(a) In any year in which a Partner sells, assigns or transfers all or any portion of an Interest to any Person who during such year is admitted as a substitute Partner, the share of all profits and losses allocated to, and of all Net Cash Flow and of all cash proceeds distributable under Section 11.04 distributed to, all Partners which is attributable to the Interest sold, assigned or transferred shall be divided between the assignor and the assignee ratably on the basis of the number of monthly periods in such year before, and the number of monthly periods on and after, the first day of the month during which such Person is admitted as a substitute Partner.

(b) The Partnership shall, subject to any applicable limitation on the distribution of Net Cash Flow and any required approval by the Project Lenders, distribute Net Cash Flow not less frequently than annually in the manner provided in Section 11.03(b).

(c) In the event that there is a determination that there is any original issue discount or imputed interest attributable to the Capital Contribution of any Partner, or any loan between a Partner and the Partnership, any income or deduction of the Partnership attributable to such imputed interest or original issue discount on such Capital Contribution or loan (whether stated or unstated) shall be allocated solely to such Partner.

(d) In the event that the deduction of all or a portion of any fee paid or incurred by the Partnership to a Partner or an Affiliate of a Partner is disallowed for federal income tax purposes by the IRS with respect to a taxable year of the Partnership, the Partnership shall then allocate to such Partner an amount of gross income of the Partnership for such year equal to the amount of such fee as to which the deduction is disallowed.

(e) If any Partner's Interest in the Partnership is reduced but not eliminated because of the admission of new Partners or otherwise, or if any Partner is treated as receiving any items of property described in Section 751(a) of the Code, the Partner's Interest in such items of Section 751(a) property that was property of the Partnership while such Person was a Partner shall not be reduced, but shall be retained by the Partner so long as the Partner has an Interest in the Partnership and so long as the Partnership has an Interest in such property.

(f) In accordance with Section 704(c) of the Code (relating to allocations with respect to appreciated contributed property) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Partnership shall be allocated, solely for tax purposes, among the Partners so as to take account of any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and its fair market value. Any elections or other decisions relating to such allocations shall be made by the General Partner in any manner that reasonably reflects the purpose and intention of this Agreement.

(g) In the event that the General Partner makes any Operating Deficit Loans pursuant to Section 8.09(b), any deductions or losses of the Partnership (other than Depreciation) attributable to the use of those funds shall be specially allocated to the General Partner.

(h) Any income attributable to the Capital Contribution of the General Partner will be allocated to the General Partner.

11.06 Capital Accounts.

(a) Establishment and Maintenance. A separate Capital Account shall be maintained and adjusted for each Partner. There shall be credited to each Partner's Capital Account the amount of its Capital Contribution, the fair market value of any property contributed to the Partnership (net of any liabilities secured by such property) and such Partner's distributive share of the net income gains and profits for tax purposes of the Partnership; and there shall be charged against each Partner's Capital Account the amount of all cash flow distributed to such Partner, the fair market value of any property distributed to such Partner (net of any liabilities secured by such property), the net proceeds resulting from the liquidation of the Partnership's assets or from any sale or refinancing of the Apartment Complex distributed to such Partner,

and such Partner's distributive share of the losses for tax purposes of the Partnership. Each Partner's Capital Account shall be maintained and adjusted in accordance with the Code and the Treasury Regulations thereunder. The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treas. Reg. § 1.704-1(b), and shall be interpreted and applied in a manner consistent with such regulations. It is the intention of the Partners that the Capital Accounts maintained under this Agreement be determined and maintained throughout the full term of this Agreement in accordance with the accounting rules of Treas. Reg. § 1.704-1(b)(2)(iv).

(b) Deficit Capital Accounts; Regulatory Liquidation. In the event that the Partnership is liquidated within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g), if the General Partner's Capital Account has a deficit balance (after giving effect to all contributions, distributions and allocations), the General Partner shall make Capital Contributions in the amount of such deficit in compliance with Treas. Reg. § 1.704-1(b)(2)(ii)(b)(3). In the event that the Limited Partner's Capital Account should have a deficit balance at such time, it shall have no obligation to fund or otherwise contribute capital to the Partnership in connection with such deficit. Notwithstanding the foregoing, in the event the Partnership is liquidated within the meaning of Treas. Reg. § 1.704-1(b)(2)(ii)(g) but no event has occurred under Section 12.01 to dissolve the Partnership, the Partnership assets shall not be liquidated, the Partnership's liabilities shall not be paid or discharged, and the Partnership's affairs shall not be wound up. Instead, the Partnership shall be deemed to have contributed all of its assets and liabilities to a new company in exchange for an interest in the new company. Immediately thereafter, the terminated Partnership shall be deemed to have distributed interests in the new company to the Partners of the terminated Partnership in proportion to their respective interests in the terminated Partnership in liquidation of the terminated Partnership.

11.07 Special Allocations. Notwithstanding anything to the contrary contained in Section 11.01(a) or (b), the following special allocations in all events apply in determining the allocation of Profits and Losses among the Partners and are made prior to the allocations required under §11.01(a) and (b):

(a) Depreciation and Tax Credits.

(i) Depreciation (cost recovery) deductions and Tax Credits are allocated to the Partners in accordance with their Percentage Interests.

(ii) Any recapture of Tax Credits is allocated to the Partners that were allocated (or whose predecessors-in-interest were allocated) the depreciation/cost recovery deduction and Tax Credits associated therewith.

(b) Limitation on Allocations of Losses.

(i) To the extent the allocation of any Losses to a Partner would cause that Partner to have an Adjusted Capital Account Deficit at the end of any fiscal year of the Partnership, then those Losses will not be allocated to that Partner, but rather will be specially allocated to the remaining Partners in proportion with their relative interests in the Partnership.

(ii) In the event one but not all of the Partners would have Adjusted Capital Account Deficits due to an allocation of Losses, the limitation set forth in this Section 11.07(b) shall be applied on a Partner by Partner basis so as to allocate the maximum

permissible Losses to each Partner who is not a General Partner under Treas. Reg. §1.704-1(b)(2)(ii)(d). All Losses in excess of the limitation set forth in this Section 11.07(b) shall be allocated to the General Partner.

(c) Profit Chargeback. To the extent any Losses are specially allocated to a Partner in accordance with Section 11.07(b), then Profits will thereafter first be specially allocated to such Partner in proportion to and in an amount (1) up to but not exceeding the amount of any such special allocation of Losses away from such Partner under such subparagraph (b) but (2) not to the extent that Losses or depreciation deductions would be allocated to the remaining Partners in excess of the amount permitted by 11.07(b).

(d) Nonrecourse Deductions. Nonrecourse Deductions for any fiscal year shall be allocated to the Partners in accordance with their Percentage Interests.

(e) Partner Nonrecourse Deductions. Any Partner Nonrecourse Deductions for any fiscal year shall be specially allocated to the Partner or Partners that bear the Economic Risk of Loss with respect to the Partner Nonrecourse Debt to which such Partner Nonrecourse Deductions are attributable in accordance with Treas. Reg. §1.704-2(b)(4) and Treas. Reg. §1.704-2(i).

(f) Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Agreement, if there is a net decrease in the Partnership's Minimum Gain attributable to Nonrecourse Liabilities during any taxable year, each Partner shall be specially allocated a pro rata portion of each of the Partnership's items of income and gain for such year (and, if necessary for subsequent years) in proportion to, and to the extent of, an amount equal to such Partner's share of the net decrease in such Minimum Gain during such taxable year as determined in accordance with the provisions of Treas. Reg. §1.704-2(g)(2). In the event that such net decrease in the Partnership's Minimum Gain occurs in connection with the disposition of all or any portion of the Apartment Complex, then any items of Partnership income or gain allocated in accordance with the previous sentence shall first consist of gain recognized by the Partnership as a result of such disposition. It is the intent that the allocations provided in this Section 11.07(f) shall be determined in accordance with and only to the extent required by Treas. Reg. §1.704-2(f) and (j)(2)(i).

(g) Partner Minimum Gain Chargeback. Notwithstanding any other provision of this Agreement, if there is a net decrease in the amount of the Partnership's Minimum Gain during any taxable year with respect to a Partner Nonrecourse Debt, the Partner bearing the Economic Risk of Loss with respect to such Partner Nonrecourse Debt shall be specially allocated a pro rata portion of each of the Partnership's items of income and gain for such taxable year (and, if necessary, for subsequent years) in proportion to, and to the extent of the amount of such Partner's share of the net decrease in such Minimum Gain during such taxable year as determined in accordance with the provisions of Treas. Reg. §1.704-2(i)(4). In the event that such net decrease in the Partner's Minimum Gain occurs in connection with the disposition of all or any portion of Apartment Complex, then any items of Partnership income or gain allocated in accordance with the previous sentence shall first consist of gain recognized by the Partnership as a result of such disposition. It is the intent that the allocations provided in this Section 11.07(g) shall be determined in accordance with and only to the extent required by the provisions of Treas. Reg. §1.704-2(i) and (j)(2)(ii).

(h) Qualified Income Offset. If a Partner unexpectedly receives any adjustments, allocations, or distributions described in §1.704-1(b)(2)(ii)(d)(4), (5) or (6) of the

Regulations, then items of Partnership income or gain will be specially allocated to that Partner in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of that Partner as quickly as possible. The special allocations required pursuant to this subparagraph (h) are made only if and to the extent that such Partner would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article 11 have been tentatively made as if this subparagraph (h) were not in this Agreement. This subparagraph (h) is intended to comply with the qualified income offset requirements of §1.704-1(b)(2)(ii)(d) of the Regulations and will be interpreted consistently therewith.

(i) Gross Income Allocation. In the event any Partner has a deficit Capital Account at the end of any fiscal year in excess of the sum of (i) the amount that such Partner must restore pursuant to any provision of this Agreement, if any, and (ii) the amount such Partner is deemed obligated to restore pursuant to the penultimate sentence of Treas. Reg. § 1.704-2(g) and § 1.704-2(i)(5), such Partner shall be specially allocated items of Partnership income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 11.07(i) shall be made if and only to the extent that such Partner would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article 11 have been tentatively made as if this Section 11.07(i) and Section 11.07(h) hereof were not in this Agreement.

(j) §754 Adjustment. To the extent an adjustment to the adjusted tax basis of any Partnership Property undertaken pursuant to §734(b) or 743(b) of the Code is required to be taken into account in determining the Capital Accounts of the Partners under Treas. Reg. §1.704-1(b)(2)(iv)(m), then the amount of such adjustment to the Capital Accounts will be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss will be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to the aforementioned section of the regulations.

(k) Curative Allocations. In the event that income, loss or items thereof are allocated to one or more Partners pursuant to Sections 11.07(h) through (i), subsequent income, loss or items thereof shall be allocated (subject to the provisions of Sections 11.07(h) and (i)) to the Partners so that, to the extent possible in the judgment of the General Partner, the net amount of allocations shall be equal to the amount that would have been allocated had Section 11.07 not been applied. Notwithstanding the foregoing, the allocation of depreciation deductions will be governed by Section 11.07(a) and this Section 11.07(k) shall not apply to allocations of depreciation deductions.

(l) Excess Nonrecourse Liabilities. Solely for purposes of determining a Partner's proportionate share of the "excess nonrecourse liabilities" of the Partnership within the meaning of Treas. Reg. §1.752-3(a)(3), the Partners' respective interests in Partnership Profits shall equal their Percentage Interests (determined without regard to Section 11.07(a)-(k)).

(m) Authority to Vary Allocations to Preserve and Protect Partners' Intent.

(i) It is the intent of the Partners that each Partner's distributive share of income, gain, loss, deduction, or credit (or item thereof) shall be determined and allocated in accordance with this Article 11 to the fullest extent permitted by Section 704(b) of the Code. In order to preserve and protect the determinations and allocations provided for in this Article 11, the General Partner, shall upon the direction in writing of the Special Limited Partner, allocate income, gain, loss, deduction, or credit (or item thereof) arising in any year differently than

otherwise provided for in this Article 11 as necessary to ensure that all allocations of income, gain, loss, deduction or credit (or item thereof) to the Partners are permitted by Section 704(b) of the Code and Treasury Regulations promulgated thereunder. Any allocation made pursuant to this Section 11.07 shall be deemed to be a complete substitute for any allocation otherwise provided for in this Article 11 and no amendment of this Agreement or approval of any Partner shall be required.

(ii) In making any allocation (the "New Allocation") under Section 11.07(m)(i), the General Partner is authorized to act only upon the direction in writing of the Special Limited Partner or the Limited Partner.

(iii) If the General Partner receives a recommendation from the Accountants to make any New Allocation in a manner less favorable to the Limited Partner than is otherwise provided for in this Article 11, then the General Partner shall do so only with the Limited Partner's or the Special Limited Partner's Consent and only after having given the Limited Partner and the Special Limited Partner the opportunity to discuss such allocation with the Accountants, and only after the General Partner has been advised by the Accountants that it is permitted by Section 704(b) of the Code, to allocate income, gain, loss, deduction, or credit (or item thereof) arising in later years in such manner so as to bring the allocations of income, gain, loss, deduction, or credit (or item thereof) to the Limited Partners as nearly as possible to the allocations thereof otherwise contemplated by this Article 11.

(n) Grant Income. Any income recognized as a result of any receipt of grants by the Partnership shall be allocated one hundred percent (100%) to the General Partner. However, if the General Partner is exempt from federal income taxation under Code Section 501(c)(3) or any other Code provision, then the allocations to the General Partner under this 11.07(n) shall be limited to the highest percentage of the Partnership's property treated as tax-exempt use property, as reflected in the Projections.

(o) Protective Loss Reallocation. If for any fiscal year the annual reports required pursuant to Article 13 indicate that: (1) the remaining Capital Account for the Limited Partner as of the close of the prior fiscal year does not exceed the amount of depreciation to be allocated to the Limited Partner for the remaining Credit Period plus one year, and (2) the General Partner has a Capital Account in excess of one percent of total Capital Accounts or the General Partner, or its affiliates has unreturned loans to the Partnership (including the Developer Fee); then all items of loss or deduction, other than depreciation, for such fiscal year and each subsequent fiscal year in the Credit Period, shall be allocated to the General Partner until the Partnership has sufficient Minimum Gain to support allocations to the Limited Partner that would create or increase a deficit Capital Account.

ARTICLE 12.

SALE, DISSOLUTION AND LIQUIDATION

12.01 Dissolution of the Partnership. The Partnership shall be dissolved upon the earlier of the expiration of the term of the Partnership, or upon:

(a) the withdrawal, Bankruptcy, death, dissolution or adjudication of incompetency of the General Partner who is at that time the sole General Partner, subject to the provisions of Section 6.03, unless a majority in interest of the other Partners, within ninety (90) days after receiving Notice of such withdrawal, Bankruptcy, death, dissolution or adjudication of

incompetence, elects to designate a successor General Partner(s) and continue the Partnership upon the admission of such successor General Partner(s) to the Partnership;

(b) the sale or other disposition of all or substantially all of the assets of the Partnership, subject to the provisions of Section 6.03 and the Consent required pursuant to Section 8.02(b) hereof;

(c) the election by the General Partner, with the Consent of a majority in interest of the other Partners; or

(d) any other event causing the dissolution of the Partnership under the laws of the State.

12.02 Winding Up and Distribution.

(a) Upon the dissolution of the Partnership pursuant to Section 12.01, (i) a certificate of cancellation shall be filed in such offices within the State as may be required or appropriate and (ii) the Partnership business shall be wound up and its assets liquidated as provided in this Section 12.02 and the net proceeds of such liquidation, except as provided in Section 12.02(b) below, shall be distributed in accordance with Section 11.04.

(b) It is the intent of the Partners that, upon liquidation of the Partnership, any liquidation proceeds available for distribution to the Partners be distributed in accordance with the Partners' respective positive Capital Account balances. The Partners believe that distributions under Section 11.04 will effectuate such intent. In the event that, upon liquidation, there would otherwise be any conflict between a distribution pursuant to the Partners' respective positive Capital Account balances and the intent of the Partners with respect to distribution of proceeds as provided in Section 11.04, the Liquidator shall, notwithstanding the provisions of Sections 11.01, 11.02, 11.03 and 11.05, allocate the Partnership's gains, profits and losses in a manner that will, as nearly as possible, cause the distribution of liquidation proceeds to the Partners to be in accordance both with the Partners' economic expectations as set forth in Section 11.04 and their respective Capital Account balances. If the Partnership's gains, profits and losses are insufficient to cause the Partners' Capital Accounts to be in such amounts as will permit liquidation proceeds to be distributed both in accordance with the Partners' respective positive Capital Account balances and Section 11.04, then liquidation proceeds shall be distributed in accordance with the Partners' respective positive Capital Account balances after the allocations described herein have been made.

(c) The Liquidator shall file all certificates and notices of the dissolution of the Partnership required by law. The Liquidator shall proceed without any unnecessary delay to sell and otherwise liquidate the Partnership's property and assets; provided, however, that if the Liquidator shall determine that an immediate sale of part or all of the Partnership property would cause undue loss to the Partners, then in order to avoid such loss, the Liquidator may, except to the extent prohibited by the Act, defer the liquidation as may be necessary to satisfy the debts and liabilities of the Partnership to Persons other than the Partners. Upon the complete liquidation and distribution of the Partnership assets, the Partners shall cease to be Partners of the Partnership, and the Liquidator shall execute, acknowledge and cause to be filed all certificates and notices required by the law to terminate the Partnership.

(d) Upon the dissolution of the Partnership pursuant to Section 12.01, the Accountants shall promptly prepare, and the Liquidator shall furnish to each Partner, a

statement setting forth the assets and liabilities of the Partnership upon its dissolution. Promptly following the complete liquidation and distribution of the Partnership property and assets, the Accountants shall prepare, and the Liquidator shall furnish to each Partner, a statement showing the manner in which the Partnership assets were liquidated and distributed.

ARTICLE 13.
BOOKS AND RECORDS, ACCOUNTING,
TAX ELECTIONS, ETC.

13.01 Books and Records. The books and records of the Partnership shall be maintained on an accrual basis in accordance with generally accepted accounting principles. These and all other records of the Partnership, including information relating to the status of the Apartment Complex and information with respect to the sale by the General Partners or any Affiliate of goods or services to the Partnership, shall be kept at the principal office of the Partnership and shall be available for examination there by any Partner, or his duly authorized representative, at any and all reasonable times. Any Partner, or his duly authorized representative, upon paying the costs of collection, duplication and mailing, shall be entitled to a copy of the list of names and addresses of the Limited Partners.

13.02 Bank Accounts. All funds of the Partnership not otherwise invested shall be deposited in one or more accounts maintained in such banking institutions as the General Partner shall determine, and withdrawals shall be made only in the regular course of Partnership business on such signature or signatures as the General Partner may, from time to time, determine. No funds of the Partnership shall be deposited in any financial institution in which any Partner is an officer, director or holder of any proprietary interest.

13.03 Accountants. The Accountants shall annually prepare for execution by the General Partner all tax returns of the Partnership, shall annually audit the books of the Partnership, and shall certify, in accordance with generally accepted accounting principles, a balance sheet, a profit and loss statement, and a cash flow statement. With respect to each fiscal year during the Partnership's operations, at such time as the Accountants shall have prepared the proposed tax return for such year, the Accountants shall provide copies of such proposed tax return to the Limited Partner for its review and comment. Any material changes in such proposed tax return recommended by the Limited Partner's accountants shall be made by the Accountants prior to the completion of such tax return for execution by the General Partner. The Partnership shall reimburse the Limited Partner for its expenses incurred in causing the Partnership's proposed tax return to be reviewed by the Limited Partner's accountants when such review exceeds the scope of the Limited Partner's accountant's standard review, as determined by the Limited Partner in its sole discretion. A full detailed statement shall be furnished to all Partners showing such assets, properties, and net worth and the profits and losses of the Partnership for the preceding fiscal year. All Partners shall have the right and power to examine and copy, at any and all reasonable times, the books, records and accounts of the Partnership. Notwithstanding anything to the contrary contained herein, the General Partner, at the request of the Special Limited Partner, shall have the discretion to dismiss the Accountants for cause if such Accountant fails to provide, or untimely provides, or inaccurately provides, the information required in this Agreement.

13.04 Reports to Partners. In addition to the information required pursuant to the provisions of Section 7.05 hereof, the General Partner shall provide to the Limited Partners the following:

(a) Monthly Reports. The General Partner shall cause to be prepared and distributed to the Limited Partners at any time during the month prior to the date the report is due, the following monthly reports:

(i) Prior to Substantial Completion, a monthly report, certified by the General Partner to be true, complete and correct in all respects, providing:

(A) an analysis of the quality of construction and any known non-compliance with Plans and Specifications;

(B) any changes or deviations from the construction budget and construction schedule;

(C) any known environmental issues arising since the Initial Closing;

(D) any known delay in payment, or non-payment, of construction costs for which equity has been expended, or construction loan proceeds have been requisitioned or disbursed; and

(E) copies of all construction draw documentation submitted by the General Contractor in connection with a request for payment, including change orders.

(ii) Prior to Stabilized Operations, a monthly report, certified by the General Partner to be true, complete and correct in all respects providing:

(A) a rent roll commencing at initial occupancy;

(B) statement of income and expense, and cash flow for the month, together with a balance sheet, each of which may be unaudited;

(C) a summary of any tenant compliance review conducted by the General Partner (which must be conducted not less frequently than every twelve (12) months) summarizing compliance with the Minimum Set-Aside Test, Rent Restriction Test and other requirements to qualify for the Tax Credits, including those set forth in the Regulatory Agreement and Extended Use Agreement;

(D) upon commencement of leasing activity, a schedule of budgeted leasing activity with comparison against actual leasing activity for such month as well as a description of all marketing activities; and

(E) a summary of any on-site physical inspection of the Apartment Complex by the General Partner (including photographs), which must be conducted not less frequently than every twelve (12) months.

Monthly reports as described in this Section 13.04 shall be delivered to the Partners within twenty (20) days after the last day of the prior month which is the subject of the report.

(b) Quarterly Reports. The General Partner shall cause to be prepared and distributed to the Limited Partners at any time during the fiscal quarter prior to the date the report is due, the following reports:

- (i) all monthly reports not previously delivered as required under Section 13.04(a);
- (ii) a quarterly statement of income and expense and a cash flow statement for the quarter and the period then ending with a comparison to budget, which may be unaudited;
- (iii) a balance sheet, which may be unaudited, together with an Excel version of the trial balance;
- (iv) a statement of operations describing significant or material activities affecting the Partnership and Apartment Complex during the quarter, including, but not limited to the most recent rent roll and occupancy reports;
- (v) a bank statement verifying the current account balances of the Replacement Reserve, and Operating Reserve.
- (vi) a schedule of all fees, other compensation, distributions and reimbursements of expenses paid on behalf of the Partnership to the General Partner or any of its Affiliates during the quarter; and

All quarterly reports from the General Partner as described in this subsection (b) shall be delivered to the Partners within thirty (30) days of the last day of the fiscal quarter which is the subject of the report.

(c) Annual Reports. The General Partner shall cause to be prepared and distributed to the Limited Partners at any time during the fiscal year of the Partnership, the following reports:

- (i) all monthly reports not previously delivered as required under Section 13.04(a);
- (ii) all quarterly reports not previously delivered as required under Section 13.04(b);
- (iii) within sixty (60) days after the close of each fiscal year of the Partnership audited financial statements of the Partnership and the Guarantor for the fiscal year prepared by the Accountants (or other independent accountants approved by the Special Limited Partner) in accordance with generally accepted accounting principles, and such financial information with respect to each fiscal year of the Partnership as shall be reportable for federal and state income tax purposes. In addition, the General Partner shall provide the Special Limited Partner with the opportunity to have not less than twenty (20) days to review drafts of the Partnership's audited financial statements prior to their finalization and will incorporate the changes of the Special Limited Partner.
- (iv) within sixty (60) days after the close of each fiscal year of the Partnership:

(A) balance sheet, statements of income and expense, Partners' equity, and cash flows (including a calculation of Net Cash Flow and Surplus Cash) prepared by the Accountants in accordance with generally accepted accounting principles and accompanied by an Accountant's report and opinion;

(B) an unaudited report of the General Partner detailing distributions made during the fiscal year, separately identifying distributions from Net Cash Flow for the reporting fiscal year and prior fiscal years, proceeds from Capital Transactions, and proceeds from reserves or other deposits held by or for the benefit of the Partnership;

(C) a schedule of all fees, other compensation, distributions and reimbursements of expenses to the General Partner or any of its Affiliates during the fiscal year, not previously reported to the Partners under Section 13.04(a) or (b) above; and

(D) a copy of the annual certification of the Partnership submitted to the Agency for the prior calendar year.

(v) the current rent roll for the Apartment Complex; and

(vi) not less than sixty (60) days prior to the commencement of each fiscal year, for the Special Limited Partner's review and approval (which approval shall not be unreasonably withheld), detailed proposed operating and capital budgets for the Apartment Complex and the Partnership for the next fiscal year. Such budgets shall specifically list all budgeted expenses in all major categories including, but not limited to, administration, operation, repairs and maintenance, utilities, taxes, insurance, interest, debt service with respect to the Project Loans, capital improvements, and all budgeted expenses which are to be paid to the General Partner or its Affiliates. The Special Limited Partner shall submit its response to such proposed budgets to the General Partner within forty-five (45) days (or such shorter period of time as may be requested by any Project Lender, but in no event less than thirty (30) days) after its receipt of such proposed budgets; such response shall either evidence its approval of the proposed budgets or shall contain specific comments and recommendations with respect thereto.

(d) Annual Certification as to Project Loans and Other Matters. Within sixty (60) days after the end of each fiscal year of the Partnership, the General Partner shall provide to the Limited Partners:

(i) a certification (in the form attached hereto as Exhibit B-2) by the General Partner that (A) all Project Loan payments and insurance payments with respect to the Apartment Complex are current as of the date of the year-end report, (B) there is no material default under the Project Documents or this Agreement, or if there is any material default, a description thereof, (C) it has not received notice of any building, health or fire code violation or similar violation of a governmental law, ordinance or regulation against the Apartment Complex or, if any such notice of any violation has been received, a description thereof, (D) all real estate and ad valorem taxes, personal property taxes, assessments and other charges levied against the Apartment Complex have been paid and evidence of such payment, and (E) it has not received and does not expect to receive 8823s from the Agency, and there are no outstanding action items arising from the Agency's annual inspection and/or audit of the Apartment Complex;

(ii) a descriptive statement of all transactions during the fiscal year between the Partnership and the General Partner and/or any Affiliate, including the nature of the transaction and the payments involved (including accrued cash or other payments); and

(iii) a copy of the annual report to be filed with the Agency concerning the status of the Apartment Complex as low-income housing.

(e) Information Upon Limited Partner Request. Upon the written request of the Limited Partner for further information with respect to any matter covered in Section 13.04(a) through (d) above, the General Partner shall furnish such information within seven (7) days of receipt of such request, including, without limitation, copies of tenant files.

(f) Annual Reports on Occupancy and Other Operational Matters. The General Partner, on behalf of the Partnership, shall send to the Limited Partners, on or before March 31 in each year, a report which shall state:

(i) the then occupancy level of the Apartment Complex;

(ii) if there are any Operating Deficits or anticipated Operating Deficits, the manner in which such Deficits will be funded; and

(iii) such other matters as shall be material to the operation of the Partnership, including, without limitation, any building, health or fire code violation or similar violation of a governmental law, ordinance or regulation by the Apartment Complex of which the General Partner is aware.

(g) Estimates of Tax Items and Budgets. Not less than sixty (60) days prior to the end of each fiscal year, the General Partner, on behalf of the Partnership, shall send to the Limited Partner, for its Consent, an estimate of the Limited Partner's share of the Tax Credits, profits and losses of the Partnership for federal income tax purposes for the current fiscal year, and the budget for the Partnership and Apartment Complex for the fiscal year to come. In addition, the General Partner shall, during and after the period in which it is a Partner, provide the Partnership with such information and sign such documents as are necessary for the Partnership to make timely, accurate and complete submissions of federal and state income tax returns. Within sixty (60) days after the end of each fiscal year of the Partnership, the General Partner shall provide to the Special Limited Partner drafts of both the federal and state income tax returns. The Special Limited Partner shall have an opportunity to review and Consent to drafts of all such returns prior to their filing date, and the General Partner will incorporate any changes of the Special Limited Partner. Within ninety (90) days after the end of each fiscal year of the Partnership, the General Partner shall provide to the Special Limited Partner final copies of the federal and state income tax returns. In addition, the General Partner shall provide the Special Limited Partner with the opportunity to have not less than twenty (20) days to review drafts of audited financial statements prior to their finalization and will incorporate the changes of the Special Limited Partner.

(h) Reports on Defaults and Other Matters. The General Partner shall send the Limited Partners a detailed report of any of the following events within fifteen (15) days after the end of any calendar quarter during which such event occurs:

(i) a material default by the Partnership under the Project Documents or in payment of any mortgage, taxes, interest or other obligations on secured or unsecured debt;

(ii) the reduction or termination of any reserve by application of funds therein for purposes materially different from those for which such reserve was established;

(iii) the receipt by the General Partner of any notice of a material fact which may substantially affect further distributions; or

(iv) the pledge or collateralization by any Partner of its Interest in the Partnership.

(i) After the date of Substantial Completion, the General Partner, on behalf of the Partnership, shall send to the Limited Partners, a copy of all applicable periodic reports covering the status of the Apartment Complex as may be required by the Agency or the Project Lenders, within ten (10) days of submission of such reports to the Agency and/or applicable Project Lender.

(j) Liquidated Damages.

(i) In the event that the reports of information provided for in Sections 13.04(a) through (d) above are, at any time, not provided within the time frames set forth therein, and after receipt of written notice and the expiration of an additional 60-day cure period, the General Partner shall be obligated to pay to the Special Limited Partner, upon demand, the sum of \$100.00 per day, as liquidated damages, for each day from the date upon which such report(s) or information is (are) due pursuant to the provisions of the aforesaid Sections until the date upon which such report(s) or information is (are) provided in form acceptable to the Special Limited Partner. In the event the General Partner does not pay such fee as required above, the amount owed by the General Partner shall be distributed to the Special Limited Partner from Net Cash Flow prior to any payment of Net Cash Flow which might otherwise be payable to the General Partner or its Affiliates pursuant to the provisions of Section 11.03. Such amount shall be included as an amount guaranteed by the Guarantor pursuant to the Guaranty.

(ii) In the event that the reporting requirements set forth in any of the above provisions of this Section 13.04 are not met, the Limited Partner, in its reasonable discretion, may direct the General Partner to dismiss the Accountants, and to designate successor Accountants, subject to the approval of the Special Limited Partner; provided, however, that if the General Partner and the Limited Partner cannot agree on the designation of successor Accountants, the successor Accountants shall be designated by the Limited Partner in its sole reasonable discretion, and the fees of such successor Accountants shall be paid by the Partnership.

(k) Notification of Default, Service Proceedings, HUD REAC Reports and Agency Audits. In addition to any requirements set forth in Article 13 hereof, the General Partner shall immediately notify the Limited Partner of any written or oral notice of (i) any default or failure of compliance with respect to any of the Project Loans, Project Documents or any other financial contractual or governmental obligation of the Partnership or the General Partner, (ii) any Service proceeding regarding the Apartment Complex or the Partnership, and (iii) all HUD REAC reports, any Agency audits, receipt of any IRS Form 8823, and any and all other

reports, investigations, scores and related documents concerning the Apartment Complex. Any such notice shall be accompanied by copies of the foregoing documents.

(l) RAD Use Agreement Reports. In addition to the reporting requirements set forth in Article 13 hereof, the General Partner shall send a copy of any report made available to HUD pursuant to the RAD Use Agreement to the Limited Partner.

13.05 Section 754 Elections. In the event of a transfer of all or any part of the Interest of a General Partner or of a Limited Partner, the Partnership may elect, pursuant to Sections 743 and 754 of the Code (or any corresponding provision of succeeding law), to adjust the basis of the Partnership property if, in the opinion of the Limited Partner, based upon the advice of the Accountants, such election would be most advantageous to the Limited Partner. Each Partner agrees to furnish the Partnership with all information necessary to give effect to such election.

13.06 Fiscal Year and Accounting Method. The fiscal year of the Partnership shall be the fiscal year of the Limited Partner, which ends at December 31, or such other date as is necessary to be consistent with the Limited Partner's accounting practices. All Partnership accounts shall be determined on an accrual basis.

13.07 Tax Matters Partner.

(a) The General Partner hereby is designated as Tax Matters Partner of the Partnership, and shall engage in such undertakings as are required of the Tax Matters Partner of the Partnership, as provided in regulations pursuant to Section 6231 of the Code. Each Partner, by its execution of this Agreement, Consents to such designation of the Tax Matters Partner and agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be necessary or appropriate to evidence such Consent.

(b) The Tax Matters Partner shall have and perform all of the duties required under the Code, including the following duties:

(i) Furnish the name, address, profits interest, and taxpayer identification number of each Partner to the IRS; and

(ii) Within five calendar days after the receipt of any correspondence or communication relating to the Partnership or a Partner from the IRS, the Tax Matters Partner shall forward to each Partner a photocopy of all such correspondence or communication(s). The Tax Matters Partner shall, within five calendar days thereafter, advise each Partner in writing of the substance and form of any conversation or communication held with any representative of the IRS.

(c) The Tax Matters Partner shall not without the Consent of the Limited Partners:

(i) Extend the statute of limitations for assessing or computing any tax liability against the Partnership (or the amount or character of any Partnership tax items);

(ii) Settle any audit with the IRS concerning the adjustment or readjustment of any partnership item(s) (within the meaning of Section 6231(a)(3) of the Code);

(iii) File a request for an administrative adjustment with the IRS at any time or file a petition for judicial review with respect to any such request;

(iv) Initiate or settle any judicial review or action concerning the amount or character of any partnership tax item(s) (within the meaning of Section 6231(a)(3) of the Code);

(v) Intervene in any action brought by any other Partner for judicial review of a final adjustment; or

(vi) Take any other action not expressly permitted by this Section 13.07 on behalf of the Partners of the Partnership in connection with any administrative or judicial tax proceeding.

(d) In the event of any Partnership-level proceeding instituted by the IRS pursuant to Sections 6221 through 6233 of the Code, the Tax Matters Partner shall consult with the Limited Partners regarding the nature and content of all action and defense to be taken by the Partnership in response to such proceeding. The Tax Matters Partner also shall consult with the Limited Partners regarding the nature and content of any proceeding pursuant to Sections 6221 through 6233 of the Code instituted by or on behalf of the Partnership (including the decision to institute proceedings, whether administrative or judicial, and whether in response to a previous IRS proceeding against the Partnership or otherwise).

(e) The Partnership shall indemnify and reimburse the Tax Matters Partner for all expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial proceeding with respect to the tax liability of the Partners. The payment of all such expenses shall be made before any distributions are made from Net Cash Flow or any discretionary reserves are set aside by the General Partner. The General Partner shall have the obligation to provide funds for such purpose. Notwithstanding the foregoing, the provisions on liability and indemnification of the General Partner set forth in Section 8.07 of this Agreement shall be fully applicable to the Tax Matters Partner in its capacity as such.

ARTICLE 14. FEES AND PAYMENTS

14.01 Development Fee. The Partnership has entered into a Development Agreement of even date herewith with the Developer for its services in connection with the development and construction of the Apartment Complex. In consideration for such services, a Development Fee in a total amount equal to \$1,155,252 shall be payable by the Partnership, in accordance with the terms of the Development Agreement and Article 11 of this Agreement. Of the total Development Fee, approximately \$0 is anticipated to be deferred and paid out of Net Cash Flow.

14.02 Incentive Management Fee. The Partnership has entered into a Supervisory Management and Incentive Fee Agreement, in the form attached hereto as Exhibit E, with the Managing General Partner of even date herewith for its services in managing the business of the Partnership for the period from the date hereof throughout the term of the Partnership. In no event shall the Incentive Management Fee be cumulative. Payment of such fee shall be in accordance with any applicable requirements of the Project Lenders.

14.03 Withholding of Fee Payments.

(a) Conditions for Withholding. In the event that (i) the General Partner or any successor General Partner shall not have substantially complied with any material provisions under this Agreement, after Notice from the Limited Partner of such noncompliance and failure to cure such noncompliance within a period of thirty (30) days from and after the date of such Notice, or (ii) any Project Lender shall have declared the Partnership to be in default under any Project Loan, or (iii) foreclosure proceedings shall have been commenced against the Apartment Complex, then (A) the General Partner shall be in default of this Agreement, and the Partnership shall withhold payment of any installment of fees and/or allowance payable pursuant to Sections 14.01 and/or 14.02 and (B) the General Partner shall be liable for the Partnership's payment of any and all installments of the Development Fee payable pursuant to Section 14.01. Any amount of Development Fee withheld hereunder shall be withheld only until such time as the final payment is due under the Development Agreement and shall be paid in accordance with Section 5.01(b) hereof.

(b) Release of Fees. All amounts so withheld by the Partnership under this Section 14.03 shall be promptly released to the payees thereof only after the General Partner has cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Limited Partner.

14.04 Asset Management Fee. The Partnership shall pay, from Net Cash Flow, an annual fee (the "Asset Management Fee") equal to \$5,000 to the Special Limited Partner or its Affiliate for an annual review of the operations of the Partnership and the Apartment Complex. Such fee shall be paid annually and shall be cumulative to the extent not paid in full in any year, commencing on November 20, 2014, for asset management services for 2014, commencing March 1, 2016. Such fee shall increase annually by three percent (3%) of the Asset Management Fee for the preceding year.

14.05 Limited Partner Due Diligence Cost. The Partnership shall pay the costs and expenses incurred by the Limited Partners in connection with the due diligence activities of the Limited Partners and the closing of the transactions described herein, including the Limited Partners' legal fees (including without limitation, preparation of the tax opinion), costs and expenses, in an amount of \$25,000. Such payment shall be due upon execution of this Agreement or, and at the Special Limited Partner's election, deducted from the Limited Partner's First Capital Contribution. In addition, the Partnership shall be solely responsible for the payment of the costs and expenses incurred by the Construction Inspector.

ARTICLE 15.

CONSENTS, VOTING AND MEETINGS

15.01 Method of Giving Consent. Any Consent required by this Agreement may be given by a written Consent given by the consenting Partner and received by the General Partner at or prior to the doing of the act or thing for which the Consent is solicited.

15.02 Submissions to Limited Partners. The General Partner shall give the Limited Partners Notice of any proposal or other matter required by any provision of this Agreement or by law to be submitted for consideration and approval of the Limited Partners. Such Notice shall include any information required by the relevant provision or by law.

15.03 Meetings: Submission of Matter for Voting. The General Partner shall have the authority to convene meetings of the Partnership and to submit matters to a vote of the Partners.

ARTICLE 16.
GENERAL PROVISIONS

16.01 Burden and Benefit. The covenants and agreements contained herein shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties hereto.

16.02 Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the State.

16.03 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original copy and all of which together shall constitute one agreement binding on all parties hereto, notwithstanding that all the parties shall not have signed the same counterpart.

16.04 Separability of Provisions. Each provision of this Agreement shall be considered separable, and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.

16.05 Entire Agreement. This Agreement sets forth all (and is intended by all parties to be an integration of all) of the representations, promises, agreements and understandings among the parties hereto with respect to the Partnership, the Partnership business and the property of the Partnership, and there are no representations, promises, agreements or understandings, oral or written, express or implied, among them other than as set forth or incorporated herein.

16.06 Proposal and Adoption of Amendments. This Agreement may be amended by the General Partner with the Consent of the Limited Partner; provided that such Consent shall not be unreasonably withheld as to any proposed amendment which does not affect the obligations of the General Partner or the rights of any of the Partners under this Agreement; and further provided that, if the Limited Partner proposes an amendment to this Agreement which either (a) increases or imposes upon the Limited Partner the obligation to restore a deficit balance in its Capital Account, or (b) prospectively decreases the obligation of the Limited Partner to restore a deficit balance in its Capital Account in a subsequent Fiscal Year of the Partnership, the General Partner shall effectuate the adoption of such amendment; provided, however, that the General Partner shall not be liable to the Limited Partner for any adverse tax consequences that may result from any such increase or decrease. Notwithstanding the foregoing, any amendment which changes the conditions for the making of the Capital Contributions set forth in Section 5.02(b) hereof or otherwise affects the obligations of the Limited Partner, its successors or assigns, under this Agreement, shall be subject to the prior written consent of Wells Fargo Bank, National Association (or its successors and assigns) and HUD.

16.07 Liability of the Limited Partner. Notwithstanding anything to the contrary contained herein, neither the Limited Partner nor any of its members or partners, general or

limited, as the case may be, shall have any personal liability to any of the parties to this Agreement with regard to the representations and covenants extended, or the obligations undertaken, by the Limited Partner under this Agreement, except that the Limited Partner shall be personally obligated to fund its Capital Contributions when, as and if required by this Agreement and subject to any defenses and offsets it may have with respect to the funding of such Capital Contributions. In the event that the Limited Partner shall be in default under any of the terms of this Agreement, the sole recourse of any party hereto for any indebtedness due hereunder, or for any damages resulting from any such default by the Limited Partner, shall be either against the Interest of the Limited Partner and the capital contributions of the limited partners of the Limited Partner (either directly or through another Limited Partner) allocated to, and remaining for investment in, the Partnership; provided, however, that under no circumstances shall the liability of the Limited Partner for any such default be in excess of the amount of Capital Contribution payable by the Limited Partner to the Partnership, under the terms of this Agreement, at the time of such default, less the value of the Interest of the Limited Partner, if such Interest is claimed as compensation for damages.

16.08 Notices. All notices, demands, solicitations of consent or approval, and other communications hereunder required or permitted shall be in writing and shall be deemed to have been given (i) when personally delivered or telecopied, (ii) one business day after the date when deposited with an overnight courier, or (iii) five (5) days after the date when deposited in the United States mail and sent postage prepaid by registered or certified mail, return receipt requested, addressed as follows:

- (a) To the Limited Partner or Special Limited Partner:

c/o Red Stone Equity Partners, LLC
200 Public Square, Suite 2050
Cleveland, OH 44114
Attention: President & General Counsel
Fax No.: (216) 820-4751

with a copy to:

Applegate & Thorne-Thomsen, P.C.
626 W. Jackson Blvd., Suite 400
Chicago, IL 60661
Attention: Bennett P. Applegate
Fax. No.: (312) 491-4411

- (b) To the Managing General Partner:

Terrace Lane LLC
348 Thompson Creek Mall, Suite 357
Stevensville, Maryland 21666
Attention: Peter Behringer
Fax No.: (301) 563-6160

With a copy to:

Klein Hornig, LLP
101 Arch Street, Suite 1101

Boston, Massachusetts 02111
Attention: John Achatz
Fax No.: (617) 224-0601

(c) To the Co-General Partner:

Haven Redevelopment Group, Inc.
1 Jamaica Drive
Lexington, North Carolina 27293
Attention: Terrance Gerald
Fax No.: (336) 249-9353

With a copy to:

Ward & Smith
1001 College Court
New Bern, NC 28563-0867
Attention: James Norment
Fax No.: (252) 672-5477

16.09 Headings. All section headings are for convenience only and shall not be taken into consideration in interpreting or otherwise construing this Agreement.

16.10 Pronouns and Plurals. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural, as the identity of the person or persons may require.

16.11 Waiver of Jury Trial. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY PROJECT DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT, OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

ARTICLE 17.

HUD Required Provisions

17.01 So long as HUD is the insurer or holder of a mortgage note evidencing the FHA Loan (the "FHA Note"), the following provisions shall apply, which provisions may automatically terminate when the FHA Loan is no longer insured or held by HUD.

17.02 If any of the provisions of this Agreement or the Certificate conflict with the terms of the FHA Note, FHA Loan deed of trust ("Security Instrument"), or HUD Regulatory Agreement

(collectively, the HUD Loan Documents”), the provisions of the HUD Loan Documents shall control.

17.03 So long as HUD is the insurer or holder of the FHA Note, no provision required by HUD to be inserted into the organizational documents may be amended without HUD’s prior written approval.

17.04 Unless otherwise approved in writing by HUD, the Partnership’s business and purpose shall consist solely of the acquisition, ownership, operation and maintenance of the Apartment Complex (FHA Project No. 053-36178) located in Lexington, North Carolina and activities incidental thereto. The Partnership shall not engage in any other business or activity. The Apartment Complex shall be the sole asset of the Partnership, which shall not own or lease any other real estate other than the aforesaid Apartment Complex.

17.05 None of the following will have any force or effect without the prior written consent of HUD:

(a) Any amendment that modifies the term of the Partnership as stated in Section 1.05 hereof;

(b) Any amendment that triggers application of the HUD previous participation certification requirements (as set forth in Form HUD-2530, Previous Participation Certification, or 24 C.F.R. § 200.210, et seq.);

(c) Any amendment that in any way affects the HUD Loan Documents;

(d) Any amendment that would authorize any Partner, other than the General Partners or preapproved successor General Partners previously authorized by HUD, to bind the Partnership for all matters concerning the Apartment Complex which require HUD’s consent or approval;

(e) Any change that is subject to the HUD TPA requirements contained in Chapter 13 of HUD Handbook 4350.1 REV-1; or

(f) Any change in a guarantor of any obligation to HUD (including those obligations arising from violations of the HUD Regulatory Agreement).

17.06 The Partnership is authorized to execute the FHA Note and Security Instrument in order to secure a loan to be insured by HUD and to execute the HUD Regulatory Agreement and other documents required by HUD in connection with the FHA Loan.

17.07 Any incoming Partner must as a condition of receiving an interest in the Partnership agree to be bound by the HUD Loan Documents and any other documents required in connection with the FHA Loan to the same extent and on the same terms as the other Partners.

17.08 Notwithstanding any other provisions of this Agreement or the Certificate, upon any dissolution, no title or right to possession and control of the Apartment Complex, and no right to collect the rents from the Apartment Complex, shall pass to any person who is not bound by the HUD Regulatory Agreement, in a manner satisfactory to HUD.

17.09 The key principals of the Partnership identified in the HUD Regulatory Agreement are liable in their individual capacities to HUD to the extent set forth in the HUD Regulatory Agreement.

17.10 The Partnership shall not voluntarily be dissolved or converted to another form of entity without the prior written approval of HUD.

17.11 The Partnership has designated Peter Behringer as its official representative for all matters concerning the Apartment Complex that require HUD consent or approval. The signature of this representative will bind the Partnership in all such matters. The Partnership may from time to time appoint a new representative to perform this function, but within three business days of doing so, will provide HUD with written notification of the name, address, and telephone number of its new representative. When a person other than the person identified above has full or partial authority with respect to management of the Apartment Complex, the Partnership will promptly provide HUD with the name of that person and the nature of that person's management authority.

17.12 Notwithstanding any provision in this Agreement to the contrary, for so long as the Apartment Complex is subject to a loan insured or held by HUD, any obligation of the Partnership to indemnify any Person or to reimburse costs to any Person as provided in this Agreement shall be limited to (i) amounts mandated by state law, if any, (ii) coverage afforded under any liability insurance carried by the Partnership, and (iii) available "surplus cash" of the Partnership as defined in the HUD Regulatory Agreement. Until funds from a permitted source for payment of indemnification costs are available for payment, the Partnership shall not (a) pay funds to any members, partners, officers and directors, or (b) pay the deductible on an indemnification policy for any members, partners, officers and directors.

(signature page follows)

IN WITNESS WHEREOF, the parties have affixed their signatures and seals to this Amended and Restated Agreement of Limited Partnership of Terrace Lane Associates, LP as of the date first written above.

MANAGING GENERAL PARTNER:

Terrace Lane LLC,
a North Carolina limited liability company

By: 
Name: Peter Behringer
Title: Manager

CO-GENERAL PARTNER:

Haven Redevelopment Group, Inc.,
a North Carolina nonprofit corporation

By: _____
Name: Terrance A. Gerald, Sr.
Title: President

LIMITED PARTNER:

RSEP HOLDING, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

SPECIAL LIMITED PARTNER:

Red Stone Equity Manager, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties have affixed their signatures and seals to this Amended and Restated Agreement of Limited Partnership of Terrace Lane Associates, LP as of the date first written above.

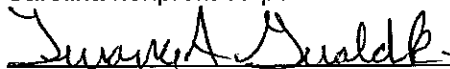
MANAGING GENERAL PARTNER:

Terrace Lane LLC,
a North Carolina limited liability company

By: _____
Peter Behringer, Manager

CO-GENERAL PARTNER:

Haven Redevelopment Group, Inc.,
a North Carolina nonprofit corporation

By: 
Terrance A. Gerald, Sr., President

LIMITED PARTNER:

RSEP HOLDING, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

SPECIAL LIMITED PARTNER:

Red Stone Equity Manager, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

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Name: Peter Behringer
Title: Manager

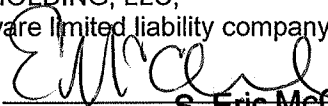
CO-GENERAL PARTNER:

Haven Redevelopment Group, Inc.,
a North Carolina nonprofit corporation

By: _____
Name: Terrance A. Gerald, Sr.
Title: President


LIMITED PARTNER:

RSEP HOLDING, LLC,
a Delaware limited liability company

By:  _____
Name: **S. Eric McClelland**
Title: **President**

SPECIAL LIMITED PARTNER:

Red Stone Equity Manager, LLC,
a Delaware limited liability company

By:  _____
Name: **S. Eric McClelland**
Title: **President**

WITHDRAWING LIMITED PARTNER:

Terrace Lane LLC,
a North Carolina limited liability company

By:



Name: Peter Behringer

Title: Manager

Q

Documentation of Rental
Assistance

Suffolk  **Redevelopment
& Housing Authority**
Changing Housing, Changing Minds, Changing Lives

530 E. Pinner Street
Suffolk, VA 23434
Telephone: 757-539-2100
TDD: 757-538-2886
Fax: 757-539-5184
Email: srha@suffolkrha.org
Website: www.Suffolkrha.org

February 25, 2019

White Marsh Point Apartments, L.P.
530 E. Pinner Street
Suffolk, VA 23434

RE: Provision of Project-Based Voucher Assistance
White Marsh Point Apartments, L.P.

To Whom it May Concern:

The Suffolk Redevelopment and Housing Authority (“Authority”) is pleased to award White Marsh Apartments, L.P. (the “Owner”) up to ninety-three (93) Project-Based Vouchers to be utilized at White Marsh Point, a proposed affordable housing development located at 500 Stacey Drive., Suffolk, VA 23434 (the “Project”).

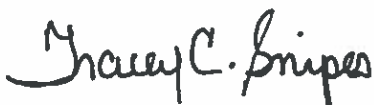
The Project will constitute the replacement of an existing public housing project, Parker Riddick, as part of the Authority’s initiative to improve, develop, or replace the public housing property. The Authority has made this award without competitive process pursuant to the Housing Opportunity Through Modernization Act of 2016 (HOTMA) and HUD guidance issued thereunder including, but not limited to, Attachment L of PIH Notice 2017-21 (*Implementation Guidance: Housing Opportunity Through Modernization Act of 2016 (HOTMA) – Housing Choice Voucher (HCV) and Project-Based Voucher (PBV) Provisions*).

Subject to the compliance with U.S. Department of Housing and Urban development requirements, including subsidy layering approval and additional requirements for PHA-owned units, the Authority hereby commits to enter into a Housing Assistance Payments (“HAP”) Contract with the Owner with regard to up to one hundred thirteen (93) units of multifamily rental housing to be developed as the Project. The HAP contract will have an initial term of 20 years with possible extensions at the end of such term. This commitment remains subject to the negotiation of the HAP contract.

The initial rents, as determined by the Authority, will be as follows:

Unit Type	Contract Rent	Utility Allowance	Rent to Owner
1 BR	\$946.00	\$146.00	\$800.00
2 BR	\$1,041.00	\$194.00	\$847.00
3 BR	\$1,459.00	\$238.00	\$1,221.00

Sincerely,



Tracey C. Snipes
Executive Director

COOPERATION AGREEMENT

This Agreement entered into this 16 day of March, 1972, by and between the Suffolk Redevelopment and Housing Authority (herein called the "Local Authority") and the City of Suffolk, Virginia (herein called the "Local Government").

WITNESSETH:

In consideration of the mutual covenants hereinafter set forth, the parties hereto do agree as follows:

1. Whenever used in this Agreement:

(a) The term "Project" shall mean any low-rent housing hereafter developed as an entity by the Local Authority with financial assistance of the United States of America acting by and through the Department of Housing and Urban Development (herein called "HUD"); excluding, however, any low-rent housing project covered by any contract for loans and annual contributions entered into between the Local Authority and HUD (or any predecessor agency of HUD), prior to the date of this Agreement.

(b) The term "Taxing Body" shall mean the State or any political subdivision or taxing unit thereof in which a Project is situated and which would have authority to assess or levy real or personal property taxes or to certify such taxes to a taxing body or public officer to be levied for its use and benefit with respect to a Project if it were not exempt from taxation.

(c) The term "Shelter Rent" shall mean the total of all charges to all tenants of a Project for dwelling rents and non-dwelling rents (excluding all other income of such Project), less the cost to the Local Authority of all dwelling and non-dwelling utilities.

(d) The term "Slum" shall mean any area where dwellings predominate which, by reason of dilapidation, overcrowding, faulty arrangement or design, lack of ventilation, light or sanitation facilities, or any combination of these factors, are detrimental to safety, health or morals.

2. The Local Authority shall endeavor (a) to secure a contract or contracts with HUD for loans and annual contributions covering one or more Projects comprising approximately 300 units of low-rent housing and (b) to develop and administer such Project or Projects, each of which shall be located within the corporate limits of the Local Government. The obligations of the parties hereto shall apply to each such Project.

3. (a) Under the constitution and statutes of the State of Virginia, all Projects are exempt from all real and personal property taxes and special assessments levied or imposed by any Taxing Body. With respect to any Project so long as either (i) such Project is owned by a public body or governmental agency and is used for low-rent housing purposes, or (ii) any contract between the Local Authority and HUD for loans or annual contributions, or both, in connection with such Project remains in force and effect, or (iii) any bonds issued in connection with such Project, or any monies due to HUD in connection with such Project remain unpaid, whichever period is the longest, the Local Government agrees that it will not levy or impose any real or personal property taxes or special assessments upon such Project or upon the Local Authority with respect thereto. During such period, the Local Authority shall make annual payments (herein called "Payments in Lieu of Taxes") in lieu of taxes and special assessments and in payment for the public services and facilities furnished from time to time without other cost or charge for or with respect to such Project.

(b) Each such annual Payment in Lieu of Taxes shall be made after the end of the fiscal year established for such Project, and shall be in an amount equal to either (i) ten percent (10%) of the Shelter Rent charged by the Local Authority in respect to such Project during such fiscal year or (ii) the amount permitted to be paid by applicable state law in effect on the date such payment is made, whichever amount is the lower.

(c) The Local Government shall distribute the Payments in Lieu of Taxes among the Taxing Bodies in the proportion which the real property taxes which would have been paid to each Taxing Body for such year if the Project were not exempt from taxation bears to the total real property taxes which would have been paid to all of the Taxing Bodies for such year if the Project were not exempt from taxation; Provided, however, that no payment for any year shall be made to any Taxing Body in excess of the amount of the real property taxes which would have been paid to such Taxing Body for such year if the Project were not exempt from taxation.

(d) Upon failure of the Local Authority to make any Payment in Lieu of Taxes, no lien against any Project or assets of the Local Authority shall attach, nor shall any interest or penalties accrue or attach on account thereof.

4. The Local Government agrees that, subsequent to the date of initiation (as defined in the United States Housing Act of 1937) of each Project and within five years after the completion thereof, or such further period as may be approved by HUD, there will be elimination (as approved by HUD) by demolition, condemnation, effective closing, or compulsory repair or improvement, of unsafe or insanitary dwelling units situated in the locality or metropolitan area of the Local Government substantially equal in number to the number of newly constructed dwelling units provided by such Project; Provided, that where more than one family is living in an unsafe or insanitary dwelling unit, the elimination of such unit shall count as the elimination of units equal to the number of families accommodated therein; and Provided, further, that this paragraph 4 shall not apply in the case of (i) any Project developed on the site of a Slum cleared subsequent to July 15, 1949 and that the dwelling units eliminated by the clearance of the site of such Project shall not be counted as elimination for any other Project or any other low-rent housing Project, or (ii) any Project located in a rural non-farm area.

5. During the period commencing with the date of the acquisition of any part of the site or sites of any Project and continuing so long as either (i) such Project is owned by a public body or governmental agency and is used for low-rent housing purposes, or (ii) any contract between the Local Authority and HUD for loans or annual contributions, or both, in connection with such Project remains in force and effect, or (iii) any bonds issued in connection with such Project or any monies due to HUD in connection with such Project remain unpaid, whichever period is the longest, the Local Government without cost or charge to the Local Authority or the tenants of such Project (other than the Payments in Lieu of Taxes) shall:

(a) Furnish or cause to be furnished to the Local Authority and the tenants of such Project public services and facilities of the same character and to the same extent as are furnished from time to time without cost or charge to other dwellings and inhabitants in the Local Government;

(b) Vacate such streets, roads and alleys within the area of such Project as may be necessary in the development thereof, and convey without charge to the Local Authority such interest as the Local Government may have in such vacated areas; and, insofar as it is lawfully able to do so without cost or expense to the Local Authority or to the Local Government cause to be removed from such vacated areas, insofar as it may be necessary, all public or private utility lines and equipment;

(c) Insofar as the Local Government may lawfully do so, (i) grant such deviations from the building code of the Local Government as are reasonable and necessary to promote economy and efficiency in the development and administration of such Project, and at the same time safeguard health and safety, and (ii) make such changes in any zoning of the site and surrounding territory of such Project as are reasonable and necessary for the development and protection of such Project and the surrounding territory;

(d) Accept grants of easements necessary for the development of such Project;

and

(e) Cooperate with the Local Authority by such other lawful action or ways as the Local Government and the Local Authority may find necessary in connection with the development and administration of such Project.

6. In respect to any Project the Local Government further agrees that within a reasonable time after receipt of a written request therefor from the Local Authority:

(a) It will accept the dedication of all interior streets, roads, alleys, and adjacent sidewalks within the area of such Project, together with all storm and sanitary sewer mains in such dedicated areas, after the Local Authority, at its own expense, has completed the grading, improvement, paving, and installation thereof in accordance with specifications acceptable to the Local Government;

(b) It will accept necessary dedications of land for, and will grade, improve, pave, and provide sidewalks for, all streets bounding such Project or necessary to provide adequate access thereto (in consideration whereof the Local Authority shall pay to the Local Government such amount as would be assessed against the Project site for such work if such site were privately owned); and

(c) It will provide, or cause to be provided, water mains, and storm and sanitary sewer mains, leading to such Project and serving the bounding streets thereof (in consideration whereof the Local Authority shall pay to the Local Government such amount as would be assessed against the Project site for such work if such site were privately owned).

7. If by reason of the Local Government's failure or refusal to furnish or cause to be furnished any public services or facilities which it has agreed hereunder to furnish or cause to be furnished to the Local Authority or to the tenants of any Project, the Local Authority incurs any expense to obtain such services or facilities, then the Local Authority may deduct the amount of such expense from any Payments in Lieu of Taxes due or to become due to the Local Government in respect to any Project or any other low-rent housing Projects owned or operated by the Local Authority.

8. No Cooperation Agreement heretofore entered into between the Local Government and the Local Authority shall be construed to apply to any Project covered by this Agreement.

9. So long as any contract between the Local Authority and HUD for loans (including Preliminary Loans) or annual contributions, or both, in connection with any Project shall remain in force and effect, or so long as any bonds issued in connection with any Project or any monies due to HUD in connection with such Project remain unpaid, this Agreement shall not be abrogated, changed or modified without the consent of HUD. The privileges and obligations of the Local Government hereunder shall remain in full force and effect with respect to each Project so long as the beneficial title to such Project is held by the Local Authority or any other public body or governmental agency, including HUD, authorized by law to engage in the development or administration of low-rent housing Projects. If at any time the beneficial title to, or possession of, any Project is held by such other public body or governmental agency, including HUD, the provisions hereof shall inure to the benefit of and may be enforced by, such other public body or governmental agency, including HUD.

IN WITNESS WHEREOF, the Local Authority and the Local Government have respectively signed this agreement and caused their seals to be affixed and attested as of the day and year first above written.

(SEAL)

Attest:

(Corporate Name of Local Government)

By _____

(SEAL)

Attest:

(Corporate Name of Local Authority)

By _____

Temporary Secretary

Chairman

R

Documentation of
Operating Budget

ProCraft Inspection Services

757.362.2300 • www.procraftinspections.com

February 11, 2019

Re: White Marsh Pointe, Suffolk, VA

Peter,

The monthly average water and sewer utility cost for White Marsh Pointe has been estimated to be:

\$80 for a one bedroom with 650 square feet
\$80 for a one bedroom with 724 square feet
\$118 for a two bedroom with 863 square feet
\$118 for a two bedroom with 970 square feet
\$155 for a three bedroom with 989 square feet
\$155 for a three bedroom with 1,109 square feet

The monthly average electric cost for White Marsh Pointe has been estimated to be:

\$66 for a one bedroom with 650 square feet
\$66 for a one bedroom with 724 square feet
\$76 for a two bedroom with 863 square feet
\$76 for a two bedroom with 970 square feet
\$83 for a three bedroom with 989 square feet
\$83 for a three bedroom with 1,109 square feet

*One bedroom assumes 2 occupants; two bedrooms assume 3 occupants and three bedrooms assume 4 occupants.

Pursuant to Option 2 in the VHDA Utility Allowance Options and Procedures issued on February 12, 2009, the utilities were estimated by an unrelated RESNET professional using an energy consumption model. The estimate reflects current rates as of December 31, 2018.

Respectfully,



Brad Brinke
ProCraft Inspection Services
HERS Rater #7280903



Energy audits • energy ratings • weatherization • property inspections

ProCraft Inspection Services

757.362.2300 • www.procraftinspections.com

**White Marsh Pointe
Suffolk, VA**

Water Fixtures Used:

1.28gpf toilet
1.5gpm shower head
Electric dishwasher

White Marsh Pointe was modeled using the EPA's "Water Sense Home" baseline figures of 70 gallons per person per day. By using the ultra-low flow fixtures and other water saving devices in the units a savings of 27.95 gallons per day is created. When subtracted from the EPA estimate a comparable unit will use 42.05 gallons of water per day per person.

Water rates are \$9.71 per CCF
Sewer rates are \$7.27 per CCF
HRSD treatment fee is \$5.37 CCF

A sample 4 person household (3 bedroom)

42.05 gallons X 4 persons X 60 days (billing cycle) = 13.49 CCF

Suffolk Meter Fee	\$9.60
13.49 CCF x \$9.71 water	\$130.98
13.49 CCF x \$7.27 sewer	\$98.07
13.49 CCF x \$5.37 HRSD	<u>\$72.44</u>

Total **\$311.09**

Daily Rate \$311.09/60=\$5.18

Monthly Rate \$155.40

Electric Fixtures Used:

Electric water heater
Refrigerator
Dishwasher
Electric heat pump

Electric rates at \$.02 for the first 800 KWH and \$.012 for over 800 KWH
Monthly Meter Fee \$7.00

White Marsh Pointe electric use per unit was modeled using
The Home Energy Saver from the DOE.



Energy audits • energy ratings • weatherization • property inspections



March 1, 2019

White Marsh Point Apartments, LP
530 E. Pinner Street
Suffolk, VA 23434

RE: White Marsh Point - Operating Budget

Dear Sir or Madam,

Vista Capital Management Group, as management agent for White Marsh Point Apartments, LP, certifies that it has reviewed the attached operating budget for the above referenced project and approves the budget content.

Kind Regards,

A handwritten signature in blue ink that reads "Wayne Redding". The signature is fluid and cursive.

Wayne Redding
President



I. UTILITIES

1. Describe the Heating/AC System:

Split System Electric Heat Pump

2. Services Included:

Utilities	Type of Utility (Gas, Electric, Oil, etc.)	Utilities ▶ Paid by:	Enter Allowances by Bedroom Size				
			0-bdr	1-bdr	2-bdr	3-bdr	4-br
Heating	Electric	Tenant	0	66	76	83	0
Air Conditioning	Electric	Tenant	0	0	0	0	0
Cooking	Electric	Tenant	0	0	0	0	0
Lighting	Electric	Tenant	0	0	0	0	0
Hot Water	Electric	Tenant	0	0	0	0	0
Water	Includes Sewer	Tenant	0	80	118	155	0
Sewer		Owner	0	0	0	0	0
Trash		Owner	0	0	0	0	0
Total utility allowance for costs paid by tenant			\$0	\$146	\$194	\$238	\$0

3. The following sources were used for Utility Allowance Calculation (Provide documentation **TAB R**).

- a. FALSE HUD
- b. FALSE Utility Company (Estimate)
- c. FALSE Utility Company (Actual Survey)
- d. FALSE Local PHA
- e. TRUE Other: ProCraft Inspection Services

Warning: The VHDA housing choice voucher program utility schedule shown on VHDA.com should not be used unless directed to do so by the local housing authority.

Suffolk  **Redevelopment
& Housing Authority**
Changing Housing, Changing Minds, Changing Lives

530 E. Pinner Street
Suffolk, VA 23434
Telephone: 757-539-2100
TDD: 757-538-2886
Fax: 757-539-5184
Email: srha@suffolkrha.org
Website: www.Suffolkrha.org

February 25, 2019

White Marsh Point Apartments, L.P.
530 E. Pinner Street
Suffolk, VA 23434

RE: Provision of Project-Based Voucher Assistance
White Marsh Point Apartments, L.P.

To Whom it May Concern:

The Suffolk Redevelopment and Housing Authority (“Authority”) is pleased to award White Marsh Apartments, L.P. (the “Owner”) up to ninety-three (93) Project-Based Vouchers to be utilized at White Marsh Point, a proposed affordable housing development located at 500 Stacey Drive., Suffolk, VA 23434 (the “Project”).

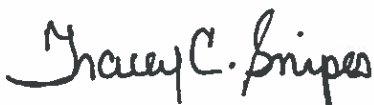
The Project will constitute the replacement of an existing public housing project, Parker Riddick, as part of the Authority’s initiative to improve, develop, or replace the public housing property. The Authority has made this award without competitive process pursuant to the Housing Opportunity Through Modernization Act of 2016 (HOTMA) and HUD guidance issued thereunder including, but not limited to, Attachment L of PIH Notice 2017-21 (*Implementation Guidance: Housing Opportunity Through Modernization Act of 2016 (HOTMA) – Housing Choice Voucher (HCV) and Project-Based Voucher (PBV) Provisions*).

Subject to the compliance with U.S. Department of Housing and Urban development requirements, including subsidy layering approval and additional requirements for PHA-owned units, the Authority hereby commits to enter into a Housing Assistance Payments (“HAP”) Contract with the Owner with regard to up to one hundred thirteen (93) units of multifamily rental housing to be developed as the Project. The HAP contract will have an initial term of 20 years with possible extensions at the end of such term. This commitment remains subject to the negotiation of the HAP contract.

The initial rents, as determined by the Authority, will be as follows:

Unit Type	Contract Rent	Utility Allowance	Rent to Owner
1 BR	\$946.00	\$146.00	\$800.00
2 BR	\$1,041.00	\$194.00	\$847.00
3 BR	\$1,459.00	\$238.00	\$1,221.00

Sincerely,



Tracey C. Snipes
Executive Director

L. UNIT DETAILS

1. Set-Aside Election:

UNITS SELECTED IN INCOME AND RENT DETERMINE POINTS FOR THE BONUS POINT CATEGORY

Note: In order to qualify for any tax credits, a development must meet one of two minimum threshold occupancy tests. Either (i) at least 20% of the units must be rent-restricted and occupied by persons whose incomes are 50% or less of the area median income adjusted for family size (this is called the 20/50 test) or (ii) at least 40% of the units must be rent-restricted and occupied by persons whose incomes are 60% or less of the area median income adjusted for family size (this is called the 40/60 test), all as described in Section 42 of the IRC. Rent-and income-restricted units are known as low-income units. If you have more low-income units than required, you qualify for more credits. If you serve lower incomes than required, you receive more points under the ranking system.

a. Units Provided Per Household Type:

Income Levels		
# of Units	% of Units	
0	0.00%	20% Area Median
0	0.00%	30% Area Median
10	10.75%	40% Area Median
46	49.46%	50% Area Median
37	39.78%	60% Area Median
0	0.00%	70% Area Median
0	0.00%	80% Area Median
0	0.00%	Market Units
93	99.99%	Total

Rent Levels		
# of Units	% of Units	
0	0.00%	20% Area Median
0	0.00%	30% Area Median
10	10.75%	40% Area Median
46	49.46%	50% Area Median
37	39.78%	60% Area Median
0	0.00%	70% Area Median
0	0.00%	80% Area Median
0	0.00%	Market Units
93	99.99%	Total

- b. The development plans to utilize income averaging..... FALSE
 If above is true, should the points based on the units assigned to the levels above **be waived** and therefore not required for compliance?
 20-30% Levels FALSE 40% Levels FALSE 50% Levels FALSE

2. Unit Detail

FOR YOUR CONVENIENCE, COPY AND PASTE IS ALLOWED WITHIN UNIT MIX GRID

In the following grid, add a row for each unique unit type planned within the development. Enter the appropriate data for both tax credit and market rate units.

	Unit Type (Select One)	Rent Target (Select One)	Number of Units	Number of Units 504 compliant	Net Rentable Square Feet	Monthly Rent Per Unit	Total Monthly Rent
Mix 1	1 BR - 1 Bath	40% AMI	2		650.00	\$800.00	\$1,600
Mix 2	1 BR - 1 Bath	50% AMI	12	1	650.00	\$800.00	\$9,600
Mix 3	1 BR - 1 Bath	60% AMI	3		650.00	\$800.00	\$2,400
Mix 4	2 BR - 2 Bath	40% AMI	6	1	863.00	\$847.00	\$5,082
Mix 5	2 BR - 2 Bath	50% AMI	24	2	863.00	\$847.00	\$20,328
Mix 6	2 BR - 2 Bath	60% AMI	26	2	863.00	\$847.00	\$22,022
Mix 7	3 BR - 2 Bath	40% AMI	2	2	989.00	\$1,221.00	\$2,442
Mix 8	3 BR - 2 Bath	50% AMI	10		989.00	\$1,221.00	\$12,210
Mix 9	3 BR - 2 Bath	60% AMI	8	2	989.00	\$1,221.00	\$9,768
Mix 10							\$0
Mix 11							\$0
Mix 12							\$0
Mix 13							\$0
Mix 14							\$0
Mix 15							\$0
Mix 16							\$0
Mix 17							\$0
Mix 18							\$0
Mix 19							\$0
Mix 20							\$0
Mix 21							\$0
Mix 22							\$0

L. UNIT DETAILS

Mix 23							\$0
Mix 24							\$0
Mix 25							\$0
Mix 26							\$0
Mix 27							\$0
Mix 28							\$0
Mix 29							\$0
Mix 30							\$0
Mix 31							\$0
Mix 32							\$0
Mix 33							\$0
Mix 34							\$0
Mix 35							\$0
Mix 36							\$0
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Mix 70							\$0
Mix 71							\$0
Mix 72							\$0
Mix 73							\$0
Mix 74							\$0
Mix 75							\$0
Mix 76							\$0
Mix 77							\$0
Mix 78							\$0
Mix 79							\$0
Mix 80							\$0
Mix 81							\$0

L. UNIT DETAILS

Mix 82								\$0
Mix 83								\$0
Mix 84								\$0
Mix 85								\$0
Mix 86								\$0
Mix 87								\$0
Mix 88								\$0
Mix 89								\$0
Mix 90								\$0
Mix 91								\$0
Mix 92								\$0
Mix 93								\$0
Mix 94								\$0
Mix 95								\$0
Mix 96								\$0
Mix 97								\$0
Mix 98								\$0
Mix 99								\$0
Mix 100								\$0
TOTALS			93	10	7,506.00	\$8,604		\$85,452

Total Units	93	Net Rentable SF:	TC Units	79,158.00
			MKT Units	0.00
			Total NR SF:	79,158.00

Floor Space Fraction (to 7 decimals)	100.00000%
---	-------------------

2019 Low-Income Housing Tax Credit Application For Reservation

M. OPERATING EXPENSES

Administrative:

Use Whole Numbers Only!

1. Advertising/Marketing			\$2,000
2. Office Salaries			\$75,000
3. Office Supplies			\$2,300
4. Office/Model Apartment	(type _____)		\$0
5. Management Fee			\$61,996
6.45% of EGI	\$666.62	Per Unit	
6. Manager Salaries			\$15,000
7. Staff Unit (s)	(type _____)		\$0
8. Legal			\$4,000
9. Auditing			\$3,000
10. Bookkeeping/Accounting Fees			\$0
11. Telephone & Answering Service			\$7,000
12. Tax Credit Monitoring Fee			\$2,520
13. Miscellaneous Administrative			\$5,000
Total Administrative			\$177,816

Utilities

14. Fuel Oil			\$0
15. Electricity			\$12,230
16. Water			\$4,650
17. Gas			\$0
18. Sewer			\$5,115
Total Utility			\$21,995

Operating:

19. Janitor/Cleaning Payroll			\$15,000
20. Janitor/Cleaning Supplies			\$500
21. Janitor/Cleaning Contract			\$0
22. Exterminating			\$6,000
23. Trash Removal			\$11,000
24. Security Payroll/Contract			\$10,000
25. Grounds Payroll			\$0
26. Grounds Supplies			\$0
27. Grounds Contract			\$10,000
28. Maintenance/Repairs Payroll			\$40,000
29. Repairs/Material			\$24,847
30. Repairs Contract			\$7,000
31. Elevator Maintenance/Contract			\$0
32. Heating/Cooling Repairs & Maintenance			\$2,000
33. Pool Maintenance/Contract/Staff			\$0
34. Snow Removal			\$0
35. Decorating/Payroll/Contract			\$15,000
36. Decorating Supplies			\$0
37. Miscellaneous			\$9,000
Totals Operating & Maintenance			\$150,347

M. OPERATING EXPENSES

Taxes & Insurance

38. Real Estate Taxes	\$0
39. Payroll Taxes	\$5,000
40. Miscellaneous Taxes/Licenses/Permits	\$0
41. Property & Liability Insurance	\$25,344
42. Fidelity Bond	\$0
43. Workman's Compensation	\$2,500
44. Health Insurance & Employee Benefits	\$38,000
45. Other Insurance	\$0
Total Taxes & Insurance	\$70,844

Total Operating Expense	\$421,002
--------------------------------	------------------

Total Operating Expenses Per Unit	\$4,527	C. Total Operating Expenses as % of EGI	43.78%
--	----------------	--	---------------

Replacement Reserves (Total # Units X \$300 or \$250 New Const. Elderly Minimum)	\$27,900
---	-----------------

Total Expenses	\$448,902
-----------------------	------------------

ACTION: Provide Documentation of Operating Budget at **Tab R** if applicable.

T. CASH FLOW

1. Revenue

Indicate the estimated monthly income for the **Low-Income Units** (based on Unit Details tab):

Total Monthly Rental Income for LIHTC Units	\$85,452
Plus Other Income Source (list): <u>Laundry & Late Fees (\$720)</u>	<u>\$720</u>
Equals Total Monthly Income:	<u>\$86,172</u>
Twelve Months	x12
Equals Annual Gross Potential Income	\$1,034,064
Less Vacancy Allowance <u>7.0%</u>	<u>\$72,384</u>
Equals Annual Effective Gross Income (EGI) - Low Income Units	<u>\$961,680</u>

2. Indicate the estimated monthly income for the **Market Rate Units** (based on Unit Details tab):

Total Monthly Income for Market Rate Units:	\$0
Plus Other Income Source (list): <u></u>	<u>\$0</u>
Equals Total Monthly Income:	<u>\$0</u>
Twelve Months	x12
Equals Annual Gross Potential Income	\$0
Less Vacancy Allowance <u>0.0%</u>	<u>\$0</u>
Equals Annual Effective Gross Income (EGI) - Market Rate Units	<u>\$0</u>

Action: Provide documentation in support of Operating Budget (**TAB R**)

3. Cash Flow (First Year)

a. Annual EGI Low-Income Units	<u>\$961,680</u>
b. Annual EGI Market Units	<u>\$0</u>
c. Total Effective Gross Income	<u>\$961,680</u>
d. Total Expenses	<u>\$448,902</u>
e. Net Operating Income	<u>\$512,778</u>
f. Total Annual Debt Service	<u>\$447,063</u>
g. Cash Flow Available for Distribution	<u>\$65,715</u>

T. CASH FLOW

4. Projections for Financial Feasibility - 15 Year Projections of Cash Flow

	Stabilized Year 1	Year 2	Year 3	Year 4	Year 5
Eff. Gross Income	961,680	980,913	1,000,531	1,020,542	1,040,953
Less Oper. Expenses	448,902	462,369	476,240	490,527	505,243
Net Income	512,778	518,544	524,291	530,015	535,710
Less Debt Service	447,063	447,063	447,063	447,063	447,063
Cash Flow	65,715	71,481	77,228	82,952	88,647
Debt Coverage Ratio	1.15	1.16	1.17	1.19	1.20

	Year 6	Year 7	Year 8	Year 9	Year 10
Eff. Gross Income	1,061,772	1,083,007	1,104,667	1,126,761	1,149,296
Less Oper. Expenses	520,400	536,012	552,093	568,656	585,715
Net Income	541,371	546,995	552,575	558,105	563,581
Less Debt Service	447,063	447,063	447,063	447,063	447,063
Cash Flow	94,308	99,932	105,512	111,042	116,518
Debt Coverage Ratio	1.21	1.22	1.24	1.25	1.26

	Year 11	Year 12	Year 13	Year 14	Year 15
Eff. Gross Income	1,172,282	1,195,728	1,219,642	1,244,035	1,268,916
Less Oper. Expenses	603,287	621,385	640,027	659,228	679,005
Net Income	568,995	574,342	579,615	584,807	589,911
Less Debt Service	447,063	447,063	447,063	447,063	447,063
Cash Flow	121,932	127,279	132,552	137,744	142,848
Debt Coverage Ratio	1.27	1.28	1.30	1.31	1.32

Estimated Annual Percentage Increase in Revenue 2.00% (Must be \leq 2%)
 Estimated Annual Percentage Increase in Expenses 3.00% (Must be \geq 3%)

S

Supportive Housing
Certification

Not Applicable

T

Funding Documentation



PH: 410.727.2111
FX: 410.727.3233

20 South Charles Street, Suite 1000
Baltimore, MD 21201
www.agmfinancial.com

February 25, 2019

Peter Behringer
White Marsh Point Apartments, LP
Managing Member

RE: White Marsh Point
Suffolk, VA

Dear Mr. Behringer:

AGM Financial Services, Inc. is a licensed FHA Mortgagee for multifamily housing. We are licensed by the U.S. Department of Housing and Urban Development (HUD) to represent Borrowers seeking FHA-insured first mortgages. We accept only those projects which meet all FHA requirements.

We have reviewed your pro forma and have determined that the project meets FHA criteria for mortgage insurance pursuant to the Section 221(d)(4) program, and it is financially feasible.

This letter represents our Commitment to provide an FHA insured first mortgage for White Marsh Point in conjunction with 9% tax credits subject to the following terms and conditions and final underwriting:

1. Project: 93 income restricted rental apartments in Suffolk, VA.
2. Loan Amount: \$7,811,800 secured by a first lien.
3. Term: 40 years plus 20 months for construction and cost certification. The estimated monthly mortgage payments of principal and interest shall be \$37,250.
4. Recourse: None for any stage of the loan.
5. Conversion Requirements: None, no lease up or operating goals to meet.

Financing Communities with FHA

MARKET RATE & AFFORDABLE

6. Interest Rate: Based upon a current rate of 4.60% plus 0.25% Mortgage Insurance Premium. The interest rate is fixed during the construction and permanent period.
7. Development Cost: Approximately \$21,474,889 including acquisition, construction, soft costs and escrows.
8. Note Endorsement: Timely Endorsement of the Mortgage Note by HUD. We intend to process with a Straight-to-Firm Mortgage Insurance application. The HUD process begins with a Concept Meeting which would be conducted within several weeks of your approval to proceed. The next step is to prepare and file the Firm Application with HUD. For this type of application, HUD is given 60-days from the date of the Firm Application submission to issue a Firm Commitment. When the commitment is issued, we will lock the interest rate with a GNMA Investor and provide final numbers to HUD so they can amend the commitment. The HUD closing process will take an additional 60 days.

We look forward to continuing to work with you to bring this project to a successful loan closing. If you have any questions, please do not hesitate to call.

Sincerely,



Stephen L. Rudow
Senior Vice President



Changing Housing, Changing Minds, Changing Lives

February 25, 2019

530 E. Pinner Street
Suffolk, VA 23434
Telephone: 757-539-2100
TDD: 757-538-2886
Fax: 757-539-5184
Email: srha@suffolkrrha.org
Website: www.Suffolkrrha.org

White Marsh Point Apartments, L.P.
530 E. Pinner Street
Suffolk, VA 23434

RE: Financing Commitment
White Marsh Point Apartments L.P.

Dear Mr. Behringer:

The undersigned ("Lender") hereby makes the following representations to induce the Virginia Housing Development Authority to reserve Low Income Housing Tax Credits for the development located at or to be located at 500 Stacey Drive, Suffolk, VA, known as or to be known as White Marsh Point, and consisting of or to consist of 93 units ("Development"):

1. The Lender has issued a letter of intent ("Letter") to Applicant to provide permanent financing in the amount not to exceed \$4,604,675 (the Loan amount). This financing will be provided by Housing Authority Reserves and Capital Funds of \$1,650,000, a Surplus Cash Note of \$1,395,000, City of Suffolk funds of \$350,000 and a Deferred Developer Fee of \$667,497. The above loan amount also includes an Affordable Housing program (AHP) loan that will be applied for from the Atlanta Federal Home Loan Bank (FHLB) for which a commitment has not been received. In the event that this commitment is awarded by the FHLB, the total SRHA loan amount will be reduced by the \$500,000 AHP loan.
2. The Letter does not contain any conditions which are not customary and reasonable for loans of this nature and amount and which are not reasonably expected by the Lender to be met at the time of loan funding.
3. The loan, if made, shall have a term of at least 40 years, at a fixed interest rate of 3.0 %, payable with 50% of the cash flow after any conventional debt payments.
5. The anticipated security interest of the Lender shall be leasehold and a junior lien position, behind any first or second lien loans and any HUD or VHDA Use Agreements..
6. This Letter of intent shall be valid until December 31st, 2019.
7. The total amount of fees associated with permanent financing (i.e. origination) are \$0.

Sincerely,

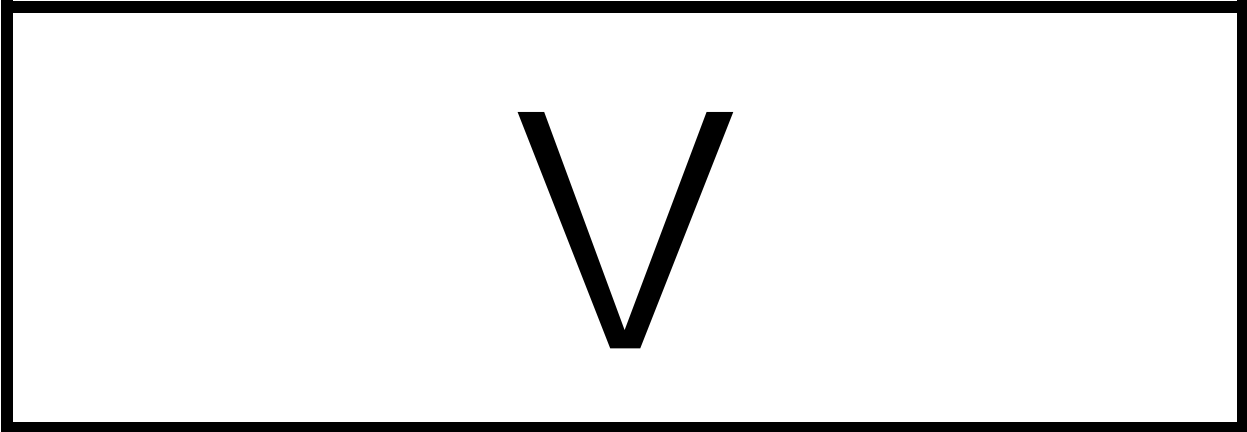
A handwritten signature in black ink that reads "Tracey C. Snipes". The signature is written in a cursive, flowing style.

Tracey C. Snipes
Executive Director

U

Documentation to
Request Exception to
Restriction-Pools with
Little/No Increase in Rent
Burdened Population

Not Applicable



V

Nonprofit or LHA Purchase
Option or Right of First
Refusal

**Exemption from Recording Taxes:
Section 58.1-811(E) of the 1950 Code of Virginia, as amended**

Prepared by and return to:
Delphine G. Carnes, Esq.
Crenshaw, Ware & Martin, PLC
150 West Main Street
Suite 1500
Norfolk, Virginia 23510

OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT

THIS OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT (this “Agreement”), dated and effective as of the 26th day of February, 2019, is made by and between **WHITE MARSH POINTE APARTMENTS, L.P.**, a limited partnership formed under the laws of the Commonwealth of Virginia with an address at c/o White Marsh Pointe Apartments GP, L.L.C., 530 E. Pinner Street, Suffolk, Virginia 23434 (the “Partnership”), as **GRANTOR**, and **SUFFOLK REDEVELOPMENT AND HOUSING AUTHORITY**, a political subdivision of the Commonwealth of Virginia with an address at 530 E. Pinner Street, Suffolk, Virginia 23434 (the “Purchaser”), as **GRANTEE**.

RECITALS

WHEREAS, the Partnership was formed for the purpose of acquiring, owning, developing, constructing, leasing, managing, operating, and, if appropriate or desirable, selling or otherwise disposing of certain residential units and associated common areas located in the City of Suffolk, Virginia, collectively known as White Marsh Pointe, more particularly described on Exhibit A attached hereto and made a part hereof (the “Property”); and

WHEREAS, the Partnership desires to give, grant, bargain, sell and convey to Purchaser an option and right of first refusal with respect to the Property on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the payment of ten dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Partnership and the Purchaser agree as follows:

1. **Grant of Option**. The Partnership hereby grants to the Purchaser an option (the “Option”) to purchase the Property. The Purchaser may exercise this Option for a period of twelve (12) months (the “Option Period”) following the close of the Compliance Period as determined under Section 42(i)(1) of the Code on the terms and conditions set forth in this Agreement.

2. **Grant of Right of First Refusal.** In the event the Partnership decides to sell the Property (other than under the circumstances described in Paragraph 1 above), the Purchaser shall have a right of first refusal to purchase the Property (the "Refusal Right") for a period of twenty-four (24) months (the "Refusal Right Period") following the close of the Compliance Period, on the terms and conditions set forth in this Agreement. Prior to accepting a bona fide offer to purchase the Property, the Partnership shall notify the Purchaser and each Partner of such offer and deliver to each of them a copy thereof. The Partnership shall not accept any such offer unless and until the Refusal Right has expired without exercise by the Purchaser in accordance with Paragraph 4 hereof.

3. **Purchase Price under Option and Refusal Right.** The purchase price for the Property pursuant to the Refusal Right shall be equal to the sum of (i) the principal amount of all outstanding indebtedness secured by the Property and any accrued interest on any such indebtedness (other than the principal amount of indebtedness incurred within the 5-year period ending on the date of the sale) and (ii) all federal, State, and local taxes attributable to such sale, including those incurred or to be incurred by the partners of the Limited Partner. The purchase price for the Option shall be equal to the greater of (i) the fair market value of the Property or (ii) the price determined under the previous sentence.

4. **Exercise of Option or Refusal Right.** The Option and the Refusal Right each may be exercised under the terms of Paragraph 1 and Paragraph 2 hereof by the Purchaser by giving prior written notice of its intent to exercise the Option or the Refusal Right (an "Exercise Notice") to the Partnership and each of its Partners. Any such Exercise Notice with respect to the Option shall be given prior to the expiration of the Option Period. Any such Exercise Notice with respect to the Refusal Right shall be given within ninety (90) days after the Purchaser has received the Partnership's notice of a bona fide offer pursuant to Paragraph 2 hereof. In either case, the Exercise Notice shall specify a closing date within one hundred eighty (180) days immediately following the date of exercise. If the foregoing requirements are not satisfied as and when provided herein, the Option or the Refusal Right, or both, as applicable, shall expire and be of no further force or effect.

5. **Notices.** All notices, demands or other communications hereunder shall be in writing and deemed to have been given when the same are (i) deposited in the United States mail and sent by certified or registered mail, postage prepaid, (ii) deposited with Federal Express or another nationally recognized overnight delivery service, or (iii) delivered personally, in each case to the parties at the addresses set forth below or at such other addresses as such parties may designate by notice to the Partnership:

If to the Partnership:

White Marsh Pointe Apartments, L.P.
c/o White Marsh Pointe Apartments GP, L.L.C.

530 E. Pinner Street,
Suffolk, Virginia 23434
Attn: Tracey C. Snipes

If to the Purchaser:

Suffolk Redevelopment and Housing Authority
530 E. Pinner Street,
Suffolk, Virginia 23434
Attn: Tracey C. Snipes

6. **Severability of Provisions.** Each provision of this Agreement shall be considered severable, and if for any reason any provision that is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid or contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement that are valid.

7. **No Continuing Waiver.** None of the parties hereto shall be deemed to have waived any rights hereunder unless such waiver shall be in writing and signed by such party. The waiver by any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

8. **Defined Terms.** Except as expressly provided herein, terms used in this Agreement with initial capital letters shall have the meanings set forth in the Agreement of Limited Partnership.

9. **Governing Law.** This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia, without regard to principles of conflicts of laws.

10. **Binding Agreement.** This Agreement shall be binding upon, and inure to the benefit of, the parties hereto, and their heirs, executors, personal representatives, successors and assigns.

11. **Headings.** All headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any provision of this Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Option and Right of First Refusal Agreement as of the day and year first above written.

PARTNERSHIP:

WHITE MARSH POINTE APARTMENTS, L.P.
a Virginia limited partnership

By: White Marsh Pointe Apartments GP, L.L.C.,
a Virginia limited liability company,
its General Partner

By: Suffolk Redevelopment and Housing
Authority, a political subdivision of the
Commonwealth of Virginia,
Member

By Macey C Snipes
Name: Tracey C. Snipes
Title: Executive Director

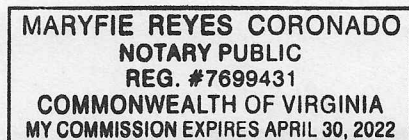
COMMONWEALTH OF VIRGINIA

CITY OF SUFFOLK, to-wit:

I, MARYFIE REYES CORONADO, a Notary Public in and for the City aforesaid, in the Commonwealth of Virginia, whose commission expires on the 30th day of APRIL, 2022, do hereby certify that Tracey C. Snipes, Executive Director of Suffolk Redevelopment and Housing Authority, which is a member of White Marsh Pointe Apartments, L.P., the General Partner of White Marsh Pointe Apartments, L.P., whose name is signed as such to the foregoing writing bearing date of the 26th day of FEB, 2019, has acknowledged the same before me in my City and State.

Given under my hand this 26th day of FEB, 2019.

Maryfie Reyes Coronado
Notary Public



PURCHASER:

SUFFOLK REDEVELOPMENT AND HOUSING AUTHORITY,

a political subdivision of the Commonwealth of Virginia

By Tracey C. Snipes
Name: Tracey C. Snipes
Title: Executive Director

COMMONWEALTH OF VIRGINIA

CITY OF SUFFOLK, to-wit:

I, MARYFIE REYES CORONADO, a Notary Public in and for the City aforesaid, in the Commonwealth of Virginia, whose commission expires on the 30th day of APRIL, 2022, do hereby certify that Tracey C. Snipes, Executive Director of Suffolk Redevelopment and Housing Authority, whose name is signed as such to the foregoing writing bearing date of the 26th day of FEB, 2019, has acknowledged the same before me in my City and State.

Given under my hand this 26th day of FEB, 2019.

Maryfie Reyes Coronado
Notary Public

MARYFIE REYES CORONADO
NOTARY PUBLIC
REG. #7699431
COMMONWEALTH OF VIRGINIA
MY COMMISSION EXPIRES APRIL 30, 2022

EXHIBIT A

PARCEL ONE:

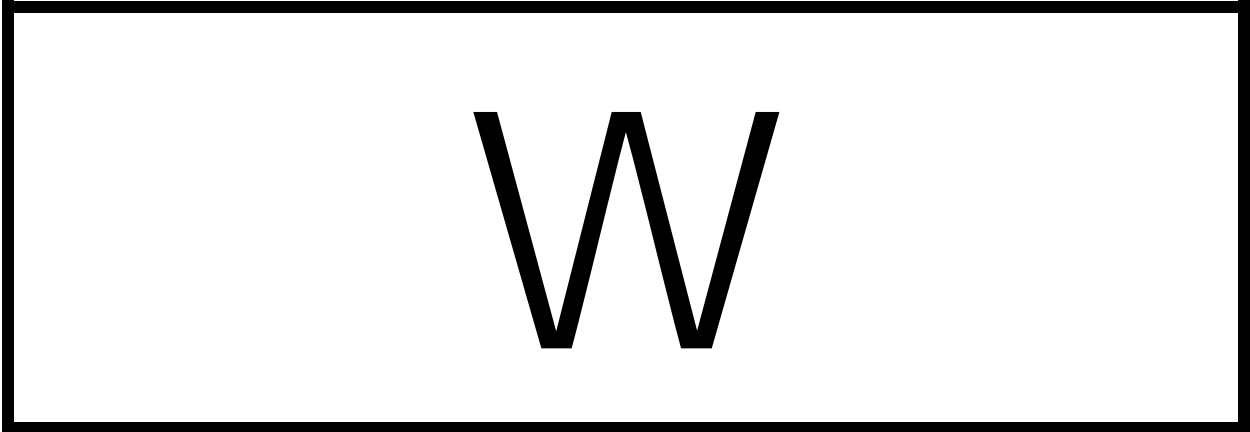
All that certain piece or parcel of land, lying, situate and being in Cypress Borough, Suffolk, Virginia, and containing by survey 4.522 acres, designated as Parcel E-1, and being more particularly described on a certain plat entitled, "Plat Showing a Portion of Parcel E "Subdivision of Cogie Homes and Parker-Riddick Village", Cypress Borough, Suffolk, Virginia", dated April 1, 1980, and made by Ernest C. Hawkins, Jr. & Assocs., Surveyors & Planners, Suffolk, Virginia, and recorded in Plat Book 5, Page 97.

IT BEING the same property conveyed to Suffolk Redevelopment and Housing Authority, by deed from Lee-Howard Partnership, a Virginia partnership, dated April 4, 1980, and recorded May 27, 1980, in the Clerk's Office of the Circuit Court of the City of Suffolk, Virginia, in Deed Book 78, Page 147.

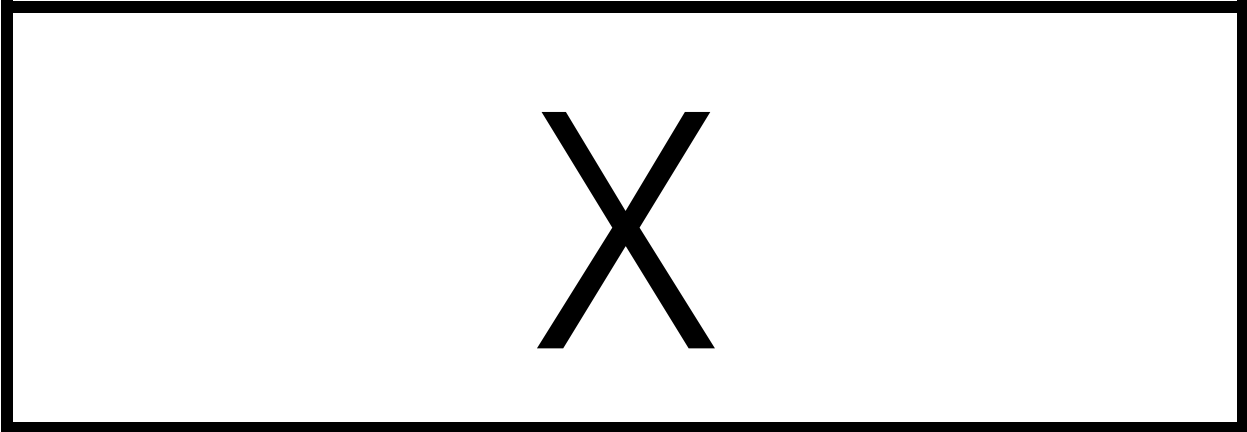
PARCEL TWO:

All that certain piece or parcel of land, lying, situate and being in Cypress Borough, Suffolk, Virginia, and containing by survey 4.265 acres, designated as Parcel E-2, and being more particularly described on a certain plat entitled, "Plat Showing a Portion of Parcel E "Subdivision of Cogie Homes and Parker-Riddick Village", Cypress Borough, Suffolk, Virginia", dated May 15, 1980, and made by Ernest C. Hawkins, Jr. & Assocs. Surveyors & Planners, Suffolk, Virginia, and recorded in Plat Book 5, Page 98.

IT BEING the same property conveyed to Suffolk Redevelopment and Housing Authority, by deed from Lee-Howard Partnership, a Virginia partnership, dated May 24, 1980, and recorded May 27, 1980, in the Clerk's Office of the Circuit Court of the City of Suffolk, Virginia, in Deed Book 78, Page 149.



(Reserved)



X

Marketing Plan

For units meeting accessibility requirements of HUD section

504



530 East Pinner Street
Suffolk, VA 23434

Telephone: 757.539.2100

TDD: 757.538.2886

FAX: 757.539.5184

E-mail: srha@suffolkrha.org
Suffolkrha.org

White Marsh Pointe Marketing Plan for Accessible Housing

Ninety three (93), or 100% percent, of the LIHTC units in White Marsh Pointe, formerly known as Parker Riddick Village will be assisted with Project Based Voucher (PBV) subsidies by the Suffolk Redevelopment and Housing Authority (SRHA). This ensures that these units (i) will receive federal project-based rent subsidies making them available to extremely low-income persons; (ii) conform to HUD regulations interpreting the accessibility requirements of section 504 of the Rehabilitation Act; and (iii) are actively marketed to people with special needs. All 32 ground floor units will be Universal Design and 10 apartments will be fully handicap accessible. In addition, 2 apartments will be available for hearing and visually impaired households. The policies for admission to and occupancy of PBV subsidized apartments are spelled out in the agency's policies in accordance with Federal and State laws and HUD policies and regulations.

SRHA will ensure that the property manager adopts suitable means to assure that information regarding the availability of accessible units reaches eligible individuals with disabilities, and take reasonable nondiscriminatory steps to maximize the utilization of such units by eligible individuals whose disability requires the accessibility features of a particular unit.

When an accessible unit becomes vacant, the property manager will offer such units:

- First, to a current resident of another unit of the same development who has a disability that requires the special features of the vacant unit and is occupying a unit not having such features, or if no such occupant exists, then
- Second, to an eligible qualified applicant on the waiting list having a disability that requires the special features of the vacant unit.

SRHA will ensure that contacts are made with centers for independent living (www.accessva.org) to inform them as housing designed for those with special needs becomes available. In particular, direct contact will be made with the two centers in the area:

- Peninsula Center for Independent Living, 2021-A Cunningham Dr., Suite 2, Hampton, VA 23666, 757-827-0275, TTY 757-827-8800; and
- Independence Center, Inc., 6300 E. Virginia Beach Boulevard, Virginia Beach, VA 23502, 757-461-8007, TTY 757-461-7527.

In addition to the above plans, SRHA has a long, successful history and commitment to making "reasonable accommodations" to both units designed for those with mobility problems and to other units in order to meet the specific requirements of applicants for and occupants of these LIHTC apartments. The needs of all household members may change over time and SRHA is obligated to assist as needed. SRHA's policies spell out its broader requirements to follow all of the Federal and Commonwealth requirements regarding fair housing. For example the policies in part state:

Federal laws require PHAs to treat all applicants and tenant families equally, providing the same quality of service, regardless of family characteristics and background. Federal law prohibits discrimination in housing on the basis of race, color, religion, sex, national origin, age, familial status, and disability. The PHA will comply fully with all federal, state, and local nondiscrimination laws, and with rules and regulations governing fair housing and equal opportunity in housing and employment, including:

- Title VI of the Civil Rights Act of 1964
- Title VIII of the Civil Rights Act of 1968 (as amended by the Community Development Act of 1974 and the Fair Housing Amendments Act of 1988)
- Executive Order 11063
- Section 504 of the Rehabilitation Act of 1975
- The Age Discrimination Act of 1975
- Title II of the Americans with Disabilities Act (to the extent that it applies, otherwise Section 504 and the Fair Housing Amendments govern)
- Violence Against Women Reauthorization Act of 2005 (VAWA)
- Any applicable state laws or local ordinances and any legislation protecting individual rights of tenants, applicants, or staff that may subsequently be enacted

In accordance with the above, the SRHA has developed a specific accessibility marketing plan for Dale 1. This plan is outlined below:

Accessibility Marketing Action Steps:

1. 90 days prior to initial occupancy
 - a. The property manager will check the White Marsh Pointe waiting list to determine persons who are in need of the accessible apartments.
 - b. The property manager will meet with and inform Peninsula Center for Independent Living and Endependence Center, Inc. of the upcoming resources and request them to inform potentially interested persons.

- c. The property manager will post information on the coming accessible units' availability on its web site.
 - d. The property manager will post listing of accessible units on www.accessiblespace.org and www.virginiahousingsearch.com.
 - e. The property manager will advise social service agencies, faith-based organizations, as well as, intermediate and long-term care facilities of potential availability.
2. 75 days prior to initial occupancy
 - a. The property manager will contact persons currently on the White Marsh Pointe waiting list who are in need of accessible housing to determine their interest in the new housing.
3. 60 days prior to initial occupancy
 - a. The property manager will again contact eligible applicants on the waiting list who are in need of the accessible housing to determine their interest in the new housing.
 - b. The property manager will again inform Peninsula Center for Independent Living and Endependence Center, Inc. of the upcoming resources and request them to inform potentially interested persons.
 - c. The property manager will again post listing of accessible units on www.accessiblespace.org and www.virginiahousingsearch.com.
 - d. The property manager will work with local schools and faith-based institutions, as well as Section 8 landlords to inform and solicit their assistance in informing families in need of an accessible housing units to contact the property manager.
4. 30 days prior to initial occupancy
 - a. If eligible applicants who desire to move into the new accessible apartments have not been identified 30 days prior to occupancy availability:
 - i. Assigned staff will reach out to the Peninsula Center for Independent Living and Endependence Center, Inc. seeking guidance and assistance with reaching out to organizations and individuals who would be aware of persons needing the new accessible resources.
 - ii. The property manager will seek publicity through public media sources to highlight the coming availability of the accessible apartments.
5. At time of occupancy
 - a. If eligible applicants have still not been located for the new apartments, the property manager will repeat the steps in 4 above.