
2020 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 **12:00 PM**
Richmond, VA Time On **March 12, 2020**

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 2020 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 **12:00 PM** Richmond Virginia time on **March 12, 2020**. 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 only accepts files via our work center sites on Procorem. Contact TaxCreditApps@vhda.com for access to Procorem or for the creation of a new deal workcenter. 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
- ▶ 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
Sheila Stone	sheila.stone@vhda.com	(804) 343-5582
Stephanie Flanders	stephanie.flanders@vhda.com	(804) 343-5939
Phil Cunningham	phillip.cunningham@vhda.com	(804) 343-5514
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Aniyah Moaney	Aniyah.moaney@vhda.com	(804) 343-5518

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2020 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 and Unit by Unit writeup (MANDATORY) |
| <input checked="" type="checkbox"/> | Electronic Copy of the Specifications (MANDATORY) |
| <input checked="" type="checkbox"/> | Electronic Copy of the Existing Condition questionnaire (MANDATORY if Rehab) |
| <input checked="" type="checkbox"/> | Electronic Copy of the Physical Needs Assessment (MANDATORY at reservation for a 4% rehab request) |
| <input checked="" type="checkbox"/> | Electronic Copy of Appraisal (MANDATORY if acquisition credits requested) |
| <input checked="" 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 and Developer Fee Agreement (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: 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 checked="" 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 and Unit Delivery Schedule (MANDATORY) |
| | Tab K: Documentation of Development Location: |
| | K.1 Revitalization Area Certification |
| <input checked="" type="checkbox"/> | K.2 Location Map |
| | K.3 Surveyor's Certification of Proximity To Public Transportation |
| <input checked="" type="checkbox"/> | Tab L: PHA / Section 8 Notification Letter |
| <input checked="" type="checkbox"/> | Tab M: Locality CEO Response Letter |
| | Tab N: Homeownership Plan |
| <input checked="" type="checkbox"/> | Tab O: Plan of Development Certification Letter |
| <input checked="" type="checkbox"/> | Tab P: Developer Experience documentation and Partnership agreements |
| | 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 |
| | Tab S: Supportive Housing Certification |
| | Tab T: Funding Documentation |
| | 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 |
| | Tab W: Internet Safety Plan and Resident Information Form (if internet amenities selected) |
| <input checked="" type="checkbox"/> | Tab X: Marketing Plan for units meeting accessibility requirements of HUD section 504 |
| | Tab Y: Inducement Resolution for Tax Exempt Bonds |

2020 Low-Income Housing Tax Credit Application For Reservation

VHDA TRACKING NUMBER 2020-TEB-100

A. GENERAL INFORMATION ABOUT PROPOSED DEVELOPMENT

Application Date: 6/19/20

1. Development Name: Omni Park Place Senior Apartments
2. Address (line 1): 101 Omni Road
 Address (line 2): _____
 City: Ashland State: VA Zip: 23005
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 Hanover County
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: 3206.01
7. Development is located in a **Qualified Census Tract**..... FALSE
8. Development is located in a **Difficult Development Area**..... FALSE
9. Development is located in a **Revitalization Area based on QCT** FALSE
10. Development is located in a **Revitalization Area designated by resolution** FALSE
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>TRUE</u>	<u>FALSE</u>

Enter only Numeric Values below:

13. Congressional District: 1
- Planning District: 15
- State Senate District: 9
- State House District: 55

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

The project involves the acquisition and renovation of a 61 one and two bedroom units for seniors and disabled very low income households in the Town of Ashland. In addition to replacing main systems that have completed their useful life, the rehabilitation work will concentrate on making the property more energy efficient and more physically accessible with the conversion of 7 apartments that will meet UFAS.

A. GENERAL INFORMATION ABOUT PROPOSED DEVELOPMENT

Application Date: 6/19/20

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 Joshua Farrar
Chief Executive Officer's Title: Town Manager Phone: (804) 798-9219
Street Address: 101 Thompson Street
City: Ashland State: VA Zip: 23005

Name and title of local official you have discussed this project with who could answer questions for the local CEO: Nora Amos, Director of Planning, namos@ashlandva.gov

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

Chief Executive Officer's Name Cecil Harris
Chief Executive Officer's Title: County Administrator Phone: (804) 365-6005
Street Address: 7516 County Complex Road
City: Hanover State: VA Zip: 23069

Name and title of local official you have discussed this project with who could answer questions for the local CEO: David P. Maloney, Director of Planning, planning@hanovercounty.gov

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:
 - or
 - b. If requesting Tax Exempt Bonds, select development type: Acquisition/Rehab
- For Tax Exempt Bonds, where are bonds being issued? VHDA
- ACTION:** Provide Inducement Resolution at **TAB Y** (if available)
Skip to Number 4 below.

2. Type(s) of Allocation/Allocation Year

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:

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 FALSE

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)

Name of companion development:

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

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

Total Units within 9% allocation request?	0
Total Units within 4% Tax Exempt allocation Request?	0
Total Units:	0

% of units in 4% Tax Exempt Allocation Request: 0.00%

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: Omni Park Place Senior LLC

Developer Name: Elderhomes Corporation, T/A project: HOMES

Contact: M/M ▶ Mr. First: Lee MI: Last: Householder

Address: 88 Carnation Street

City: Richmond St. ▶ VA Zip: 23225

Phone: (804) 233-2827 Ext. Fax:

Email address: lee.householder@projecthomes.org

Federal I.D. No. 8-4953336 (If not available, obtain prior to Carryover Allocation.)

Select type of entity: ▶ Limited Liability Company Formation State: ▶ VA

Additional Contact: Please Provide Name, Email and Phone number.

Bill Deworken - bdeworken@epochinc.com

- ACTION:** a. Provide Owner's organizational documents (e.g. Partnership agreements and Developer Fe agreement) (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>Project Homes Properties III LLC</u>	<u>(804) 233-2827</u>	<u>MM</u>	<u>#####</u>
<u>ElderHomes Corporation T/A project: HOM</u>	<u>(804) 233-2827</u>		<u>0.000%</u> <i>need:</i>
			<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. **FALSE**

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). **TRUE**

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):

Select Type: Purchase Contract

Expiration Date: 12/30/20

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.

ACTION: Provide documentation and most recent real estate tax assessment - **Mandatory TAB E**

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..... 12/30/20 .

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: Ashland Gardens Limited Partnership

Address: 88 Carnation Street

City: Richmond St.: VA Zip: 23225

Contact Person: Lee Householder Phone: (804) 233-2827

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>
ElderHOMES Corporation	#####	GP	100.00%
			0.00%
			0.00%
			0.00%
			0.00%
			0.00%
			0.00%

2020 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: Becca Hartstein This is a Related Entity. FALSE
Firm Name: Applegate & Thorne-Thomsen
Address: 425 S. Financial Place, Suite 1900, Chicago, IL 60605
Email: bhartstein@att-law.com Phone: (312) 491-4416
2. Tax Accountant: Mike Vicars This is a Related Entity. FALSE
Firm Name: Dooley & Vicars
Address: 21 S Sheppard St, Richmond, VA 23221
Email: Mike@dvcpas.com Phone: (804) 355-2808
3. Consultant: This is a Related Entity. FALSE
Firm Name: Role:
Address:
Email: Phone:
4. Management Entity: Bill Deworken This is a Related Entity. FALSE
Firm Name: Epoch Properties, Ic.
Address: 611 Research Road, Suite C, Richmond, VA 23236
Email: bdeworken@epochinc.com Phone: (804) 897-9161
5. Contractor: Kack Wright This is a Related Entity. FALSE
Firm Name: Metro Group
Address: 7311 Capeheart Road, Richmond, VA
Email: kwright@metrogroupservices.com Phone: (804) 278-9911
6. Architect: Megan Shope This is a Related Entity. FALSE
Firm Name: Edward H. Winks - James D. Snowa Architects, P.C.
Address: 2119 E. Franklin Street #200
Email: mshope@ws-arch.com Phone: (804) 643-6196
7. Real Estate Attorney Allison Domson This is a Related Entity. FALSE
Firm Name: Williams Mullen
Address: 200 South 10th Street, Suite 1600, Richmond, VA 23220
Email: adomson@williamsmullen.com Phone: (804) 420-6915
8. Mortgage Banker: This is a Related Entity. FALSE
Firm Name:
Address:
Email: Phone:
9. Other: Shawn A Smith, P.E. This is a Related Entity. FALSE
Firm Name: Timmons Group Role:
Address: 1001 Boulders Parkway, Suite 300, Richmond, VA 23225
Email: shawn.smith@timmons.com Phone: (804) 200-2370

F. REHAB INFORMATION

1. Acquisition Credit Information

- a. Credits are being requested for existing buildings being acquired for development. TRUE

- b. This development has received a previous allocation of credits..... TRUE
If so, in what year did this development receive credits? 2001

- 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..... FALSE

- 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..... TRUE

- 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..... TRUE

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)..... TRUE

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 compliance period (i.e., regular, continuous and substantial involvement) in the 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. TRUE (If false, go on to part III.)

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

B. Type of involvement:

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

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: ▶ Applicant

Name: ElderHOMES Corporation T/A project: HOMES (Please fit NP name within available space)

Contact Person: Lee Householder

Street Address: 88 Carnation Street

City: Richmond State: ▶ VA Zip: 00002-3225

Phone: ##### Extension: Contact Email: lee.householder@proj

G. NONPROFIT INVOLVEMENT

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

Specify the nonprofit entity's percentage ownership of the general partnership interest 100.0%

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: ElderHOMES Corporation T/A project: HOMES

or indicate true if Local Housing Authority FALSE
Name of Local 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)**

NOTE: Applicant waives the right to pursue a Qualified Contract.

H. STRUCTURE AND UNITS INFORMATION

General Information

a. Total number of all units in development	61	bedrooms	70
Total number of rental units in development	61	bedrooms	70
Number of low-income rental units	61	bedrooms	70
Percentage of rental units designated low-income	100.00%		
b. Number of new units:.....	0	bedrooms	0
Number of adaptive reuse units:	0	bedrooms	0
Number of rehab units:.....	61	bedrooms	70
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.....		51,272.53	(Sq. ft.)
e. Unheated Floor Area (i.e. Breezeways, Balconies, Storage).....		418.00	(Sq. ft.)
f. Nonresidential Commercial Floor Area (Not eligible for funding).....		0.00	
g. Total Usable Residential Heated Area.....		50,854.53	(Sq. ft.)
h. Percentage of Net Rentable Square Feet Deemed To Be New Rental Space .		0.00%	
i. Exact area of site in acres	4.000		
j. Locality has approved a final site plan or plan of development.....		TRUE	
If True , Provide required documentation (TAB O).			
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

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	794.73	SF	52	52
2BR Elderly	1058.73	SF	9	9
Eff - Garden	0.00	SF	0	0
1BR Garden	0.00	SF	0	0
2BR Garden	0.00	SF	0	0
3BR Garden	0.00	SF	0	0
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
			61	61

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

Structures

- a. Number of Buildings (containing rental units)..... 1
- b. Age of Structure:..... 20 years
- c. Number of stories:..... 2
- d. The development is a scattered site development..... FALSE
- e. Commercial Area Intended Use: _____
- f. Development 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). TRUE

If true, # of Elevators. 1

Elevator Type (if known) hydraulic

i. Roof Type ▶ Pitched

j. Construction Type ▶ Frame

k. Primary Exterior Finish ▶ Vinyl

Site Amenities (indicate all proposed)

a. Business Center.....	<u>FALSE</u>	f. Limited Access.....	<u>TRUE</u>
b. Covered Parking.....	<u>FALSE</u>	g. Playground.....	<u>FALSE</u>
c. Exercise Room.....	<u>TRUE</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 Ct.	<u>FALSE</u>
		k. Other:	<u>king trail, gazebos, greensp</u>

l. Describe Community Facilities: Community room and laundry room

m. Number of Proposed Parking Spaces.. 0

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

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.

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	20.30%
Project Wide Capture Rate - Market Units	0.00%
Project Wide Capture Rate - All Units	20.30%
Project Wide Absorption Period (Months)	8

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
- 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 RESNET rater certification (**TAB F**)

ACTION: Provide Internet Safety Plan and Resident Information Form (Tab W) if options selected below.

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

- TRUE a. A community/meeting room with a minimum of 749 square feet is provided.
- 8.00% 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.
- FALSE c. Water expense is sub-metered (the tenant will pay monthly or bi-monthly bill).
- TRUE d. All faucets, toilets and showerheads in each bathroom are WaterSense labeled products.
- FALSE e. Each unit is provided with the necessary infrastructure for high-speed internet/broadband service.
- FALSE 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
- FALSE 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
- FALSE j. Full bath fans are equipped with a humidistat.
- FALSE k. Cooking surfaces are equipped with fire prevention features
- or
- TRUE 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
- FALSE n. All Construction types: each unit is equipped with a permanent dehumidification system.
- FALSE o. All interior doors within units are solid core.
- FALSE p. Every kitchen, living room and bedroom contains, at minimum, one USB charging port.
- TRUE q. All kitchen light fixtures are LED and meet MDCR lighting guidelines.
- FALSE r. Each unit has a shelf or ledge outside the primary entry door located in an interior hallway.
- FALSE 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

- TRUE a. All cooking ranges have front controls.
- TRUE b. Bathrooms have an independent or supplemental heat source.
- TRUE 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:

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

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.)

- | | |
|--|--------------------------------------|
| <u>FALSE</u> Zero Energy Ready Home Requirements | <u>FALSE</u> Passive House Standards |
|--|--------------------------------------|

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

- FALSE a. Architect of record certifies that units will be constructed to meet VHDA's Universal Design standard:
- 0 b. Number of Rental Units constructed to meet VHDA's Universal Design standards:
- 0% % of Total Rental Units

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

If not, please explain: _____



Architect of Record initial here that the above information is accurate per certification statement within this application.

I. UTILITIES

1. Utilities Types:

- a. Heating Type Heat Pump
- b. Cooking Type Electric
- c. AC Type Central Air
- d. Hot Water Type Electric

2. Indicate True if the following services will be included in Rent:

- Water?..... TRUE
- Hot Water?..... FALSE
- Lighting?..... FALSE
- Cooking? FALSE
- Heat?..... FALSE
- AC?..... FALSE
- Sewer?..... TRUE
- Trash Removal? . TRUE

Utilities	Enter Allowances by Bedroom Size				
	0-BR	1-BR	2-BR	3-BR	4-BR
Heating	0	51	53	0	0
Air Conditioning	0	0	0	0	0
Cooking	0	0	0	0	0
Lighting	0	0	0	0	0
Hot Water	0	0	0	0	0
Water	0	0	0	0	0
Sewer	0	0	0	0	0
Trash	0	0	0	0	0
Total utility allowance for costs paid by tenant	\$0	\$51	\$53	\$0	\$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 VHDA

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.

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

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

FALSE

- 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
- (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
- (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 requirements of section 504 of the Rehabilitation Act.

 **Architect of Record initial here that the above information is accurate per certification statement within this application.**

K. SPECIAL HOUSING NEEDS

Special Housing Needs/Leasing Preferen

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

- TRUE Elderly (as defined by the United States Fair Housing Act.)
- #### Persons with Disabilities (must meet the requirements of the Federal Americans with Disabilities Act) - Accessible Supportive Housing Pool only
- #### 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 and Unit Delivery Schedule (**Mandatory if tenants are displaced -**

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 waiting list: Richmond Redevelopment and Housing Authority

Contact person: _____

Title: _____

Phone Number _____

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

b. Leasing preference will be given to individuals and families with children..... FALSE
(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: 0
% of total Low Income Units 0%

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

K. SPECIAL HOUSING NEEDS

Rental Assistance

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

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

Rental Assistance Demonstration (RAD) or other PHA conversion to based rental assistance.

Section 8 New Construction Substantial Rehabilitation

Section 8 Moderate Rehabilitation

Section 8 Certificates

Section 8 Project Based Assistance

RD 515 Rental Assistance

Section 8 Vouchers

State Assistance

Other: _____

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

FALSE

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

d. Number of units receiving assistance: _____

How many years in rental assistance contract? _____

Expiration date of contract: _____

There is an Option to Renew..... FALSE

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 CATEG

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			Avg Inc.
# of Units	% of Units		
0	0.00%	20% Area Median	0%
0	0.00%	30% Area Median	0%
0	0.00%	40% Area Median	0%
11	18.03%	50% Area Median	550%
50	81.97%	60% Area Median	3000%
0	0.00%	70% Area Median	0%
0	0.00%	80% Area Median	0%
0	0.00%	Market Units	
61	100.00%	Total	58.20%

Rent Levels			Avg Inc.
# of Units	% of Units		
0	0.00%	20% Area Median	0%
0	0.00%	30% Area Median	0%
0	0.00%	40% Area Median	0%
11	18.03%	50% Area Median	550%
50	81.97%	60% Area Median	3000%
0	0.00%	70% Area Median	0%
0	0.00%	80% Area Median	0%
0	0.00%	Market Units	
61	100.00%	Total	#####

- b. The development plans to utilize average income..... TRUE
 If true, should the points based on the units assigned to the levels above **be waived** and therefore not required for cor
 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.

 Architect of Record initial here that the information below is accurate per certification statement within this application.

	Unit Type (Select One)	Rent Target (Select One)	Number of Units	# of Units 504 compliant	Net Rentable Square Feet	Monthly Rent Per Unit	Total Monthly Rent
Mix 1	1 BR - 1 Bath	50% AMI	7	7	512.15	\$759.00	\$5,313
Mix 2	1 BR - 1 Bath	50% AMI	4		512.15	\$759.00	\$3,036
Mix 3	1 BR - 1 Bath	60% AMI	41		512.15	\$830.00	\$34,030
Mix 4	2 BR - 2 Bath	60% AMI	9		768.13	\$965.00	\$8,685
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

L. UNIT DETAILS

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
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Mix 43								\$0
Mix 44								\$0
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Mix 46								\$0
Mix 47								\$0
Mix 48								\$0
Mix 49								\$0
Mix 50								\$0
Mix 51								\$0
Mix 52								\$0
Mix 53								\$0
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Mix 56								\$0
Mix 57								\$0
Mix 58								\$0
Mix 59								\$0
Mix 60								\$0
Mix 61								\$0
Mix 62								\$0
Mix 63								\$0
Mix 64								\$0
Mix 65								\$0
Mix 66								\$0
Mix 67								\$0
Mix 68								\$0
Mix 69								\$0
Mix 70								\$0
Mix 71								\$0
Mix 72								\$0

L. UNIT DETAILS

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
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			61	7			\$51,064

Total Units	61	Net Rentable SF: TC Units	33,544.97
		MKT Units	0.00
		Total NR SF:	33,544.97

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

2020 Low-Income Housing Tax Credit Application For Reservation

M. OPERATING EXPENSES

Administrative:

Use Whole Numbers Only!

1. Advertising/Marketing			\$100
2. Office Salaries			\$0
3. Office Supplies			\$2,500
4. Office/Model Apartment	(type _____)		\$0
5. Management Fee			\$39,861
	<u>6.99%</u> of EGI	<u>\$653.46</u>	Per Unit
6. Manager Salaries			\$31,000
7. Staff Unit (s)	(type _____)		\$0
8. Legal			\$500
9. Auditing			\$8,000
## Bookkeeping/Accounting Fees			\$1,000
## Telephone & Answering Service			\$2,500
## Tax Credit Monitoring Fee			\$2,100
## Miscellaneous Administrative			\$10,000
Total Administrative			\$97,561

Utilities

## Fuel Oil			\$0
## Electricity			\$7,500
## Water			\$6,500
## Gas			\$6,500
## Sewer			\$0
Total Utility			\$20,500

Operating:

## Janitor/Cleaning Payroll			\$0
## Janitor/Cleaning Supplies			\$5,000
## Janitor/Cleaning Contract			\$0
## Exterminating			\$5,000
## Trash Removal			\$5,000
## Security Payroll/Contract			\$0
## Grounds Payroll			\$5,000
## Grounds Supplies			\$0
## Grounds Contract			\$5,000
## Maintenance/Repairs Payroll			\$25,000
## Repairs/Material			\$5,000
## Repairs Contract			\$5,000
## Elevator Maintenance/Contract			\$5,000
## Heating/Cooling Repairs & Maintenance			\$5,000
## Pool Maintenance/Contract/Staff			\$0
## Snow Removal			\$4,000
## Decorating/Payroll/Contract			\$5,000
## Decorating Supplies			\$0
## Miscellaneous			\$0
Totals Operating & Maintenance			\$79,000

2020 Low-Income Housing Tax Credit Application For Reservation

M. OPERATING EXPENSES

Taxes & Insurance	
## Real Estate Taxes	\$35,000
## Payroll Taxes	\$15,000
## Miscellaneous Taxes/Licenses/Permits	\$0
## Property & Liability Insurance	\$15,000
## Fidelity Bond	\$3,000
## Workman's Compensation	\$0
## Health Insurance & Employee Benefits	\$12,000
## Other Insurance	\$0
Total Taxes & Insurance	\$80,000

Total Operating Expense \$277,061

Total Operating Expenses Per Unit	\$4,542	C. Total Operating Expenses as % of	48.62%
--	---------	--	--------

Replacement Reserves (Total # Units X \$300 or \$250 New Const. Elderly Mini \$18,300

Total Expenses	\$295,361
-----------------------	------------------

ACTION: Provide Documentation of Operating Budget at **Tab R** if applicable.

2020 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	Complete	Lee Householder
b. Site Acquisition	12/30/20	Lee Householder
c. Zoning Approval	Complete	Lee Householder
d. Site Plan Approval	Complete	Lee Householder
2. Financing		
a. Construction Loan		
i. Loan Application	Complete	Lee Householder
ii. Conditional Commitment	Complete	Lee Householder
iii. Firm Commitment	8/1/20	Lee Householder
b. Permanent Loan - First Lien		
i. Loan Application	Complete	Lee Householder
ii. Conditional Commitment	Complete	Lee Householder
iii. Firm Commitment	8/1/20	Lee Householder
c. Permanent Loan-Second Lien		
i. Loan Application		
ii. Conditional Commitment		
iii. Firm Commitment		
d. Other Loans & Grants		
i. Type & Source, List		
ii. Application		
iii. Award/Commitment		
2. Formation of Owner	Complete	Lee Householder
3. IRS Approval of Nonprofit Status	Complete	Lee Householder
4. Closing and Transfer of Property to Owner	12/31/20	Lee Householder
5. Plans and Specifications, Working Drawings	4/1/20	Lee Householder
6. Building Permit Issued by Local Government	12/1/20	Lee Householder
7. Start Construction	1/15/21	Lee Householder
8. Begin Lease-up	6/1/21	Lee Householder
9. Complete Construction	12/31/21	Lee Householder
10. Complete Lease-Up	3/1/22	Lee Householder
11. Credit Placed in Service Date	12/31/21	Lee Householder

2020 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.

Must Use Whole Numbers Only!	(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"
Item				
1. Contractor Cost				
a. Unit Structures (New)	0	0	0	0
b. Unit Structures (Rehab)	2,067,317	0	2,067,317	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	2,067,317	0	2,067,317	0
f. Earthwork	0	0	0	0
g. Site Utilities	0	0	0	0
h. Roads & Walks	0	0	0	0
i. Site Improvements	0	0	0	0
j. Lawns & Planting	0	0	0	0
k. Engineering	0	0	0	0
l. Off-Site Improvements	0	0	0	0
m. Site Environmental Mitigation	0	0	0	0
n. Demolition	0	0	0	0
o. Site Work	0	0	0	0
p. Other Site work	0	0	0	0
Total Land Improvements	0	0	0	0
Total Structure and Land	2,067,317	0	2,067,317	0
q. General Requirements	80,273	0	80,273	0
r. Builder's Overhead (4.9% Contract)	100,341	0	100,341	0
s. Builder's Profit (4.9% Contract)	100,341	0	100,341	0
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	\$2,348,272	\$0	\$2,348,272	\$0

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	0	0	0	0
b. Architecture/Engineering Design Fee \$164 /Unit)	10,000	0	10,000	0
c. Architecture Supervision Fee \$2,426 /Unit)	148,000	0	148,000	0
d. Tap Fees	34,000	0	34,000	0
e. Environmental	4,000	0	4,000	0
f. Soil Borings	0	0	0	0
g. Green Building (Earthcraft, LEED, etc.)	0	0	0	0
h. Appraisal	7,500	0	7,500	0
i. Market Study	7,500	0	7,500	0
j. Site Engineering / Survey	12,000	0	12,000	0
k. Construction/Development Mgt	40,000	0	40,000	0
l. Structural/Mechanical Study	0	0	0	0
m. Construction Loan Origination Fee	0	0	0	0
n. Construction Interest (0.0% fo 0 months)	100,000	0	100,000	0
o. Taxes During Construction	0	0	0	0
p. Insurance During Construction	0	0	0	0
q. Permanent Loan Fee (0.0%)	24,500	0	0	0
r. Other Permanent Loan Fees	73,500	0	0	0
s. Letter of Credit	10,000	0	10,000	0
t. Cost Certification Fee	15,000	0	15,000	0
u. Accounting	0	0	0	0
v. Title and Recording	50,000	0	50,000	0
w. Legal Fees for Closing	150,000	0	35,000	0
x. Mortgage Banker	49,000	0	0	0
y. Tax Credit Fee	14,908			
z. Tenant Relocation	75,000	0	0	0
aa. Fixtures, Furnitures and Equipment	0	0	0	0
ab. Organization Costs	0	0	0	0
ac. Operating Reserve	271,742	0	0	0
ad. Contingency	240,000	0	240,000	0
ae. Security	0	0	0	0
af. Utilities	0	0	0	0

O. PROJECT BUDGET - OWNER COSTS

(1) Other* specify	MEP/sewer study	2,300	0	2,300	0
(2) Other* specify	out of balance fee	20,000	0	0	0
(3) Other* specify	lease up	20,000	0	0	0
(4) Other* specify	Syndication legal	45,000	0	0	0
(5) Other* specify	soft cost contingency	50,000	0	50,000	0
(6) Other* specify		0	0	0	0
(7) Other* specify		0	0	0	0
(8) Other* specify		0	0	0	0
(9) Other* specify		0	0	0	0
### Other* specify		0	0	0	0
Owner Costs Subtotal (Sum 2A..2(10))		\$1,473,950	\$0	\$765,300	\$0
Subtotal 1 + 2 (Owner + Contractor Costs)		\$3,822,222	\$0	\$3,113,572	\$0
3. Developer's Fees		778,393	0	778,393	0
Action: Provide Developer Fee Agreement (Tab A)					
4. Owner's Acquisition Costs					
Land		1,220,000			
Existing Improvements		2,580,000	2,580,000		
Subtotal 4:		\$3,800,000	\$2,580,000		
5. Total Development Costs					
Subtotal 1+2+3+4:		\$8,400,615	\$2,580,000	\$3,891,965	\$0

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:

\$778,393

Proposed Development's Cost per Sq Foot
Applicable Cost Limit by Square Foot:

\$90 **Meets Limits**
\$164

2020 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	8,400,615	2,580,000	3,891,965	0

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)

2,580,000	3,891,965	0
-----------	-----------	---

4. Adjustment(s) to Eligible Basis (For non-acquisition costs in eligible basis)

a. For QCT or DDA (Eligible Basis x 30%) <i>State Designated Basis Boosts:</i>	0	0
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

3,891,965	0
-----------	---

5. Applicable Fraction

100.00000%	100.00000%	100.00000%
------------	------------	------------

6. Total Qualified Basis
(Eligible Basis x Applicable Fraction)

2,580,000	3,891,965	0
-----------	-----------	---

7. Applicable Percentage

3.07%	3.07%	9.00%
-------	-------	-------

(Beginning with 2016 Allocations, use the standard 9% rate.)
(For tax exempt bonds, use the most recently published rates.)

8. Maximum Allowable Credit under IRC §42

\$79,206	\$119,483	\$0
----------	-----------	-----

(Qualified Basis x Applicable Percentage)
(Must be same as BIN total and equal to or less than credit amount allowed)

\$198,689
Combined 30% & 70% P. V. Credit

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.					
2.					
3.					
Total Construction Funding:				\$0	

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	Amount of Funds	Annual Debt Service Cost	Interest Rate of Loan	Amortization Period IN YEARS	Term of Loan (years)
1.	VHDA Tax Exempt			\$4,900,000	\$239,959	3.41%	35.00	35.00
2.	DHCD HOME			\$800,000	\$8,000	1.00%		20.00
3.	Seller Note			\$600,000	\$0	2.0%		30.00
4.								
5.								
6.								
7.								
8.								
9.								
10.								
Total Permanent Funding:				\$6,300,000	\$247,959			

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.					

Q. SOURCES OF FUNDS

Total Permanent Grants:

\$0

Q. SOURCES OF FUNDS

4. Subsidized Funding

	Source of Funds	Date of Commitment	Amount of Funds
1.			
2.			
3.			
4.			
5.			
Total Subsidized Funding			\$0

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..... FALSE

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

Below-Market Loans

TE: See Below For 50% Test Status

a.	Tax Exempt Bonds	\$4,900,000
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	\$800,000
h.	Other: seller financing	\$600,000
i.	Other:	\$0

Market-Rate Loans

a.	Taxable Bonds	\$0
b.	Section 220	\$0
c.	Section 221(d)(3)	\$0
d.	Section 221(d)(4)	\$0
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: **63.70%**

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

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

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

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

b. **FALSE** **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..... **FALSE**

2020 Low-Income Housing Tax Credit Application For Reservation

R. EQUITY

1. Equity

a. Portion of Syndication Proceeds Attributable to Historic Tax Credit

Amount of Federal historic credits	<u>\$0</u>	x Equity \$	<u>\$0.000</u>	=	<u>\$0</u>
Amount of Virginia historic credits	<u>\$0</u>	x Equity \$	<u>\$0.000</u>	=	<u>\$0</u>

b. Equity that Sponsor will Fund:

i. Cash Investment	<u>\$0</u>	
ii. Contributed Land/Building	<u>\$0</u>	
iii. Deferred Developer Fee	<u>\$332,284</u>	(Note: Deferred Developer Fee cannot be negative.)
iv. Other:	<u>\$0</u>	

ACTION: If Deferred Developer Fee is greater than 50% of overall Developer Fee, provide a cash flow statement showing payoff within 15 years at **TAB A**.

Equity Total \$332,284

2. Equity Gap Calculation

a. Total Development Cost	\$8,400,615
b. Total of Permanent Funding, Grants and Equity	- <u>\$6,632,284</u>
c. Equity Gap	<u>\$1,768,331</u>
d. Developer Equity	- <u>\$177</u>
e. Equity gap to be funded with low-income tax credit proceeds	\$1,768,154

3. Syndication Information (If Applicable)

a. Actual or Anticipated Name of Syndicator:	<u>Virginia Community Development Corporation</u>		
Contact Person:	<u>Jeffrey Michael Meyer</u>	Phone:	<u>(804) 543-2208</u>
Street Address:	<u>1840 W Broad Street, Suite 200</u>		
City:	<u>Richmond</u>	State:	<u></u>
		Zip:	<u>23220</u>

b. Syndication Equity

i. Anticipated Annual Credits	<u>\$198,689.00</u>
ii. Equity Dollars Per Credit (e.g., \$0.85 per dollar of credit)	<u>\$0.890</u>
iii. Percent of ownership entity (e.g., 99% or 99.9%)	<u>99.99000%</u>
iv. Syndication costs not included in Total Development Costs (e.g., advisory fees)	<u>\$0</u>
v. Net credit amount anticipated by user of credits	<u>\$198,669</u>
vi. Total to be paid by anticipated users of credit (e.g., limited partners)	<u>\$1,768,154</u>

c. Syndication: Private

d. Investors: Corporate

4. Net Syndication Amount

Which will be used to pay for Total Development Costs \$1,768,154

5. Net Equity Factor

Must be equal to or greater than 85% 88.9999362362%

2020 Low-Income Housing Tax Credit Application For Reservation

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>\$8,400,615</u>
2. Less Total of Permanent Funding, Grants and Equity	-	<u>\$6,632,284</u>
3. Equals Equity Gap		<u>\$1,768,331</u>
4. Divided by Net Equity Factor (Percent of 10-year credit expected to be raised as equity investment)		<u>88.9999362362%</u>
5. Equals Ten-Year Credit Amount Needed to Fund Gap		<u>\$1,986,890</u>
Divided by ten years		<u>10</u>
6. Equals Annual Tax Credit Required to Fund the Equity Gap		<u>\$198,689</u>
7. Maximum Allowable Credit Amount (from Eligible Basis Calculation)		<u>\$198,689</u>
8. Requested Credit Amount	For 30% PV Credit:	<u>\$198,689</u>
	For 70% PV Credit:	<u>\$0</u>
Credit per LI Units	<u>\$3,257.1967</u>	Combined 30% & 70% PV Credit Requested
Credit per LI Bedroom	<u>\$2,838.4143</u>	

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	\$51,064
Plus Other Income Source (list): _____	\$0
Equals Total Monthly Income:	<u>\$51,064</u>
Twelve Months	x12
Equals Annual Gross Potential Income	<u>\$612,768</u>
Less Vacancy Allowance 7.0%	<u>\$42,894</u>
Equals Annual Effective Gross Income (EGI) - Low Income Units	<u><u>\$569,874</u></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): _____	\$0
Equals Total Monthly Income:	<u>\$0</u>
Twelve Months	x12
Equals Annual Gross Potential Income	<u>\$0</u>
Less Vacancy Allowance 0.0%	<u>\$0</u>
Equals Annual Effective Gross Income (EGI) - Market Rate Units	<u><u>\$0</u></u>

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

3. Cash Flow (First Year)

a. Annual EGI Low-Income Units	<u>\$569,874</u>
b. Annual EGI Market Units	<u>\$0</u>
c. Total Effective Gross Income	<u>\$569,874</u>
d. Total Expenses	<u>\$295,361</u>
e. Net Operating Income	<u>\$274,513</u>
f. Total Annual Debt Service	<u>\$247,959</u>
g. Cash Flow Available for Distribution	<u>\$26,554</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	569,874	581,272	592,897	604,755	616,850
Less Oper. Expenses	295,361	304,222	313,348	322,749	332,431
Net Income	274,513	277,050	279,549	282,006	284,419
Less Debt Service	247,959	247,959	247,959	247,959	247,959
Cash Flow	26,554	29,091	31,590	34,047	36,460
Debt Coverage Ratio	1.11	1.12	1.13	1.14	1.15

	Year 6	Year 7	Year 8	Year 9	Year 10
Eff. Gross Income	629,187	641,771	654,606	667,698	681,052
Less Oper. Expenses	342,404	352,676	363,257	374,154	385,379
Net Income	286,783	289,094	291,350	293,544	295,673
Less Debt Service	247,959	247,959	247,959	247,959	247,959
Cash Flow	38,824	41,135	43,391	45,585	47,714
Debt Coverage Ratio	1.16	1.17	1.17	1.18	1.19

	Year 11	Year 12	Year 13	Year 14	Year 15
Eff. Gross Income	694,674	708,567	722,738	737,193	751,937
Less Oper. Expenses	396,940	408,849	421,114	433,748	446,760
Net Income	297,733	299,718	301,624	303,446	305,177
Less Debt Service	247,959	247,959	247,959	247,959	247,959
Cash Flow	49,774	51,759	53,665	55,487	57,218
Debt Coverage Ratio	1.20	1.21	1.22	1.22	1.23

Estimated Annual Percentage Increase in Revenue 2.00% (Must be < 2%)
 Estimated Annual Percentage Increase in Expenses 3.00% (Must be > 3%)

U. Building-by-Building Information

Must Complete

Number of BINS: 1

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).

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

DO NOT use the CUT feature

Bldg #	BIN if known	NUMBER OF		Street Address 1	Street Address 2	City	State	Zip	30% Present Value Credit for Acquisition				30% Present Value Credit for Rehab / New Construction				70% Present Value Credit			
		TAX CREDIT UNITS	MARKET RATE UNITS						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.	61			101 Omni Road		Ashland	VA	23005	\$2,580,000	12/31/21	3.07%	\$79,206	\$3,891,965	12/31/21	3.07%	\$119,483				\$0
2.																				\$0
3.																				\$0
4.																				\$0
5.																				\$0
6.																				\$0
7.																				\$0
8.																				\$0
9.																				\$0
10.																				\$0
11.																				\$0
12.																				\$0
13.																				\$0
14.																				\$0
15.																				\$0
16.																				\$0
17.																				\$0
18.																				\$0
19.																				\$0
20.																				\$0
21.																				\$0
22.																				\$0
23.																				\$0
24.																				\$0
25.																				\$0
26.																				\$0
27.																				\$0
28.																				\$0
29.																				\$0
30.																				\$0
31.																				\$0
32.																				\$0
33.																				\$0
34.																				\$0
35.																				\$0
		61	0	Totals from all buildings					#####				\$79,206	\$3,891,965			\$119,483			\$0

Number of BINS: 1

V. STATEMENT OF OWNER

The undersigned hereby acknowledges the following:

1. that, to the best of its knowledge and belief, all factual information provided herein or in connection herewith is true and correct, and all estimates are reasonable.
2. that it will at all times indemnify and hold harmless VHDA and its assigns against all losses, costs, damages, VHDA's expenses, and liabilities of any nature directly or indirectly resulting from, arising out of, or relating to VHDA's acceptance, consideration, approval, or disapproval of this reservation request and the issuance or nonissuance of an allocation of credits, grants and/or loan funds in connection herewith.
3. that points will be assigned only for representations made herein for which satisfactory documentation is submitted herewith and that no revised representations may be made in connection with this application once the deadline for applications has passed.
4. that this application form, provided by VHDA to applicants for tax credits, including all sections herein relative to basis, credit calculations, and determination of the amount of the credit necessary to make the development financially feasible, is provided only for the convenience of VHDA in reviewing reservation requests; that completion hereof in no way guarantees eligibility for the credits or ensures that the amount of credits applied for has been computed in accordance with IRC requirements; and that any notations herein describing IRC requirements are offered only as general guides and not as legal authority.
5. that the undersigned is responsible for ensuring that the proposed development will be comprised of qualified low-income buildings and that it will in all respects satisfy all applicable requirements of federal tax law and any other requirements imposed upon it by VHDA prior to allocation, should one be issued.
6. that the undersigned commits to providing first preference to members of targeted populations having state rental assistance and will not impose any eligibility requirements or lease terms 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.
7. that, for the purposes of reviewing this application, VHDA is entitled to rely upon representations of the undersigned as to the inclusion of costs in eligible basis and as to all of the figures and calculations relative to the determination of qualified basis for the development as a whole and/or each building therein individually as well as the amounts and types of credit applicable thereof, but that the issuance of a reservation based on such representation in no way warrants their correctness or compliance with IRC requirements.
8. that VHDA may request or require changes in the information submitted herewith, may substitute its own figures which it deems reasonable for any or all figures provided herein by the undersigned and may reserve credits, if any, in an amount significantly different from the amount requested.
9. that reservations of credits are not transferable without prior written approval by VHDA at its sole discretion.

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 Project Homes Properties III LLC

By: 

Its: President

(Title)

V. STATEMENT OF ARCHITECT

The architect signing this document is certifying that the development plans and specifications incorporate all VHDA Minimum Design and Construction Requirements (MDCR), selected LIHTC enhancements and amenities, applicable building codes and accessibility requirements.

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 Architect: Megan Shope
Virginia License#: 0401012111
Architecture Firm or Company: Edward W. Vinks - James P. Snow Architects PC

By: 

Its: Principal
(Title)

Initials by Architect are also required on the following Tabs: Enhancement, Special Housing Needs and Unit Details

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 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 when appropriate, which may change the final score.

MANDATORY ITEMS:

	Included		Score
a. Signed, completed application with attached tabs in PDF format	Y	Y or N	0
b. Active Excel copy of application	Y	Y or N	0
c. Partnership agreement	Y	Y or N	0
d. SCC Certification	Y	Y or N	0
e. Previous participation form	Y	Y or N	0
f. Site control document	Y	Y or N	0
g. RESNET Certification	Y	Y or N	0
h. Attorney's opinion	Y	Y or N	0
i. Nonprofit questionnaire (if applicable)	Y	Y, N, N/A	0
j. Appraisal	Y	Y or N	0
k. Zoning document	Y	Y or N	0
l. Universal Design Plans	Y	Y or N	0
m. List of LIHTC Developments (Schedule A)	Y	Y or N	0
Total:			0.00

1. READINESS:

a. VHDA notification letter to CEO (via Locality Notification Information Application)	Y	0 or -50	0.00
b. Local CEO Opposition Letter	N	0 or -25	0.00
c. Plan of development	Y	0 or 40	40.00
d. Location in a revitalization area based on Qualified Census Tract	N	0 or 10	0.00
e. Location in a revitalization area with resolution	N	0 or 15	0.00
f. Location in a Opportunity Zone	N	0 or 15	0.00
Total:			40.00

2. HOUSING NEEDS CHARACTERISTICS:

a. Sec 8 or PHA waiting list preference	Y	0 or up to 5	5.00
b. Existing RD, HUD Section 8 or 236 program	N	0 or 20	0.00
c. Subsidized funding commitments	0.00%	Up to 40	0.00
d. Tax abatement on increase of property's value	N	0 or 5	0.00
e. New project based rental subsidy (HUD or RD)	N	0 or 10	0.00
f. Census tract with <12% poverty rate	10%	0, 20, 25 or 30	25.00
g. Development listed on the Rural Development Rehab Priority List	N	0 or 15	0.00
h. Dev. located in area with little or no increase in rent burdened population	N	Up to -20	0.00
i. Dev. located in area with increasing rent burdened population	N	Up to 20	0.00

Total:

30.00

2020 Low-Income Housing Tax Credit Application For Reservation

3. DEVELOPMENT CHARACTERISTICS:

a. Amenities (See calculations below)			15.00
b. Project subsidies/HUD 504 accessibility for 5 or 10% of units	N	0 or 60	0.00
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	N	0 or 10	0.00
g. Units constructed to meet VHDA's Universal Design standards	0%	Up to 15	0.00
h. Developments with less than 100 units	Y	up to 20	15.60
i. Historic Structure	N	0 or 5	0.00
Total:			<u>30.60</u>

4. TENANT POPULATION CHARACTERISTICS:

Locality AMI	State AMI
\$86,400	\$55,900

a. Less than or equal to 20% of units having 1 or less bedrooms	N	0 or 15	0.00
b. <plus> Percent of Low Income units with 3 or more bedrooms	0.00%	Up to 15	0.00
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)	0.00%	Up to 10	0.00
e. Units with rent and income at or below 50% of AMI	18.03%	Up to 50	18.03
f. Units with rents at or below 50% rented to tenants at or below 60% of AMI	18.03%	Up to 25	0.00
or g. Units in LI Jurisdictions with rents <= 50% rented to tenants with <= 60% of AMI	18.03%	Up to 50	0.00
Total:			<u>18.03</u>

5. SPONSOR CHARACTERISTICS:

a. Developer experience - 3 developments with 3 x units or 6 developments with 1 x unit:	N	0 or 50	0.00
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	Y	0 or 10	10.00
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>10.00</u>

6. EFFICIENT USE OF RESOURCES:

a. Credit per unit		Up to 200	151.29
b. Cost per unit		Up to 100	35.42
Total:			<u>186.71</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	N	Up to 45	0.00
e. RAD or PHA Conversion participation and competing in Local Housing Authority pool	N	0 or 10	0.00

2020 Low-Income Housing Tax Credit Application For Reservation

	Total:	<u>60.00</u>
425 Point Threshold - all 9% Tax Credits	TOTAL SCORE:	<u>375.34</u>
325 Point Threshold - Tax Exempt Bonds		

2020 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 material	25	0.00
c. Sub metered water expense	5	0.00
d. Watersense labeled faucets, toilets and showerheads	3	3.00
e. Infrastructure for high speed internet/broadband	1	0.00
f. Free WiFi Access in community room	4	0.00
g. Each unit provided free individual high speed internet access	6	0.00
h. Each unit provided free individual WiFi	8	0.00
i. Bath Fan - Delayed timer or continuous exhaust	3	0.00
j. Baths equipped with humidistat	3	0.00
k. Cooking Surfaces equipped with fire prevention features	4	0.00
l. Cooking surfaces equipped with fire suppression features	2	2.00
m. Rehab only: dedicated space to accept permanent dehumidification system	2	0.00
n. Provides Permanently installed dehumidification system	5	0.00
o. All interior doors within units are solid core	3	0.00
p. USB in kitchen, living room and all bedrooms	1	0.00
q. LED Kitchen Light Fixtures	2	2.00
r. Shelf or Ledge at entrance within interior hallway	2	0.00
s. New Construction: Balcony or patio	4	0.00
		<u>12.00</u>
 All elderly units have:		
t. Front-control ranges	1	1.00
u. Independent/suppl. heat source	1	1.00
v. Two eye viewers	1	1.00
		<u>3.00</u>
Total amenities:		<u>15.00</u>

X.

Development Summary

Summary Information

2020 Low-Income Housing Tax Credit Application For Reservation

Deal Name: Omni Park Place Senior Apartments

Cycle Type: 4% Tax Exempt Bonds Credits **Requested Credit Amount:** \$198,689
Allocation Type: 0 **Jurisdiction:** Hanover County
Total Units: 61 **Population Target:** Elderly
Total LI Units: 61
Project Gross Sq Ft: 51,272.53 **Owner Contact:** Lee Householder
Green Certified? FALSE

Total Score
375.34

Source of Funds	Amount	Per Unit	Per Sq Ft	Annual Debt Service
Permanent Financing	\$6,300,000	\$103,279	\$123	\$247,959

Uses of Funds - Actual Costs				
Type of Uses	Amount	Per Unit	Sq Ft	% of TDC
Improvements	\$2,067,317	\$33,890	\$40	24.61%
General Req/Overhead/Profit	\$280,955	\$4,606	\$5	3.34%
Other Contract Costs	\$0	\$0	\$0	0.00%
Owner Costs	\$1,473,950	\$24,163	\$29	17.55%
Acquisition	\$3,800,000	\$62,295	\$74	45.23%
Developer Fee	\$778,393	\$12,761	\$15	9.27%
Total Uses	\$8,400,615	\$137,715		

Total Development Costs	
Total Improvements	\$3,822,222
Land Acquisition	\$3,800,000
Developer Fee	\$778,393
Total Development Costs	\$8,400,615

Income	
Gross Potential Income - LI Units	\$612,768
Gross Potential Income - Mkt Unit:	\$0
Subtotal	\$612,768
Less Vacancy % 7.00%	\$42,894
Effective Gross Income	\$569,874

Rental Assistance? FALSE

Proposed Cost Limit/Sq Ft: \$90
Applicable Cost Limit/Sq Ft: \$164

Unit Breakdown	
Supp Hsg	0
# of Eff	0
# of 1BR	52
# of 2BR	9
# of 3BR	0
# of 4+ BR	0
Total Units	61

Expenses		
Category	Total	Per Unit
Administrative	\$97,561	\$1,599
Utilities	\$20,500	\$336
Operating & Maintenance	\$79,000	\$1,295
Taxes & Insurance	\$80,000	\$1,311
Total Operating Expenses	\$277,061	\$4,542
Replacement Reserves	\$18,300	\$300
Total Expenses	\$295,361	\$4,842

	Income Levels	Rent Levels
	# of Units	# of Units
<=30% AMI	0	0
40% AMI	0	0
50% AMI	11	11
60% AMI	50	50
>60% AMI	0	0
Market	0	0

Cash Flow	
EGI	\$569,874
Total Expenses	\$295,361
Net Income	\$274,513
Debt Service	\$247,959
Debt Coverage Ratio (YR1):	1.11

Income Averaging? TRUE

Extended Use Restriction? 30

2020 Low-Income Housing Tax Credit Application For Reservation

\$/SF = **\$135.19** Credits/SF = **3.90701** Const \$/unit = **\$38,496.263**

TYPE OF PROJECT GENERAL = 11000; ELDERLY = 12000
 LOCATION Inner-NVA=100; Outer-NV=200; NWN=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

12000
400
3

400
4

*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	794.73	1,058.73	0.00	0.00	0.00
NUMBER OF UNITS	0	0	52	9	0	0	0
PARAMETER-(COSTS=>35,000)	0	0	165,900	225,150	0	0	0
PARAMETER-(COSTS<35,000)	0	0	0	0	0	0	0
PARAMETER-(COSTS=>50,000)	0	0	165,900	225,150	0	0	0
PARAMETER-(COSTS<50,000)	0	0	40,110	54,435	0	0	0
COST PARAMETER	0	0	165,900	225,150	0	0	0
PROJECT COST PER UNIT	0	0	107,437	143,127	0	0	0
PARAMETER-(CREDITS=>35,000)	0	0	12,924	15,751	0	0	0
PARAMETER-(CREDITS<35,000)	0	0	0	0	0	0	0
PARAMETER-(CREDITS=>50,000)	0	0	12,924	15,751	0	0	0
PARAMETER-(CREDITS<50,000)	0	0	3,348	4,080	0	0	0
CREDIT PARAMETER	0	0	12,924	15,751	0	0	0
PROJECT CREDIT PER UNIT	0	0	3,105	4,136	0	0	0
COST PER UNIT POINTS	0.00	0.00	30.04	5.38	0.00	0.00	0.00
CREDIT PER UNIT POINTS	0.00	0.00	129.53	21.76	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NUMBER OF UNITS	0	0	0	0	0	0	0	0
PARAMETER-(COSTS=>35,000)	0	0	0	0	0	0	0	0
PARAMETER-(COSTS<35,000)	0	0	0	0	0	0	0	0
PARAMETER-(COSTS=>50,000)	0	0	0	0	0	0	0	0
PARAMETER-(COSTS<50,000)	0	0	0	0	0	0	0	0
COST PARAMETER	0	0	0	0	0	0	0	0
PROJECT COST PER UNIT	0	0	0	0	0	0	0	0
PARAMETER-(CREDITS=>35,000)	0	0	0	0	0	0	0	0
PARAMETER-(CREDITS<35,000)	0	0	0	0	0	0	0	0
PARAMETER-(CREDITS=>50,000)	0	0	0	0	0	0	0	0
PARAMETER-(CREDITS<50,000)	0	0	0	0	0	0	0	0
CREDIT PARAMETER	0	0	0	0	0	0	0	0
PROJECT CREDIT PER UNIT	0	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	0.00
CREDIT PER UNIT POINTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

TOTAL COST PER UNIT POINTS **35.42**

TOTAL CREDIT PER UNIT POINTS **151.29**

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	165,900	225,150	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	165,900	225,150	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	12,924	15,751	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	12,924	15,751	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	0	0	0	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	0	0	0	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	0	0	0	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	0	0	0	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	124,556	169,040	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	124,556	169,040	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	9,777	11,915	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	9,777	11,915	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	0	0	0	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	0	0	0	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	0	0	0	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	0	0	0	0	0	0	0

2020 Low-Income Housing Tax Credit Application For Reservation

\$/SF = **\$135.19** Credits/SF = **3.90701** Const \$/unit = **\$38,496.26**

TYPE OF PROJECT GENERAL = 11000; ELDERLY = 12000
 LOCATION Inner-NVA=100; Outer-NV=200; NWN-C=300; Rich=400; Tid=500; Balance=600
 TYPE OF CONSTRUCTION N C=1; ADPT=2; REHAB(35,000+)=3; REHAB (10,000-35,000)=4

12000
400
3

400
4

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

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AVG UNIT SIZE	0.00	0.00	794.73	1,058.73	0.00	0.00	0.00
NUMBER OF UNITS	0	0	52	9	0	0	0
PARAMETER-(COSTS=>35,000)	0	0	165,900	225,150	0	0	0
PARAMETER-(COSTS<35,000)	0	0	0	0	0	0	0
PARAMETER-(COSTS=>50,000)	0	0	165,900	225,150	0	0	0
PARAMETER-(COSTS<50,000)	0	0	40,110	54,435	0	0	0
COST PARAMETER	0	0	165,900	225,150	0	0	0
PROJECT COST PER UNIT	0	0	107,437	143,127	0	0	0
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PARAMETER-(CREDITS<35,000)	0	0	0	0	0	0	0
PARAMETER-(CREDITS=>50,000)	0	0	12,924	15,751	0	0	0
PARAMETER-(CREDITS<50,000)	0	0	3,348	4,080	0	0	0
CREDIT PARAMETER	0	0	12,924	15,751	0	0	0
PROJECT CREDIT PER UNIT	0	0	3,105	4,136	0	0	0
COST PER UNIT POINTS	0.00	0.00	30.04	5.38	0.00	0.00	0.00
CREDIT PER UNIT POINTS	0.00	0.00	129.53	21.76	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00
NUMBER OF UNITS	0	0	0	0	0	0	0	0
PARAMETER-(COSTS=>35,000)	0	0	0	0	0	0	0	0
PARAMETER-(COSTS<35,000)	0	0	0	0	0	0	0	0
PARAMETER-(COSTS=>50,000)	0	0	0	0	0	0	0	0
PARAMETER-(COSTS<50,000)	0	0	0	0	0	0	0	0
COST PARAMETER	0	0	0	0	0	0	0	0
PROJECT COST PER UNIT	0	0	0	0	0	0	0	0
PARAMETER-(CREDITS=>35,000)	0	0	0	0	0	0	0	0
PARAMETER-(CREDITS<35,000)	0	0	0	0	0	0	0	0
PARAMETER-(CREDITS=>50,000)	0	0	0	0	0	0	0	0
PARAMETER-(CREDITS<50,000)	0	0	0	0	0	0	0	0
CREDIT PARAMETER	0	0	0	0	0	0	0	0
PROJECT CREDIT PER UNIT	0	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	0.00
CREDIT PER UNIT POINTS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

TOTAL COST PER UNIT POINTS **35.42**

TOTAL CREDIT PER UNIT POINTS **151.29**

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	165,900	225,150	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	165,900	225,150	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	12,924	15,751	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	12,924	15,751	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	0	0	0	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	0	0	0	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	0	0	0	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	0	0	0	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	129,724	176,053	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	129,724	176,053	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	10,170	12,394	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	10,170	12,394	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	0	0	0	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	0	0	0	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	0	0	0	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	0	0	0	0	0	0	0

A

Partnership or Operating Agreement

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

OPERATING AGREEMENT
OF
OMNI PARK PLACE SENIOR LLC

FEBRUARY 6, 2020

Operating Agreement

This Operating Agreement, dated effective as of February 6, 2020 (the “Operating Agreement”) is made by Project Homes Properties III LLC, a Virginia limited liability company (the “Member”) the sole member of Omni Park Place Senior LLC, a Virginia limited liability company (the “Company”), to set forth the terms and conditions on which the management, business and financial affairs of the Company shall be conducted.

Section 1 Organization and Purpose

1.01 *Formation of Company.* The Member has caused the Company to be organized as a limited liability company under the Virginia Limited Liability Company Act, Virginia Code §13.1-1000, *et seq.* (the “Act”). The Articles of Organization of the Company (the “Articles”) were filed with the Virginia State Corporation Commission and a Certificate of Organization was issued on February 6, 2020.

1.02 *Capital Contributions; Sole Member.* The Member has agreed to make the contributions to the capital of the Company set forth on Exhibit A. In exchange for such capital contributions, the Member shall receive all of the membership interests in the Company.

1.03 *Purpose.* The Company shall own, operate, lease, develop, construction and maintain that certain affordable housing development to be known as Omni Park Place Apartments located in Ashland, Virginia. Additionally, the Company may engage in any and all lawful activities as may be necessary, incidental or convenient to carrying out the business of the Company as contemplated in this Operating Agreement. The Company may also pursue any other lawful activity that is approved by the Member.

1.04 *Registered Agent.* The name and address of the registered agent of the Company for the purposes of the Act is Lee Householder whose address is 88 Carnation Street, Richmond, Virginia 23225. The sole duty of the registered agent shall be to forward to the Company at its principal office and place of business any notice that is served on it.

Section 2 Management

2.01 *Manager.* The business and affairs of the Company shall be managed under the direction of one or more Managers. The initial Manager shall be Project Homes Properties III LLC. Any Manager may be removed at any time, with or without cause, and a new Manager may be appointed, at the sole discretion of the Member.

2.02 *Management of the Company.*

(a) The Manager shall have the right to manage the business of the Company and to make decisions regarding the business of the Company. The Manager may delegate prescribed functions to any employee, agent, or consultant.

(b) The Manager is granted the right, power, and authority to do in the name of, and on behalf of, the Company all things that, in the Manager's sole judgment, are necessary, proper or desirable to carry out the purposes of the Company, including, but not limited to, the right, power and authority to enter into any kind of contract or activity and to perform and carry out contracts of any kind necessary to, or in connection with, or incidental to the accomplishment of the purposes of the Company, so long as those activities and contracts may be lawfully carried on or performed by a limited liability company under applicable laws and regulations.

(c) All actions taken by the Manager on behalf of the Company from the date of its organization to the date of this Operating Agreement are ratified and confirmed.

2.03 *Compensation and Reimbursements.*

(a) The compensation, if any, of the Manager shall be fixed from time to time by the Member, and no Manager shall be prevented from receiving such compensation by reason of the fact that he or she is also the Member of the Company. The amount of any such management fee, or other compensation, shall be determined in accordance with the services provided by the Manager and the duties performed for the Company.

(b) The Manager shall receive reimbursement for expenses reasonably incurred in the performance of his duties. No Manager shall be prevented from receiving such reimbursement by reason of the fact that he or she is also the Member of the Company.

Section 3
Member Meetings

3.01 *Annual Meetings.* An annual meeting shall be held once per year at a location and on a date selected by the Member for the purpose of the transaction of such business as may come properly before the meeting.

3.02 *Special Meetings.* A meeting of the Member, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the Manager or Member at any time.

3.03 *Notice of Meetings.* Written notice stating the place, day and hour of any meeting and, if a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 2 nor more than 60 days before the date of the meeting, either personally or by mail, by or at the direction of the Manager calling the meeting, to the Member.

Section 4
Capital Contributions and Distributions

4.01 *Member's Capital Contributions.*

(a) *Initial Capital Contributions.* The initial capital contributions to the Company by the Member shall be as set forth on Exhibit A.

(b) *Additional Capital Contributions.* Additional Capital Contributions shall be made at such times and in such amounts as the Member shall determine in his sole discretion.

4.02 *Distributions.* Distributions shall be made by the Company to the Member at such times as the Member shall determine in his sole discretion.

4.03 *Loans to Company.* Nothing in this Operating Agreement shall prevent the Member from making secured or unsecured loans to the Company by agreement with the Company.

Section 5
Tax Matters

Tax Status. It is intended that the Company be treated as a single member entity within the meaning of Section 301.7701-2(c)(2) of the Treasury Regulations and, accordingly, disregarded as a separate entity for tax purposes, until such time as another member is admitted to the Company.

Section 6
Dissolution and Termination

6.01 *Events of Dissolution.* The Company shall be dissolved upon the occurrence of any of the following events:

(a) The determination in writing of the Member;

(b) As otherwise required by Virginia law.

6.02 *Liquidation.* Upon the dissolution of the Company, it shall wind up its affairs by either or a combination of both of the following methods as the Manager (or if there is no Manager such person as determined by the Member) shall, in his sole discretion, determine:

(a) Selling the Company's assets and, after the payment of Company liabilities, distributing the net proceeds therefrom to the Member in satisfaction of his interest in the Company; and/or,

(b) Distributing the Company's assets to the Member in kind, subject to his liabilities, in satisfaction of his interest in the Company.

6.03 *Orderly Liquidation.* A reasonable time as determined by the Manager (or the person or persons carrying out the liquidation) not to exceed 18 months shall be allowed for the orderly liquidation of the assets of the Company and the discharge of liabilities to the creditors so as to minimize any losses attendant upon dissolution.

6.04 *Distributions.* Upon dissolution, the Company's assets (including any cash on hand) shall be distributed in the following order and in accordance with the following priorities:

(a) First, to the payment of the debts and liabilities of the Company (including but not limited to loans made by the Member) and the expenses of liquidation, including a sales commission to the selling agent, if any; then

(b) Second, to the setting up of any reserves which the Manager (or the person or persons carrying out the liquidation) deems reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company. At the expiration of such period as the Manager (or the person or persons carrying out the liquidation) shall deem advisable, but in no event to exceed 18 months, the Manager shall distribute the balance thereof in the manner provided in the following subparagraph; then

(c) Third, to the Member.

6.05 *Certificate of Cancellation.*

(a) Within a reasonable time following the completion of the liquidation of the Company, there shall be supplied to the Member a statement which shall set forth the assets and the liabilities of the Company as of the date of complete liquidation. Upon completion of the liquidation of the Company and the distribution of all the Company's assets, the Company shall terminate, and the Member shall execute and record a Certificate of Cancellation of the Company as well as any and all other documents required to effectuate the dissolution and termination of the Company.

(b) Upon the issuance of the filing of the Certificate of Cancellation, the existence of the Company shall cease, except for the purpose of suits, other proceedings and appropriate action as provided in the Act.

Section 7

Notices

7.01 *Form; Delivery.* Whenever, under the provisions of the Act or other law, the Articles or this Operating Agreement, notice is required hereunder to be given to any person or entity, it shall not be construed to mean exclusively personal notice unless otherwise specifically provided, but such notice may be given in writing, by mail, addressed to the Company at its principal office from time to time and to any other person or entity, at his address as it appears on the records of the Company, with postage thereon prepaid. Any such notice shall be deemed to

have been given at the time it is deposited, postage prepaid, in the United States mail. Notice to a person may also be given personally or by telegram or telecopy sent to his address as it appears on the records of the Company.

7.02 *Waiver.* Whenever any notice is required to be given under the provisions of law, the Articles or this Operating Agreement, a written waiver thereof, signed by the person or persons entitled to said notice and filed with the records of the meeting, whether before or after the time stated therein, shall be conclusively deemed to be equivalent to such notice.

Section 8

Miscellaneous Provisions

8.01 *Bank Accounts.* The Company shall maintain such bank accounts as the Manager may determine to be appropriate from time to time.

8.02 *Books of Account and Records.* Proper and complete records and books of account shall be kept or shall be caused to be kept by the Manager in which shall be entered fully and accurately all transactions and other matters relating to the Company's business in such detail and completeness as is customary and usual for businesses of the type engaged in by the Company. The books and records shall at all times be maintained at the principal office of the Company and shall be open to inspection and examination of the Member or his duly authorized representatives during reasonable business hours.

8.03 *Application of Virginia Law.* This Operating Agreement, and the interpretation hereof, shall be governed exclusively by its terms and by the laws of the Commonwealth of Virginia, without reference to its choice of law provisions, and specifically the Act.

8.04 *Amendments.* Any amendment to this Operating Agreement may be adopted by the Member. An amendment shall become effective at such time as it has been adopted by the Member.

8.05 *Construction.* Whenever the singular number is used in this Operating Agreement and when required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa.

8.06 *Headings.* The headings in this Operating Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Operating Agreement or any provision hereof.

8.07 *Waivers.* The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Operating Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

8.08 *Rights and Remedies Cumulative.* The rights and remedies provided by this Operating Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive the right to use any or all other remedies. Such rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

8.09 *Severability.* If any provision of this Operating Agreement or the application thereof to any person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Operating Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

8.10 *Heirs, Successors and Assigns.* Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Operating Agreement, their respective heirs, legal representatives, successors and assigns.

8.11 *Creditors and Third-Party Beneficiaries.* None of the provisions of this Operating Agreement shall be for the benefit of or enforceable by any creditor of the Company. The specific intent of the undersigned is that there shall be no third-party beneficiaries of this Operating Agreement.

8.12 *Counterparts.* This Operating Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

The undersigned, being the sole Member of the Company, hereby agrees, acknowledges and certifies that the foregoing Operating Agreement, including any schedules and exhibits hereto, constitutes the sole and entire Operating Agreement of Omni Park Place Senior LLC, adopted as of the date first written above.

PROJECT HOMES PROPERTIES III LLC

By: ElderHomes Corporation,
a Virginia corporation,
Its Sole Member

By: 
Lee Householder, CEO

EXHIBIT A

TO OPERATING AGREEMENT OF OMNI PARK PLACE SENIOR LLC

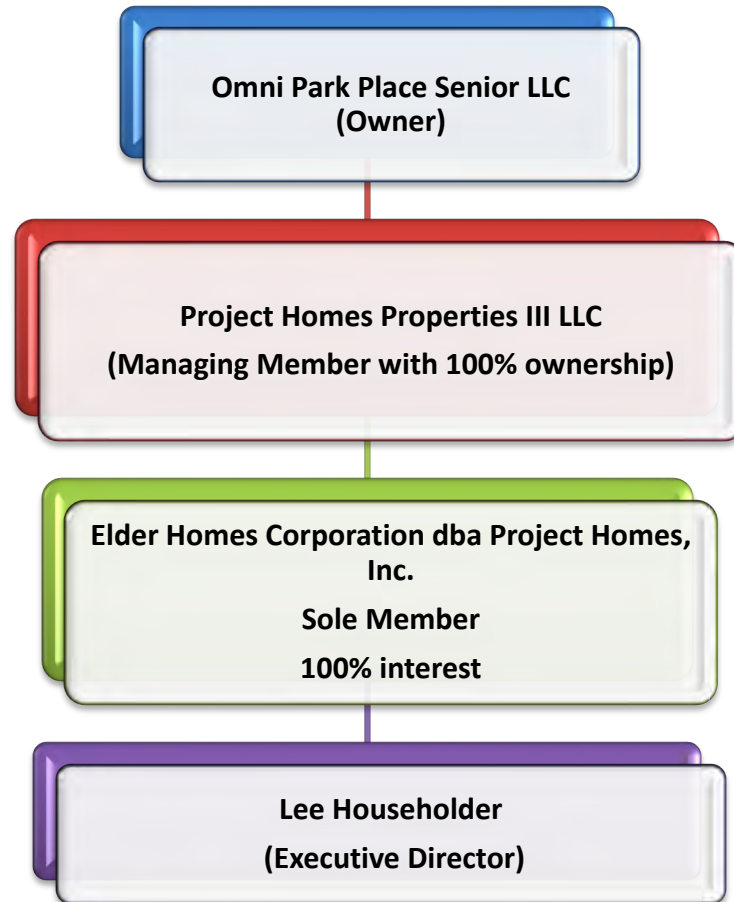
**Member's Name, Address, Membership Interests
and Initial Capital Contributions**

<u>Name</u>	<u>Address</u>	<u>Membership Interest</u>	<u>Initial Capital Contributions</u>
Project Homes Properties III LLC	88 Carnation Street Richmond, VA 23225	100.0%	*
Total		100.0%	*

*To be determined by the accountants

41929132_1

**OMNI PARK PLACE SENIOR LLC
ORGANIZATIONAL CHART**



DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this "Agreement") made as of June 17, 2020, by and between ELDERHOMES CORPORATION, a Virginia non-stock corporation d/b/a project:HOMES (the "Developer") and OMNI PARK PLACE SENIOR LLC, a Virginia limited liability company (the "Company").

WITNESSETH:

WHEREAS, the Company has been formed to develop, rehabilitate, own, maintain and operate certain property as low-income residential rental housing, to be known as Omni Park Place Senior Apartments, located at 101 Omni Road, Ashland, Virginia (the "Project"); and

WHEREAS, the Project, following the completion of construction, is expected to constitute a "qualified low-income housing project" (as defined in Section 42(g)(1) of the Code).

WHEREAS, the Developer has provided and will continue to provide certain services with respect to the Project during the acquisition, development, rehabilitation and initial operating phases thereof.

WHEREAS, in consideration for such services, the Company has agreed to pay to the Developer certain fees computed in the manner stated herein.

NOW, THEREFORE, in consideration of the recitals, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties agree as follows:

Section 1. Development Services.

(a) The Developer has performed certain services relating to the development of the Project and shall oversee the development and construction of the Project, and shall perform the services and carry out the responsibilities with respect to the Project as are set forth herein, and such additional duties and responsibilities as are reasonably within the general scope of such services and responsibilities and are designated from time to time by the Company.

(b) The Developer's services shall be performed in the name and on behalf of the Company and shall consist of the duties set forth in subparagraphs (i)-(xiii) below of this Section 1(b) and as provided elsewhere in this Agreement; provided, however, that if the performance of any duty of the Developer set forth in this Agreement is beyond the reasonable control of the Developer, the Developer shall nonetheless be obligated to (i) use its best efforts to perform such duty and (ii) promptly notify the Company that the

performance of such duty is beyond its reasonable control. The Developer has performed or shall perform the following:

(i) Negotiate and cause to be executed in the name and on behalf of the Company any agreements for architectural, engineering, testing or consulting services for the Project, and any agreements for the construction of any improvements or tenant improvements to be constructed or installed by the Company or the furnishing of any supplies, materials, machinery or equipment therefor, or any amendments thereof, provided that no agreement shall be executed nor binding commitment made until the terms and conditions thereof and the party with whom the agreement is made have been approved by the managing member of the Company (“Managing Member”) unless the terms, conditions, and parties comply with guidelines issued by the Managing Member concerning such agreements;

(ii) Assist the Company in identifying sources of construction financing for the Project and negotiate the terms of such financing with lenders;

(iii) Establish and implement appropriate administrative and financial controls for the design and construction of the Project, including but not limited to:

(A) coordination and administration of the Project architect, the general contractor, and other contractors, professionals and consultants employed in connection with the design or rehabilitation of the Project;

(B) administration of any construction contracts on behalf of the Company;

(C) participation in conferences and the rendering of such advice and assistance as will aid in developing economical, efficient and desirable design and construction procedures;

(D) the rendering of advice and recommendations as to the selection of subcontractors and suppliers;

(E) the review and submission to the Company for approval of all requests for payments under any architectural agreement, general contractor's agreement, or any construction loan agreements with any lending

institutions providing funds for the benefit of the Company for the design or construction of any improvements;

(F) the submission of any suggestions or requests for changes which could in any reasonable manner improve the design, efficiency or cost of the Project;

(G) applying for the maintaining in full force and effect any and all governmental permits and approvals required for the lawful construction of the Project;

(H) compliance with all terms and conditions applicable to the Company or the Project contained in any governmental permit or approval required or obtained for the lawful construction of the Project, or in any insurance policy affecting or covering the Project, or in any surety bond obtained in connection with the Project;

(I) furnishing such consultation and advice relating to the construction of the Project as may be reasonably requested from time to time by the Company;

(J) keeping the Company fully informed on a regular basis of the progress of the design and construction of the Project, including the preparation of such reports as are provided for herein or as may reasonably be requested by the Company and which are of a nature generally requested or expected of construction managers or similar owner's representatives on similar projects;

(K) giving or making the Company's instructions, requirements, approvals and payments provided for in the agreements with the Project architect, general contractor, and other contractors, professionals and consultants retained for the Project; and

(L) at the Company's expense, filing on behalf of and as the attorney-in-fact for the Company any notices of completion required or permitted to be filed upon the completion of any improvement(s) and taking such actions as may be required to obtain any certificates of occupancy or equivalent documents required to permit the occupancy of the Project.

(iv) Inspect the progress of the course of construction of the Project, including verification of the materials and labor being furnished to

and on such construction so as to be fully competent to approve or disapprove requests for payment made by the Project architect and the general contractor, or by any other parties with respect to the design or construction of the Project, and in addition to verify that the construction is being carried out substantially in accordance with the plans and specifications approved by the Company or, in the event construction is not being so carried out, to promptly notify the Company;

(v) If requested to do so by the Company, perform on behalf of the Company all obligations of the Company with respect to the design or construction of the Project contained in any loan agreement or security agreement in connection with the Project, or in any lease or rental agreement relating to space in the Project, or in any agreement entered into with any governmental body or agency relating to the terms and conditions of such construction, provided that copies of such agreements have been provided by the Company to the Developer or the Company has otherwise notified the Developer in writing of such obligations;

(vi) To the extent requested to do so by the Company, prepare and distribute to the Company a critical path schedule, and periodic updates thereto as necessary to reflect any material changes, but in any event not less frequently than quarterly, other design or construction cost estimates as required by the Company, and financial accounting reports, including monthly progress reports on the quality, progress and cost of construction and recommendations as to the drawing of funds from any loans arranged by the Company to cover the cost of design and construction of the Project, or as to the providing of additional capital contributions should such loan funds for any reason be unavailable or inadequate;

(vii) At the Company's expense, obtain and maintain insurance coverage for the Project, the Company, the management agent of the Project ("Management Agent"), and the Developer and its employees, at all times until final completion of construction of the Project, in accordance with an insurance schedule approved by the Company, which insurance shall include general public liability insurance covering claims for personal injury, including but not limited to bodily injury, or property damage, occurring in or upon the Property or the streets, passageways, curbs and vaults adjoining the Property. Such insurance shall be in a liability amount approved by the Company;

(viii) To the extent applicable to the construction of the Project, comply with all present and future laws, ordinances, orders, rules, regulations and requirements (hereinafter in this subparagraph (ix) called "laws") of all federal, state and municipal governments, courts, departments, commissions, boards and offices having jurisdiction over the

Project. Any such compliance undertaken by the Developer on behalf of and in the name of the Company, in accordance with the provisions of this Agreement, shall be at the Company's expense. The Developer shall likewise ensure that all agreements between the Company and independent contractors performing work in connection with the construction of the Project shall include the agreement of said independent contractors to comply with all such applicable laws;

(ix) Assemble and retain all contracts, agreements and other records and data as may be necessary to carry out the Developer's functions hereunder. Without limiting the foregoing, the Developer will prepare, accumulate and furnish to the Company and the appropriate governmental authorities, as necessary, data and information sufficient to identify the market value of improvements in place as of each real property tax lien date, and will take application for appropriate exclusions from the capital costs of the Project for purposes of real property ad valorem taxes;

(x) Coordinate and administer the design and construction of all interior tenant improvements to the extent required under any leases or other occupancy agreements to be constructed or furnished by the Company with respect to the initial leasing of space in the Project, whether involving building standard or non-building standard work;

(xi) Use its best efforts to accomplish the timely completion of the Project in accordance with the approved plans and specifications and the time schedules for such completion approved by the Company;

(xii) At the direction of the Company, implement any decisions of the Company made in connection with the design, development and construction of the Project or any policies and procedures relating thereto, exclusive of leasing activities; and

(xiii) Perform and administer any and all other services and responsibilities of the Developer which are set forth in any other provisions of this Agreement, or which are requested to be performed by the Company and are within the general scope of the services described herein.

Section 2. Limitations and Restrictions. Notwithstanding any provisions of this Agreement, the Developer shall not take any action, expend any sum, make any decision, give any consent, approval or authorization, or incur any obligation with respect to any of the following matters unless and until the same has been approved by the Company:

(a) Approval of all construction and architectural contracts and all architectural plans, specifications and drawings prior to the construction and/or alteration of any improvements contemplated thereby, except for such matters as may be expressly delegated in writing to the Developer by the Company;

(b) Any proposed change in the work of the construction of the Project, or in the plans and specifications therefor as previously approved by the Company, or in the cost thereof, or any other change which would affect the design, cost, value or quality of the Project, except for such matters as may be expressly delegated in writing to the Developer by the Company;

(c) Making any expenditure or incurring any obligation by or on behalf of the Company or the Project involving a sum in excess of \$25,000 or involving a sum of less than \$25,000 where the same relates to a component part of any work, the combined cost of which exceeds \$25,000, except for expenditures made and obligations incurred pursuant to and specifically set forth in a construction budget approved by the Company (the "Construction Budget") or for such matters as may be otherwise expressly delegated to the Developer by the Company;

(d) Making any expenditure or incurring any obligation which, when added to any other expenditure, exceeds the Construction Budget or any line item specified in the Construction Budget, except for such matters as may be otherwise expressly delegated in writing to the Developer by the Company; or

(e) Expending more than what the Developer in good faith believes to be the fair and reasonable market value at the time and place of contracting for any goods purchased or leased or services engaged on behalf of the Company or otherwise in connection with the Project.

Section 3. Accounts and Records.

(a) The Developer on behalf of the Company, shall keep such books of account and other records as may be required and approved by the Company, including, but not limited to, records relating to the costs of construction advances. The Developer shall keep vouchers, statements, receipted bills and invoices and all other records, in the form approved by the Company, covering all collections, if any, disbursements and other data in connection with the Project prior to final completion of construction. All accounts and records relating to the Project, including all correspondence, shall be surrendered to the Company, upon demand without charge therefor.

(b) The Developer shall cooperate with the Management Agent to facilitate the timely preparation by the Management Agent of such reports and financial statements as the Management Agent is required to furnish pursuant to the management agreement between the Company and the Management Agent ("Management Agreement").

(c) All books and records prepared or maintained by the Developer shall be kept and maintained at all times at the place or places approved by the Company, and shall be available for and subject to audit, inspection and copying by the Management Agent, the Company or any representative or auditor thereof or supervisory or regulatory authority, at the times and in the manner set forth in the Company Agreement.

Section 4. Obligation To Complete Construction.

The Developer shall complete the construction of the Project or cause the same to be completed in a good and workmanlike manner, free and clear of all mechanic's, materialmen's or similar liens, and shall equip the Project or cause the same to be equipped with all necessary and appropriate fixtures, equipment and articles of personal property, including refrigerators and ranges, provided for in the loan and other documents governing the development and operation of the Project and in the plans and specifications for the Project.

Section 5. Development Amount.

As a fee for its services in connection with the development of the Project and the supervision of the construction/rehabilitation of the Project as set forth in Section 1 and elsewhere in this Agreement, the Developer shall be paid an amount (the "Development Amount") equal to Seven Hundred Seventy-Eight Thousand Three Hundred Ninety-Three and No/100 Dollars (\$778,393.00). The Development Amount shall be deemed to have been earned as follows:

- (i) Twenty percent (20%) as of the date of this Agreement;
- (ii) Eighty percent (80%) upon substantial completion of the Project;

The Development Amount shall be paid from and only to the extent of the Company's available cash, in installments as follows:

- (i) Twenty percent (20%) on initial equity funding of the Project;
- (ii) Forty percent (40%) upon substantial completion of the Project; and
- (iii) Forty percent (40%) upon achievement of 95% occupancy for the Project.

Any installment of the Development Amount not paid when otherwise due hereunder shall be deferred without interest and shall be paid from next available cash, provided, however, that any unpaid balance of the Development Amount shall be due and payable in all events at the earlier of (i) the thirteenth anniversary of the date of this Agreement, or (ii) if the Project qualifies for Tax Credits under Code Section 42, then the end of the Project's compliance period.

Section 6. Applicable Law.

This Agreement, and the application or interpretation hereof, shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

Section 7. Binding Agreement.

This Agreement shall be binding on the parties hereto, their heirs, executors, personal representatives, successors and assigns. As long as the Developer is not in default under this Agreement, the obligation of the Company to pay the Development Amount shall not be affected by any change in the identity of the Managing Member of the Company.

Section 8. Headings.

All section headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any section.

Section 9. Terminology.

All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

Section 10. Benefit of Agreement.

The obligations and undertakings of the Developer set forth in this Agreement are made for the benefit of the Company and its Partners and shall not inure to the benefit of any creditor of the Company other than a Partner, notwithstanding any pledge or assignment by the Company of this Agreement of any rights hereunder.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]


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

COMPANY:

OMNI PARK PLACE SENIOR LLC,
a Virginia limited liability company

By: Project Homes Properties III LLC,
A Virginia limited liability company,
Its Manager

By: ElderHomes Corporation,
a Virginia nonstock corporation,
Its Sole Member and Manager

By: 

Lee Householder, CEO

DEVELOPER:

ELDERHOMES CORPORATION
(also known as Project:Homes),
a Virginia non-stock corporation

By: 

Lee Householder, CEO

B

Virginia State Corporation
Commission Certification
(MANDATORY)

Commonwealth of Virginia



State Corporation Commission

CERTIFICATE OF FACT

I Certify the Following from the Records of the Commission:

That Omni Park Place Senior LLC is duly organized as a limited liability company under the law of the Commonwealth of Virginia;

That the limited liability company was formed on February 7, 2020; 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:

June 5, 2020

Joel H. Peck

Joel H. Peck, Clerk of the Commission

C

Principal's Previous
Participation Certification
(MANDATORY)



Previous Participation Certification

Development Name: _____

Name of Applicant (entity): _____

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

Lee Householder

Printed Name

6/5/20

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: Omni Park Place Senior Apartments
 Name of Applicant: Omni Park Place Senior LLC

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 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.
- 3 List only tax credit development experience since 2004 (i.e. for the past 15 years)
- 4 Use separate pages as needed, for each principal.

Principal's Name: Project Homes Properties III LLC Controlling GP (CGP) or 'Named' Managing Member of Proposed property? Yes

	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"
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* Must have the ability to bind the LIHTC entity; document with partnership/operating agreements and one 8602 (per entity/development) for a total of 6.

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

List of LIHTC Developments (Schedule A)



Development Name: Omni Park Place Senior Apartments
 Name of Applicant: Omni Park Place Senior LLC

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 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.
- 3 List only tax credit development experience since 2004 (i.e. for the past 15 years)
- 4 Use separate pages as needed, for each principal.

Principal's Name: Elderhomes Corporation dba ProjectHOMES Controlling GP (CGP) or 'Named' Managing Member of Proposed property? No

1	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	William Byrd Apartments 2501 Broad Street Richmond VA	William Byrd Hotel Associates, LP	Y	107	107	10/1/96	5/5/98	N
2	Parham Park Place II 7590 East Parham Road, Richmond VA	ElderHomes II Parham Park Place II, LLC	Y	51	51	8/23/06	3/27/07	N
3	Parham Park Place I 7600 E. Parham Road Richmond VA 23228	ElderHomes Parham Seniors Limited Partnership	Y	86	86	5/7/99	2/1/00	N
4	The Arbors 7604-7608 Forest Hill Avenue Richmond, VA	Forest Hill Apartments Limited Partnership	N	85	85	11/4/98	12/29/98	N
5	Dunlop Farms 1100 Dunlop Place Colonial Heights, VA	Centrum Colonial Heights Limited Partnership	N	88	88	11/30/00	8/20/01	N
6	Omni Apartments 101 Omni Road Ashland VA 23005	Ashland Gardens Limited Partnership	Y	61	61	9/3/03	6/9/04	N
7	William Byrd Senior Apartments 2501 Broad Street Richmond VA	William Byrd Senior Apartments, LLC	N	104	104	12/29/16	7/18/17	N
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* 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: 582 582 100% **LIHTC as % of Total Units**

E

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

PURCHASE AND SALE AGREEMENT

THIS PURCHASE AND SALE AGREEMENT (this “Agreement”) dated as of the 30th day of March, 2020 (the “Effective Date”), is made by and between **ASHLAND GARDENS LIMITED PARTNERSHIP**, a Virginia limited partnership, having an address of 88 Carnation Street, Richmond, Virginia 23225 (“Seller”), and **OMNI PARK PLACE SENIOR LLC**, a Virginia limited liability company, having an office at 88 Carnation Street, Richmond, Virginia 23225, and its successors and assigns (“Purchaser”).

RECITALS:

WHEREAS, Seller desires to sell certain improved real property known generally as the Parkview Gardens Apartments, located in Ashland, Virginia, along with certain related personal and intangible property, and Purchaser desires to purchase such real, personal and intangible property from Seller; and

WHEREAS, Seller and Purchaser, intending to be bound by this Agreement, desire to set forth herein the terms, conditions and agreements under and by which Seller shall sell and Purchaser shall purchase the foregoing real, personal and intangible property.

1. THE PROPERTY.

1.1 Description. Subject to the terms and conditions of this Agreement, and for the consideration set forth herein, Seller hereby agrees to sell, assign and convey, and Purchaser hereby agrees to purchase and acquire, all of Seller’s right, title and interest in and to the following (collectively, the “Property”):

1.1.1 A certain parcel of land located in Ashland, Virginia, consisting of approximately 4 acres of land (the “Land”, more specifically described on Schedule 1.1.1, attached hereto), and having a street address of 101 Omni Road, Ashland, Virginia;

1.1.2 All buildings, improvements, fixtures, structures, parking facilities, electrical systems, plumbing systems, heating systems, and air conditioning systems located on the Land, or any portion thereof, consisting of 5 two-story interconnected buildings (the “Buildings”), containing sixty-one (61) apartment units, together with all other improvements, facilities and fixtures located on the Land (the Buildings and any and all other improvements located on the Land are hereinafter referred to collectively as the “Improvements”);

1.1.3 As identified by schedule to be provided to Purchaser within eight (8) business days after the Effective Date, all furniture, tangible personal property, machinery, mechanical systems, apparatus and equipment currently used in the operation, development, repair and maintenance of the Land and the Improvements (excluding, however, any tangible personal property or fixtures which are owned by tenants or which may be removed by tenants under the terms of their leases), including, without limitation, computers and computer software of Seller that are located onsite and those certain items of personal property (collectively, the “Personal Property”);

1.1.4 All easements, hereditaments and appurtenances, if any, pertaining or affecting the Land (collectively, the "Easements");

1.1.5 Any street or road abutting the Land, to the center line thereof, if any;

1.1.6 All of the leases or occupancy agreements, including, without limitation, Seller's interest in and to all tenant leases, rental agreements, subleases and tenancies, including all amendments, modifications, agreements, records, substantive correspondence, and other documents affecting any way a right to occupy any portion of the Property (collectively, the "Leases"), and all of the security deposits, including, without limitation, security, key, cleaning, storage locker and pet deposits, and prepaid rent, if any, and all interest, if any, due thereon with respect to the Leases (the "Security Deposits"), including the Security Deposits held by Seller in connection with the Leases;

1.1.6.1 All of the balance of the Replacement Reserve Deposit Account as of Closing (defined in Section 2.4, below), held by the Seller in connection with the Property (the "Replacement Reserves");

1.1.7 All of the Assumed Contracts (defined in Section 3.5, below);

1.1.8 The name "Omni Park Place Senior Apartments", and any other name used to designate the Property, or any part thereof, and any good will associated with any such name and all copyrights, trademarks, service marks and other marks and trade or business names relating to the ownership, use, operation and maintenance of the Property;

1.1.9 All warranties and guaranties issued in connection with the Improvements or the Personal Property, which are in effect as of Closing (defined in Section 2.4, below); and

1.1.10 All consents, authorizations, variances or waivers, licenses, certificates of occupancy, permits and approvals from any governmental or quasi-governmental agency, department, board, commission, bureau or other entity or instrumentality with respect to the Property, which remain valid or in effect as of Closing (collectively, the "Approvals"); and

1.2 Agreement to Convey. Seller agrees to convey, and Purchaser agrees to accept, on the Date of Closing (defined in Section 2.4, below): (a) good and marketable title to the Land and the Improvements by way of a Special Warranty Deed, to be executed and delivered by Seller in respect to the Property, and which shall be subject only to the Permitted Exceptions (defined in Section 3.6, below) affecting or encumbering the Property; and (b) the Personal Property, by way of a Special Warranty Bill of Sale (defined in Section 8.1.2 hereof), to be executed and delivered in respect to the Personal Property.

2. PURCHASE PRICE AND PAYMENT.

2.1 Purchase Price. The purchase price for the Property (the "Purchase Price") is Three Million Eight Hundred Thousand and 00/100 Dollars (\$3,800,000.00).

2.2 Deposit. Within three (3) business days after the Effective Date, Purchaser shall, by federal wire transfer, deposit the sum of One Thousand and 00/100 Dollars (\$1,000) (the "Deposit") into the escrow account of the Title Company (defined in Section 2.4, below). If Purchaser shall fail to make the Deposit in accordance with the foregoing, by 5:00 p.m., EST, on the date which is three (3) business days after the Effective Date, this Agreement shall automatically terminate and neither party shall thereafter have any further rights, obligations or liability hereunder. Once posted, the Deposit shall be refundable upon the demand of Purchaser, without any right by Seller to object or delay such refund, in the event that (a) Purchaser terminates this Agreement in accordance with Section 3.7, below, on or before 5:00 p.m., EST, on the Approval Date (defined in Section 3.1, below); (b) Seller defaults in its obligations hereunder; or (c) Purchaser exercises any other right to terminate this Agreement contained herein.

The Deposit shall be held by the Title Company pursuant to an escrow agreement between Seller, Purchaser and the Title Company. All interest earned on the Deposit shall be added to the principal held in the escrow and shall constitute a part of the Deposit and shall be included in the definition of the term "Deposit" as used herein. Interest earned on the Deposit shall be deemed earned by Purchaser. The Deposit shall be credited against the Purchase Price.

2.3 Payment. Purchaser shall pay to Seller the Purchase Price, subject to adjustment for prorations and credits as provided in Section 7, below, on or before 5:00 p.m. Eastern Time, on the Date of Closing, by Purchaser causing the Title Company (defined in Section 2.4 hereunder) to deliver a cashiers' check or wire immediately available funds to such bank account(s) as Seller may designate.

2.4 Closing. Delivery of the Special Warranty Deed, payment of the Purchase Price and the closing hereunder (the "Closing") will take place pursuant to an escrow closing on or before December 30, 2020 (the "Date of Closing"). Closing shall be conducted by mail or overnight courier by a reputable national title insurance company licensed in the State where the Property is located and selected by Purchaser (the "Title Company"), or at such other time and place as may be agreed to in writing by Seller and Purchaser. In addition, Purchaser and Seller shall finalize all prorations and adjustments to the Purchase Price, and prepare and execute a settlement statement detailing all such items and costs of Closing, no later than two (2) business days prior to the Closing Date.

3. INSPECTIONS AND APPROVALS.

3.1 Inspections and Approvals. Purchaser shall have a period of time (the "Due Diligence Period"), commencing on the Effective Date, and expiring at 5:00 p.m., EST, on the date which is One Hundred and Fifty (150) days after the Effective Date (the "Approval Date"), in which to conduct the inspections and studies described in this Section 3.

3.2 Access to the Property and Indemnification by Purchaser. During the Due Diligence Period (and thereafter until the Date of Closing to the extent this Agreement has not been terminated and continues to remain in effect), Seller shall permit Purchaser and Purchaser's agents and representatives access to the Property for purposes of conducting, at Purchaser's sole cost and expense, such physical and environmental inspections of the Property as Purchaser shall

deem necessary or appropriate. In the event that this Agreement is terminated pursuant to Section 3.7 below, Purchaser agrees, at its own expense, to promptly, but in no event later than fifteen (15) business days after the date of such termination, (i) restore the Property to substantially the same condition it was in prior to such test or inspection, reasonable wear and tear excepted, to the extent that any inspection or test performed by Purchaser requires or results in any damage to or alteration of the condition of the Property; and (ii) provide to Seller a copy of all reports and inspections of the Property. Purchaser shall indemnify and hold Seller harmless from any loss, injury, liability, damage or expense, including reasonable attorneys' fees and costs, incurred by reason of Purchaser's (or its agents' and/or representatives') entering upon the Property for the aforesaid purposes, provided, however, that Purchaser shall not be required to indemnify Seller if, and to the extent that, any such loss, injury, liability, damage or expense was caused by the negligence or misconduct of Seller, its employees or agents. The obligations of Purchaser under this Section 3.2 shall specifically and without limitation survive the termination of this Agreement for whatever reason and shall survive Closing hereunder for a period of one (1) year.

3.3 Inspection of Documents. Within eight (8) business days after the Effective Date, Seller shall deliver or cause to be delivered to Purchaser the following, to the extent Seller has in its possession as of the Effective Date, or shall indicate in writing that Seller is unable to locate or does not have in its possession:

3.3.1 a copy of Seller's most recent title insurance and hazard insurance policies for the Property;

3.3.2 a copy of Seller's most recent survey of the Property;

3.3.3 a copy of all engineering, soils, seismic, geologic reports, surveys, plans and specifications for the Property and all operating systems in the Improvements, and all architectural reports, engineering reports, life safety system reports, reports regarding compliance with the Americans with Disabilities Act, and all other reports or studies, in Seller's possession or control, relating to the Property;

3.3.4 a list of vendors (as supplied by Seller's managing agent) with whom Seller is dealing in respect to the Property;

3.3.5 a list of utility companies which service the Property and upon written request of Purchaser, the bills and invoices rendered to Seller by each such utility company for the most recent four (4) months;

3.3.6 a copy of the real property tax bills, and any special assessments, received by Seller in connection with the Property, for the three (3) most recent tax years;

3.3.7 copies of all government Approvals in connection with the ownership, operation and maintenance of the Property, together with copies of any currently pending applications for any renewals of existing, or for any new, Approvals;

3.3.8 copies of all of the Contracts (defined in Section 3.5, below), affecting or pertaining to the Property, together with all amendments, supplements and modifications thereto;

3.3.9 copies of all environmental reports, studies and permits;

3.3.10 copies of any proffers or other agreements with any governmental authority or other party, which creates any obligation with respect to the Property, which shall survive the Closing, including without limitation any obligation to construct or maintain any improvements which are not, or will not be located on the Property, or which requires the owner of the Property to participate in, or contribute money, in connection with any such obligation;

3.3.11 copies of the form or forms of Leases affecting all or any part of the Property. Due to applicable regulatory requirements, Purchaser may review and inspect onsite (but not copy and remove from the Property) all of the Leases affecting all or any part of the Property and the lease files maintained by Seller or its agents or representatives, including without limitation all correspondence to and from any tenants or prospective tenants;

3.3.12 copies of all management, leasing, or listing agreements relating to the Property, including without limitation all documents pertaining to Seller's obligation, if any, to pay future leasing commissions upon the renewal of, or expansion under, any of the Leases;

3.3.13 copies of warranties and guaranties with respect the Property that will be assigned to Purchaser at Closing will be provided at Closing;

3.3.14 copies of all other documents, instruments and agreements relating to the Property which are reasonably requested in writing by Purchaser;

Notwithstanding the obligation of Seller under this Section 3.3 to provide the documents described above, Purchaser acknowledges its independent obligation to conduct its due diligence review of the Property as Purchaser alone deems necessary. Accordingly, should Purchaser determine that the documents described or provided above are incomplete or insufficient to conduct its due diligence review to its satisfaction, Purchaser shall exercise its right to terminate the Agreement as set forth in Section 3.7, below, on or before the Approval Date.

Purchaser shall keep all information and documents received under this Section 3.3 confidential, except where required by law, and shall use and inspect the same only for its good faith, due diligence review of the Property.

3.4 Title and Survey.

3.4.1 Purchaser shall obtain (a) a commitment (the "Title Commitment") from the Title Company, to issue an owner's policy of title insurance covering the Land and the Improvements, together with copies of all items shown as exceptions to title therein, and, as it deems necessary, (b) a survey covering the Land and the Improvements (the "Survey"), prepared by a qualified surveyor selected by Purchaser and licensed in the State in which the Property is located.

3.4.2 Purchaser shall have a period of time (the "Title Review Period") commencing on the Effective Date and expiring at 5:00 p.m. Eastern Time, on the date that is sixty (60) days after the Effective Date (for purposes of this Section 3.4.2, the "Title Objection Date"), in which to provide written notice to Seller ("Title/Survey Notice") of any matters affecting or relating to the condition of title to or survey of the Property, including any matter disclosed in the Title

Commitment or on the Survey ("Title/Survey Objections"), which are not satisfactory to Purchaser. If Purchaser timely delivers a Title/Survey Notice to Seller, Seller (i) shall reasonably endeavor to cure to the satisfaction of Purchaser all Title/Survey Objections identified in the Title/Survey Notice on or before the expiration of the Title/Survey Objection Cure Period (hereinafter defined) so long as the total costs for effectuating such cure (excluding any mortgages or other liens on the Property securing or evidencing amounts owed by Seller, which Seller shall be required to pay off), shall not exceed Ten Thousand Dollars (\$10,000.00), or (ii) shall, within fifteen (15) days after receipt of the Title/Survey Objections, inform Purchaser in writing that Seller does not intend to attempt a cure because the total costs for effectuating such cure (excluding any mortgages or other liens on the Property securing or evidencing amounts owed by Seller, which Seller shall be required to pay off) will likely exceed Ten Thousand Dollars (\$10,000.00) (a "No Cure Notice").

In the event of a No Cure Notice from Seller, Purchaser shall have fifteen (15) days in which to elect, in its sole and absolute discretion, to: (a) terminate this Agreement and demand and receive the Deposit, without any right by Seller to object or delay such refund, in which event neither party shall thereafter have any further rights, obligations or liability hereunder except for those respective obligations of the parties which, by their terms, are intended to survive; or (b) waive such Title Objection(s) and/or Survey Objection(s) and proceed to Closing with such matter or matters added to, and made a part of, the Permitted Exceptions and without reduction to the Purchase Price unless otherwise agreed in writing by both Seller and Purchaser. If Purchaser fails to make either election, Seller shall have fifteen (15) days in which to elect, in its sole and absolute discretion, to terminate this Agreement, in which instance the Deposit shall be refunded to Purchaser, without any right by Seller to object or delay such refund, in which event neither party shall thereafter have any further rights, obligations or liability hereunder except for those respective obligations of the parties which, by their terms, are intended to survive.

In the event that the Title/Survey Objections are not cured to the satisfaction of Purchaser by 5:00 p.m. Eastern Time, on the last day of the Title/Survey Objection Cure Period, Purchaser shall have ten (10) days in which to elect, in its sole and absolute discretion, to: (a) extend the Date of Closing (except in the case of a No Cure Notice) in order to allow Seller additional time in which to effect such cure, in which event the term "Date of Closing" as used herein shall mean the date to which Closing is so extended; or (b) terminate this Agreement and demand and receive the Deposit, without any right by Seller to object or delay such refund, in which event neither party shall thereafter have any further rights, obligations or liability hereunder except for those respective obligations of the parties which, by their terms, are intended to survive; or (c) waive such Title Objection(s) and/or Survey Objection(s) and proceed to Closing with such matter or matters added to, and made a part of, the Permitted Exceptions and without reduction to the Purchase Price unless otherwise agreed in writing by both Seller and Purchaser.

For purposes of this Agreement, the term "Title/Survey Objection Cure Period" shall mean the period of time during which Seller is required to effect the cure of any Title/Survey Objection(s) identified in a timely delivered Title/Survey Notice, commencing on the date that Seller receives a Title/Survey Notice and expiring at 5:00 p.m. Eastern Time, on the earlier of (a) the date which is thirty (30) days thereafter, or (b) the Date of Closing; provided, however, that Seller shall not be required to effect the cure of any Title/Survey Objection until the Date of

Closing provided that the same is capable of being cured by the payment and satisfaction thereof, from net proceeds payable to Seller at Closing or otherwise, on and as of the Date of Closing.

3.5 Assumed Contracts. On or before the Approval Date, Purchaser shall notify Seller in writing as to which of the Contracts, if any, Purchaser elects to assume at Closing (such Contracts being herein referred to as the “*Assumed Contracts*”). As used herein, the term “Contracts” shall mean service, maintenance, supply, repair, cable or subscription television agreements, laundry, landscaping, janitorial, leasing, and/or tenant locator contracts or other contracts relating to the operation of the Property, but shall exclude Leases (as defined in Section 1.1.6 above). Purchaser shall have no liability under any Contract which Purchaser has not expressly agreed to assume prior to the Approval Date, and Seller hereby agrees to indemnify and hold Purchaser harmless from and against any and all claims, damages, liabilities, obligations, costs or expenses (including reasonable attorneys’ fees) incurred by Purchaser and arising out of any Contract which has not been assumed by Purchaser at Closing. The foregoing indemnification obligation of Seller shall survive recordation of the Deed and the Closing hereunder. Except for the Assumed Contracts, Seller shall terminate all other Contracts as of the Closing.

3.6 Permitted Exceptions. Purchaser shall accept title to the Property, subject only to the following exceptions (the “Permitted Exceptions”):

3.6.1 Those matters affecting or relating to the title to, or the survey of, the Property: (a) to the extent shown in the Title Commitment or on the Survey, and which were not included in a Title/Survey Notice given by Purchaser prior to the Approval Date; (b) which were included in a Title/Survey Notice, but for which (i) Seller has completed the cure thereof; (ii) Purchaser has, at Purchaser’s sole option waived the cure thereof; or (iii) Seller has provided to Purchaser a No Cure Notice and Purchaser has waived the Title/Survey Objections listed in the No Cure Notice and elected to proceed to Closing; or (c) which Purchaser has otherwise approved in writing;

3.6.1.1 Without limiting the provisions of Section 3.6.1 above, any easements, rights of way, or other encumbrances shown on the Survey affecting the Property, and which were not included in a Title/Survey Notice given by Purchaser prior to the Approval Date;

3.6.2 All of the Assumed Contracts and the Leases; and

3.6.3 The lien of non-delinquent real and personal property taxes and assessments.

3.7 Purchaser’s Right to Terminate. Purchaser shall have the absolute right to terminate this Agreement on or before 5:00 p.m., EST, on the Approval Date, for any or no reason whatsoever. If this Agreement is terminated pursuant to the terms of this Section 3.7, the Deposit shall be immediately returned to Purchaser upon demand therefore, without any right in Seller to object to or delay the return of the Deposit and neither party shall thereafter have any further rights, obligations or liability hereunder, except as otherwise provided herein.

4. SELLER'S OBLIGATIONS PRIOR TO CLOSING. Until Closing, Seller and/or Seller's agents or representatives shall:

4.1 Insurance. Not change or cancel any insurance except for replacement thereof in the ordinary course of business that would reduce the amount or types of insurance coverage existing as of the Effective Date.

4.2 Operation. Not materially adversely change the operation, maintenance or management of the Property as has been the case as of the Effective Date.

4.3 Notices. Provide to Purchaser, immediately upon the receipt thereof, any and all notices in any manner relating to the Property received by Seller or its agents or representatives from any governmental or quasi-governmental instrumentality having jurisdiction over the Property; any insurance company; any tenant under any of the Leases where such tenant has threatened or instituted a lawsuit against Seller, where such tenant has provided notice of damage to the Property in excess of \$1,000, or where such tenant has reported a crime on the Property; or any vendor or other party under any of the Contracts terminating or amending the same or giving notice of a breach by Seller.

4.4 Compliance with Law. Cause the Property to comply with all applicable laws (including without limitation, the Environmental Laws), orders, rules and regulations applicable to the Property and the operation and maintenance thereof, including without limitation making timely application for any and all permits, certificates, licenses or other Approvals, or any renewals of any of the same, required to legally own, operate, occupy and maintain the Property.

4.5 Compliance with Agreements. Take actions necessary to comply with the Leases, Contracts, Approvals, Easements and all other agreements, covenants, encumbrances and obligations affecting or relating to the Property and the ownership, operation and maintenance thereof. Seller shall pay all utility bills, tax bills and other invoices and expenses relating to the Property, as and when the same become due.

5. REPRESENTATIONS AND WARRANTIES.

5.1 By Seller. Seller represents and warrants to Purchaser, as of the Effective Date, that:

5.1.1 Title. Except for the Permitted Exceptions, Seller owns a fee simple interest in the Property.

5.1.2 Organization. Seller is a limited partnership duly organized and validly existing under and by virtue of the laws of the Commonwealth. Seller has the power, right and authority to enter into and perform all of the obligations required of Seller under this Agreement and the instruments and documents referenced herein, and to consummate the transaction contemplated hereby.

5.1.3 Requisite Action. To the best of Seller's knowledge, Seller has taken all requisite action and obtained all requisite consents, releases and permissions in connection with entering into this Agreement and the instruments and documents referenced herein or required under any

covenant, agreement, encumbrance, law or regulation with respect to the obligations required hereunder.

5.1.4. Authorization. This Agreement is, and all agreements, instruments and documents to be executed and delivered by Seller pursuant to this Agreement shall be, duly authorized, executed and delivered by Seller. This Agreement is, and all agreements, instruments and documents to be executed and delivered by Seller pursuant to this Agreement shall be, valid and legally binding upon Seller and enforceable in accordance with their respective terms.

5.1.5 No Violation of Agreements. The execution, delivery and performance of this Agreement does not, and the consummation of the transactions contemplated hereby will not, violate any provision of the limited partnership agreement of Seller, or any provision of any agreement, instrument, order, judgment or decree to which either Seller is a party or by which it or any of its assets is bound.

5.1.6 Access. To the best of Seller's knowledge, all means of access to the Property (i) are permanent and no special access or other permits from the applicable governmental authorities are required to operate and maintain such means of access, and (ii) are obtained from any public streets, sidewalks, alleys or other public space without the need for easements, rights-of-way, or licenses, or across lands or premises not included within the Property.

5.1.7 Bankruptcy. Neither Seller nor its general partners, (i) is in receivership or dissolution, (ii) has made an assignment for the benefit of creditors or admitted in writing its inability to pay its debts as they mature, (iii) has been adjudicated a bankrupt or filed a petition in voluntary bankruptcy or a petition or answer seeking reorganization or an arrangement with creditors under the Federal bankruptcy law or any other similar law or statute of the United States or any jurisdiction and no such petition has been filed against Seller or any of its general partner(s), if any, or (iv) to the best of its knowledge, none of the foregoing are pending or threatened.

5.1.8 Condemnation. Seller has not received any written notice of any existing, pending, or, to the best of Seller's knowledge, threatened condemnation, incorporation, annexation or moratorium proceedings affecting the Property (or any portion thereof).

5.1.9 FIRPTA. Seller is not a "foreign person" as that term is used in Section 1445(f)(3) of the United States Internal Revenue Code of 1986, as amended.

5.2 By Purchaser. Purchaser represents and warrants to Seller as of the Effective Date that:

5.2.1 Organization. Purchaser is a limited liability company validly existing and organized under and by virtue of the laws of the Commonwealth of Virginia. Purchaser has the power, right and authority to enter into and perform all of the obligations required of Purchaser under this Agreement and the instruments and documents referenced herein, and to consummate the transaction contemplated hereby.

5.2.2 Requisite Action. To the best of Purchaser's knowledge, Purchaser has taken all requisite action and obtained all requisite consents, releases and permissions in connection with entering into this Agreement and the instruments and documents referenced herein or required under any covenant, agreement, encumbrance, law or regulation with respect to the obligations required hereunder, and no consent of any other party is required for the performance by Purchaser of its obligations hereunder.

5.2.3 Authorization. This Agreement is, and all agreements, instruments and documents to be executed and delivered by Purchaser pursuant to this Agreement shall be, duly authorized, executed and delivered by Purchaser. This Agreement is, and all agreements, instruments and documents to be executed and delivered by Purchaser pursuant to this Agreement shall be, valid and legally binding upon Purchaser and enforceable in accordance with their respective terms.

5.2.4 No Violation of Agreements. The execution, delivery and performance of this Agreement does not, and the consummation of the transactions contemplated hereby will not, violate any provision of the Articles of Organization or Operating Agreement of Purchaser, or any provision of any agreement, instrument, order, judgment or decree to which either Purchaser is a party or by which it or any of its assets is bound.

5.2.5 Bankruptcy. Purchaser (i) is not in receivership or dissolution, (ii) has not made an assignment for the benefit of creditors or admitted in writing its inability to pay its debts as they mature, (iii) has not been adjudicated a bankrupt or filed a petition in voluntary bankruptcy or a petition or answer seeking reorganization or an arrangement with creditors under the Federal bankruptcy law or any other similar law or statute of the United States or any jurisdiction and no such petition has been filed against Purchaser, and (iv) to the best of its knowledge, none of the foregoing are pending or threatened.

5.3 Broker. Seller and Purchaser each represents to the other that it has had no dealings, negotiations, or consultations with any broker, representative, employee, agent or other intermediary in connection with the sale of the Property. Seller and Purchaser agree that each will indemnify, defend and hold the other free and harmless from the claims of any other broker(s), representative(s), employee(s), agent(s) or other intermediary(ies) claiming to have represented Seller or Purchaser, respectively, or otherwise to be entitled to compensation in connection with this Agreement or in connection with the sale of the Property. This mutual indemnity shall survive Closing and any termination of this Agreement.

5.4 Survivability. All of the representations of Seller and Purchaser made in this Agreement and in any other instrument or agreement entered into in connection herewith shall survive recordation of the Deed and Closing hereunder for a period of one (1) year.

5.5 [LEFT INTENTIONALLY BLANK.]

5.6 Limitation of Remedy. NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, NEITHER PARTY SHALL BE LIABLE FOR ANY SPECIAL, INDIRECT, OR CONSEQUENTIAL DAMAGES ON ACCOUNT OF ANY MATTER RELATING TO OR ARISING OUT OF THIS AGREEMENT, OR ANY ACTION OR

INACTION, EVEN IF THE OTHER PARTY, TO THE EXTENT APPLICABLE, IS ADVISED OF THOSE DAMAGES OR THE POSSIBILITY OF THOSE DAMAGES. THIS LIMITATION APPLIES WHETHER THE DAMAGES ARE SAID TO BE BASED UPON NEGLIGENCE, BREACH OF CONTRACT, BREACH OF WARRANTY OR STRICT OR ANY OTHER KIND OF LIABILITY. DAMAGES WAIVED AND EXCLUDED BY THIS SECTION INCLUDE WITHOUT LIMITATION DAMAGES FOR LOSS OF PROFIT AND LOSS OF GOODWILL.

6. CONDITIONS PRECEDENT TO CLOSING.

6.1 Conditions. The obligation of Purchaser to consummate the conveyance of the Property hereunder is subject to the full and complete satisfaction of each of the following conditions precedent:

6.1.1 The representations and warranties of Seller contained in this Agreement shall be true, complete and accurate, on and as of the date hereof and the Date of Closing as if the same were made on and as of such date.

6.1.2 There shall not have been filed by or against Seller at any time prior to or on the Date of Closing any bankruptcy, reorganization or receiver petition.

6.1.3 Seller shall have performed each and every obligation and covenant of Seller to be performed hereunder.

6.2 Waiver of Conditions by Purchaser. Purchaser shall have the right to waive some or all of the foregoing conditions in its sole and absolute discretion and proceed to Closing; provided, however, that no such waiver shall be effective or binding on Purchaser unless it is in writing and executed by an authorized officer of Purchaser.

6.3 Conditions to Seller's Obligations to Close. The obligation of Seller to consummate the conveyance of the Property hereunder is subject to the full and complete satisfaction of each of the following conditions precedent:

6.3.1 The representations and warranties of Purchaser contained in this Agreement shall be true, complete and accurate, on and as of the date hereof and the Date of Closing as if the same were made on and as of such date.

6.3.2 There shall not have been filed by or against Purchaser at any time prior to or on the Date of Closing any bankruptcy, reorganization or receiver petition.

6.3.3 Purchaser shall have performed each and every obligation and covenant of Purchaser to be performed hereunder.

6.3.4 As of Date of Closing, there shall be no litigation or administrative agency or other governmental proceeding pending or threatened against Purchaser, which would, in Seller's reasonable discretion, materially adversely affect Seller's ability to convey good and marketable title to the Property.

6.4 Waiver of Conditions by Seller. Seller shall have the right to waive some or all of the foregoing conditions in its sole and absolute discretion and proceed to Closing; provided, however, that no such waiver shall be effective or binding on Seller unless it is in writing and executed by an authorized officer of Seller.

7. CLOSING COSTS AND PRORATIONS.

7.1 Purchaser's Costs. Purchaser will pay the following costs of closing this transaction:

7.1.1 The fees and disbursements of Purchaser's counsel and any other expense(s) incurred by Purchaser or its representative(s) in inspecting or evaluating the Property or in connection with this transaction;

7.1.2 Any and all costs and expenses in connection with obtaining financing for the purchase of the Property;

7.1.3 All grantee recordation taxes (commonly known as "recordation tax") and circuit court clerk's fees, due in connection with the recordation of the Special Warranty Deed;

7.1.4 One half (1/2) of the reasonable settlement fees and charges of the Title Company due in connection with the closing of this transaction, if any;

7.1.5 The cost of the Survey; and

7.1.6 All premiums due to the Title Company in connection with the issuance of the Title Policy.

7.2 Seller's Costs. Seller will pay the following costs of closing this transaction:

7.2.1 The fees and disbursements of Seller's counsel and any other expense(s) incurred by Seller or its representative(s) in connection with this transaction;

7.2.2 All grantor transfer taxes (commonly known as "grantor's tax"), due in connection with the recordation of the Special Warranty Deed;

7.2.3 One half (1/2) of the reasonable settlement fees and charges of the Title Company due in connection with the closing of this transaction, if any; and

7.2.4 All release fees and other charges required to be paid in order to release from the Property the lien of any mortgage or other security interest, or any encumbrance which Seller is obligated to remove pursuant to the terms of this Agreement.

7.3 Prorations. All revenues and expenses, including, but not limited to rents and any other amounts paid by tenants, personal property taxes, installment payments of special assessment liens, vault charges, sewer charges, utility charges and normally prorated operating expenses billed or paid as of the Date of Closing shall be prorated as of 12:01 a.m., EST, on the Date of Closing, and shall be adjusted against the Purchase Price due at Closing, provided that within thirty (30) days after Closing, Purchaser and Seller will make a further adjustment for such rents, taxes or charges which may have accrued or been incurred prior to the Date of Closing, but not received or paid at that date.

7.4 Security Deposits. At Closing, Seller shall either (a) deliver to Purchaser the unapplied balance of all cash (or cash equivalent) security, damage or other deposits paid by any of the tenants to secure their respective obligations under the Leases, including, without limitation, pet, security, key, cleaning, storage locker, pet deposits (and any other payment in the form of a deposit regarding the Property, however denominated) together with all interest earned or required thereon, if any (collectively, the "Cash Security Deposit Balance"), or (b) at Purchaser's election, credit against the Purchase Price an amount equal to the Cash Security Deposit Balance.

7.5 Taxes. General real estate taxes and special assessments relating to the Property payable during the year in which Closing occurs shall be prorated with respect to the Property as of the Date of Closing.

7.6 In General. Any other costs or charges of closing this transaction not specifically mentioned in this Agreement shall be paid and adjusted in accordance with local custom in the area in which the Property is located.

7.7 Purpose and Intent. Except as expressly provided herein, the purpose and intent as to the provisions of prorations and apportionments set forth in this Section 7 and elsewhere in this Agreement is that Seller shall bear all expenses of ownership and operation of the Property and shall receive all income therefrom accruing through midnight of the day preceding the Closing and Purchaser shall bear all such expenses and receive all such income accruing thereafter.

7.8 Post-Closing Collections. All rents or other amounts received by Purchaser from any tenant which owes rent under its Lease for any period occurring prior to Closing which are received by Purchaser ("Overdue Rents") after Closing, shall be applied by Purchaser first to the account of Purchaser for amounts then currently or past due and owing to Purchaser by the tenant from whom the rent in question was received, and the balance of any such funds, to the extent designated in writing by such tenant as payments on account of amounts due for any period prior to Closing, shall be remitted by Purchaser to Seller in payment of such Overdue Rents. Purchaser shall have no obligation to collect, or to attempt to collect any Overdue Rents from any of the tenants under the Leases or from any other party owing any amounts in respect to their use of the Property during any period prior to Closing. Purchaser's obligations under this Section 7.8 to remit Overdue Rent to Seller shall terminate and shall be of no further effect from and after the date which is three (3) months after the Date of Closing. After Closing, Seller shall not be permitted to pursue collection of any rent arrearages (to the extent such individual is then a tenant of the Improvements) applicable to the period prior to the Closing.

The provisions of this Section 7 shall survive Closing and recordation of the Deed.

8. CLOSING AND ESCROW.

8.1 Seller's Deliveries. Seller shall deliver either at the Closing or by making available at the Property, as appropriate, the following original documents, each executed and, if required, acknowledged:

8.1.1 A Special Warranty Deed, in the form attached hereto as Exhibit 8.1.1 or otherwise insured by Title Company (the “Deed”), conveying title to Purchaser of the Property, subject only to the Permitted Exceptions.

8.1.2 A special warranty bill of sale, in the form attached hereto as Exhibit 8.1.2 (the “Special Warranty Bill of Sale”), conveying to Purchaser the Personal Property and Approvals.

8.1.3 (a) Originals or true copies of the Leases described in Section 1.1.6 hereof which are still in effect as of Closing; (b) a current listing of any tenant security deposits and prepaid rents held by Seller with respect to the Property, certified by an officer of Seller to the satisfaction of Purchaser; (c) an assignment of the Leases described in Subsection (a), above, security deposits, and prepaid rents by way of an assignment and assumption agreement, in the form attached hereto as Exhibit 8.1.3 (the “Assignment of Leases”), assigning to Purchaser Seller’s rights, title and interest in and to the Leases and Security Deposits affecting the Property; and (d) to the extent not assignable without the consent of any third party, originals or any such letters of credit, bonds, notes or other documents representing security deposits under any of the Leases, together with the assignments, consents or approvals necessary to make such transfer or assignment to Purchaser permissible or legal.

8.1.4 (a) Originals or true copies of all of the Assumed Contracts relating to the Property which Purchaser has elected to assume pursuant to the terms hereof; and (b) an assignment of such Contracts to Purchaser by way of an assignment and assumption agreement, in the form attached hereto as Exhibit 8.1.4 (the “Assignment of Contracts”), conveying to Purchaser Seller’s rights, title and interest in and to the Assumed Contracts attributable to the Property.

8.1.5 (a) Originals or true copies of all Warranties then in effect, if any, with respect to the Property or to the Improvements or any repairs or renovations to such Improvements and Personal Property; and (b) an assignment of all such warranties and guarantees being conveyed hereunder, in the form attached hereto as Exhibit 8.1.5, conveying to Purchaser Seller’s rights, title and interests in and to the Warranties attributable to the Property.

8.1.6 An affidavit pursuant to the Foreign Investment and Real Property Tax Act, in the form attached hereto as Exhibit 8.1.7.

8.1.7 Evidence of Seller’s authority, and the authority of the person executing the Deed and the other documents at Closing on behalf of Seller, acceptable to Purchaser and the Title Company, to enter into the transactions contemplated by this Agreement.

8.1.8 An “owner’s affidavit”, in form reasonably acceptable to Purchaser and the Title Company and sufficient for the Title Company to delete any exceptions for (a) mechanics’ or materialmen’s liens arising from work at the Property which is the responsibility of Seller hereunder, (b) parties in possession, other than tenants as tenants only, and, (c) matters not shown in the public records.

8.1.9 A settlement statement (the “Settlement Statement”), prepared by the Title Company.

8.1.10 All keys and locks to the Property

8.1.11 An IRS 1099 reporting form and a Virginia R-5E and/or R-5P reporting form, if applicable.

8.1.12 Tenant notification letters, in the form attached hereto as Exhibit 8.1.15, to each of the tenants under the Leases, notifying each such tenant that the Property has been conveyed to Purchaser and directing each tenant to make all payments of rent and to send any notices or other correspondence regarding their respective Leases to the persons and addresses to be determined by Purchaser and specified in each such letter, on and after the Date of Closing.

8.1.13 An updated Rent Roll for the Buildings, certified by Seller as true, accurate and complete, as of a date no earlier than one (1) day prior to the Date of Closing.

8.1.14 All of Seller's property files located at the Property and relating to the operation of the Property, including, without limitation, the originals of all tenant files and correspondence.

8.2 Purchaser's Deliveries. At the Closing, Purchaser shall (a) pay Seller the Purchase Price as required by, and in the manner described in, Section 2 hereof, and (b) execute and deliver the following documents:

8.2.1 The Assignment of Leases.

8.2.2 The Assignment of Assumed Contracts.

8.2.3 Evidence of Purchaser's authority, and the authority of the person executing any documents at Closing on behalf of Purchaser, acceptable to Seller and the Title Company, to enter into the transactions contemplated by this Agreement.

8.2.4 The Settlement Statement.

8.3 Possession. Purchaser shall be entitled to possession of the Property at the conclusion of the Closing.

8.4 Escrow Closing. Purchaser and Seller (or their respective counsel on behalf of Purchaser and Seller) and the Title Company shall execute a joint letter of escrow closing instructions (the "Closing Instructions") which will provide that, on the Date of Closing: (a) Seller and Purchaser shall each deposit with the Title Company all of the documents and instruments described in Sections 8.1 and 8.2, above (the "Closing Documents"); and (b) Purchaser shall deposit with the Title Company the balance of the Purchase Price required to be paid after application of the Deposit thereto and all prorations, adjustments and credits required to be made under this Agreement, including without limitation, the credit referred to in Section 7.4 hereof with respect to the Cash Security Deposit Balance (the "Adjusted Purchase Price"), all of which shall be set forth on, and mutually agreeable pursuant to, a settlement statement executed by both Purchaser and Seller at Closing. Upon receipt of the Adjusted Purchase Price, and the satisfaction of all other conditions set forth in the Closing Instructions, the Title Company shall be authorized and directed to record the Deed among the appropriate land records office in which the Property is located, and immediately upon such recordation of the Deed, the Title Company shall be

authorized and directed to disburse the Adjusted Purchase Price to Seller or its designee(s), and to disburse the Closing Documents to the appropriate parties, all in strict accordance with the Closing Instructions.

9. DAMAGE, DESTRUCTION AND CONDEMNATION.

9.1 Casualty. Except as provided herein, Seller assumes all risk of loss or damage to the Property by fire or other casualty until the Date of Closing. If such loss or damage materially and adversely affects Purchaser's intended use and enjoyment of the Property as of the Date of Closing, Purchaser shall have the option, in its sole discretion, either to (i) terminate this Agreement by giving Seller written notice in which event the parties hereto shall have no further obligations or liabilities to one another hereunder except as expressly provided for hereunder; or (ii) proceed to Closing and accept from Seller an assignment of all insurance payable as a result of such damage or casualty. If at any time on or prior to the Date of Closing any portion of the Property is destroyed or damaged as a result of fire or any other cause whatsoever, Seller shall promptly give written notice thereof to Purchaser.

9.2 Condemnation. In the event, at any time on or prior to the Date of Closing, any action or proceeding is filed, under which the Property, or any portion thereof, may be taken pursuant to any law, ordinance or regulation or by condemnation or the right of eminent domain, Seller shall promptly give written notice thereof (which notice shall describe the type of action being taken against the Property, and which portions of the Property will be affected thereby) to Purchaser. Purchaser shall have the right to terminate this Agreement by written notice to Seller within twenty (20) days following the date upon which Purchaser receives Seller's written notice of such action or proceeding. If Purchaser does not elect to so terminate this Agreement within said twenty (20) day period, this Agreement shall remain in full force and effect and the parties shall proceed to Closing without any reduction or adjustment in the Purchase Price, except that all condemnation proceeds will be assigned to Purchaser.

10. DEFAULT AND REMEDIES.

10.1 Purchaser Default. If, after the Approval Date, Purchaser shall fail or refuse to purchase the Property in violation of Purchaser's obligations hereunder for any reason other than a default by Seller under this Agreement or a failure of condition precedent to Closing pursuant to Section 6, above, and provided that Seller is then ready, willing and able to proceed to Closing, has performed all of its obligations hereunder and all conditions precedent to Closing hereunder have been satisfied, Seller shall have as its sole remedy the right to terminate this Agreement and retain the full amount of the Deposit and all interest earned thereon. Seller and Purchaser acknowledge and agree that (a) it would be extremely difficult to accurately determine the amount of damages suffered by Seller as a result of Purchaser's default hereunder; (b) the Deposit constitutes a fair and reasonable amount to be received by Seller as agreed and liquidated damages for Purchaser's default under this Agreement, as well as a fair, reasonable and customary amount to be paid as liquidated damages to a seller in an arm's length transaction of the type contemplated by this Agreement upon a default by the purchaser thereunder; and (c) receipt by Seller of the Deposit upon Purchaser's default hereunder shall not constitute a penalty or a forfeiture. Notwithstanding the foregoing, nothing in this Section 10.1 shall be deemed to limit Seller's remedies for any other violation of Purchaser's obligation hereunder, including without

limitation Purchaser's obligation to indemnify Seller under Section 3.2, above, or to return certain documentation to Seller under Section 3.7, above.

10.2 Seller Default. In the event Seller shall: (a) fail to sell, transfer and assign the Property to Purchaser for any reason other than a default by Purchaser under this Agreement or a failure of condition precedent to Closing for the benefit of Seller pursuant to Section 6.3, above, and/or (b) fail to perform any other obligation of Seller hereunder other than a default by Purchaser under this Agreement, and/or (c) breach any warranty made or granted by Seller under this Agreement or any document or instrument given in connection herewith, and/or (d) have materially adversely misrepresented any fact, or any of the representations of Seller contained herein are not true, accurate or complete, Purchaser shall be entitled to: (i) seek specific performance of this Agreement, or (ii) declare this Agreement to be null and void and demand and receive the return of the Deposit, and/or (iii) institute any action available to Purchaser at law or equity to recover damages, including without limitation reasonable attorneys' fees, incurred by Purchaser as a result of such breach or misrepresentation by Seller.

11. **NOTICES.** Any notice required or permitted to be given hereunder must be in writing and shall be deemed to be given when (a) hand delivered, or (b) one (1) business day after pickup by Emery Air Freight, United Parcel Service (Overnight) or FedEx, or another similar overnight express service, or (c) received by facsimile (provided that an original is delivered under one of the two methods set forth in subsections (a) or (b), above on the next business day), in any case addressed to the parties at their respective addresses set forth below:

If to Seller: Ashland Gardens Limited Partnership
c/o Lee Householder
88 Carnation Street
Richmond, VA 23225
Email: Lee.Householder@projecthomes.org

If to Purchaser: Omni Park Place Senior LLC
c/o Lee Householder
88 Carnation Street
Richmond, VA 23225
Email: Lee.Householder@projecthomes.org

or in each case to such other address as either party may from time to time designate by giving notice in writing pursuant to this Section 11 to the other party. Telephone numbers and email addresses are for informational purposes only. Notices shall be deemed effective if given by counsel, acting in the capacity as counsel, to any party hereto, acting on behalf of such party. Effective notice will be deemed given only as provided above, except as otherwise expressly provided in this Agreement.

12. MISCELLANEOUS.

12.1 Entire Agreement. This Agreement, together with the Schedules and Exhibits attached hereto, all of which are incorporated by reference, is the entire agreement between the parties with respect to the subject matter hereof, and no alteration, modification or interpretation hereof shall be binding unless in writing and signed by both parties.

12.2 Severability. If any provision of this Agreement or its application to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances, other than those as to which it is so determined invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law.

12.3 Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia.

12.4 Assignability. Purchaser shall have the absolute right, without Seller's consent or approval, to assign or transfer this Agreement or any of Purchaser's rights, obligations and interests under this Agreement.

12.5 Successors Bound. This Agreement shall be binding upon and inure to the benefit of Purchaser and Seller and their respective successors and permitted assigns.

12.6 No Public Disclosure. Prior to Closing, all press releases or other dissemination of information to the media or responses to requests from the media for information relating to the transaction contemplated herein shall be subject to the prior written consent of Purchaser and Seller.

12.7 Captions; Interpretation. The captions in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Agreement or the scope or content of any of its provisions. Whenever the context may require, words used in this Agreement shall include the corresponding feminine, masculine, or neuter forms, and the singular shall include the plural and vice versa. Unless the context expressly indicates otherwise, all references to "Section" are to sections of this Agreement.

12.8 No Partnership. Nothing contained in this Agreement shall be construed to create a partnership or joint venture between the parties or their successors in interest or permitted assigns.

12.9 Counterparts. This Agreement may be executed and delivered in any number of counterparts, each of which so executed and delivered shall be deemed to be an original and all of which shall constitute one and the same instrument.

12.10 Recordation. Purchaser and Seller agree not to record this Agreement or any memorandum hereof.

12.11 Waiver. No waiver of any breach of any agreement or provision contained herein shall be deemed a waiver of any preceding or succeeding breach of any other agreement or provision herein contained. No extension of time for the performance of any obligation or act shall be deemed an extension of time for the performance of any other obligation or act.

12.12 Business Days. If any date herein set forth for the performance of any obligations by Seller or Purchaser or for the delivery of any instrument or notice as herein provided should fall on a Saturday, Sunday or Legal Holiday (hereinafter defined), the compliance with such obligations or delivery shall be deemed acceptable on the next business day following such Saturday, Sunday or Legal Holiday. As used herein, the term "Legal Holiday" shall mean any local or federal holiday on which post offices are closed in the City of Richmond.

12.13 Survival. Notwithstanding any termination, cancellation or expiration of this Agreement or the Closing, provisions which are by their terms intended to survive and continue shall so survive and continue.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Purchaser and Seller have executed this Purchase and Sales Agreement on the dates set forth below, effective as of the date first set forth above.

SELLER:

ASHLAND GARDENS LIMITED PARTNERSHIP,
a Virginia limited partnership

By: ElderHomes Corporation,
a Virginia corporation,
Its General Partner

By: 

Lee Householder, CEO

PURCHASER:

OMNI PARK PLACE SENIOR LLC,
a Virginia limited liability company

By: Project Homes Properties III LLC,
A Virginia limited liability company,
Its Manager

By: ElderHomes Corporation,
A Virginia corporation,
Its Sole Member and Manager

By: 

Lee Householder, CEO

TABLE OF SCHEDULES AND EXHIBITS

Schedules

1.1.1 Legal Description of Land

Exhibits

8.1.1 Form of Special Warranty Deed

8.1.2 Form of Special Warranty Bill of Sale

8.1.3 Form of Assignment and Assumption of Leases and Security Deposits

8.1.4 Form of Assignment and Assumption of Assumed Contracts

8.1.5 Form of Assignment of Warranties, Guaranties and Trade Names

8.1.7 Form of FIRPTA Certificate

8.1.15 Form of Tenant Notification Letter

SCHEDULE 1.1.1
LEGAL DESCRIPTION

EXHIBIT A
PROPERTY DESCRIPTION

Tax ID number: 7880 02 8611

All that certain lot, part lot, piece or parcel of land situate, lying and being in the Town of Ashland, County of Hanover, Virginia, containing 4.001 Acres, known as Parcel 1-C as shown on that certain plat entitled "SUBDIVISION OF PARCEL 1 TAX PARCEL 7880-23-6525 AS SHOWN IN P.B. 34 PG. 304 HANOVER COUNTY, ASHLAND, VIRGINIA", made by Hoggard-Eure Associates, P.C., Surveyors-Engineers-Planners, dated October 30, 1998, and revised December 2, 1998, and duly recorded in the Clerk's Office of the Circuit Court for the County of Hanover, Virginia, in Plat Book 8, page 335, to which reference is here made.

Together with all and singular the buildings and improvements thereon, rights and privileges, tenements, hereditaments, easements and appurtenances unto the said land belonging or in anywise appertaining.

Also, together with that certain Deed of Easement dated March 1, 2001, by and between Ashland Hanover, LLC and Ashland Group Limited Partnership for a 20' private drainage easement, duly recorded in the aforesaid Clerk's Office in Deed Book 1635, page 814.

EXHIBIT 8.1.1

FORM OF SPECIAL WARRANTY DEED

Tax Map No. _____
Consideration: \$ _____

Prepared by:

Title Insurance Underwriter:

THIS DEED, made this ____ day of _____, 2020, by and between **ASHLAND GARDENS LIMITED PARTNERSHIP**, a Virginia limited partnership, to be indexed as grantor (the "Grantor") and **OMNI PARK PLACE SENIOR LLC**, a Virginia limited liability company, to be indexed as grantee (the "Grantee") provides as follows:

W I T N E S S E T H :

That for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor does hereby grant and convey unto the Grantee, in fee simple, with SPECIAL WARRANTY of Title, the following described real estate, to-wit:

SEE SCHEDULE A ATTACHED HERETO AS A PART HEREO

This conveyance is subject to all recorded easements, conditions, restrictions and agreements to the extent that they may lawfully apply to the Property, or any portion thereof.

[Signature Pages Follow]

WITNESS the following signature and seal:

GRANTOR:

ASHLAND GARDENS LIMITED PARTNERSHIP,
a Virginia limited partnership

By: ElderHomes Corporation,
a Virginia corporation,
its General Partner

By: _____(SEAL)
Name: _____
Title: _____

COMMONWEALTH OF VIRGINIA

CITY/COUNTY OF _____, to-wit:

The foregoing deed was acknowledged before me in the aforesaid jurisdiction, this _____ day of _____, 2020, by _____, who is personally known to me (or satisfactorily proven) as _____ of Ashland Gardens Limited Partnership, a Virginia limited partnership, on behalf of the partnership.

My commission expires: _____
Registration number: _____

Notary Public

[Notary Seal]

Grantee's Address:

Schedule A
Legal Description

EXHIBIT 8.1.2

FORM OF SPECIAL WARRANTY BILL OF SALE

THIS BILL OF SALE, made as of _____, _____, between ASHLAND GARDENS LIMITED PARTNERSHIP, a Virginia limited partnership ("Seller") and OMNI PARK PLACE SENIOR LLC, a Virginia limited liability company ("Purchaser"), provides and recites as follows:

WITNESSETH:

A. By deed of even date herewith, Seller conveyed to Purchaser that certain tract of land more particularly described in Exhibit A attached hereto and incorporated herein by this reference, together with all improvements located thereon ("Real Property").

B. In connection with the above described conveyance Seller desires to sell, transfer and convey to Buyer certain items of tangible personal property as hereinafter described.

NOW THEREFORE, in consideration of the receipt of TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller hereby grants, sells, transfers, sets over and conveys to Buyer, its legal representatives, successors and assigns, with special warranty, (a) all of the articles of property described in Exhibit B attached hereto and incorporated herein by this reference, (b) all furniture in model units and other furnished units, and all furniture and equipment contained in the clubhouse, including, but not limited to athletic equipment, and (c) all attachments, appliances, fittings, gas and oil burners, automatic stokers, lighting fixtures, doors, cabinets partitions, mantels, elevators, electric motors, pumps, screens, flagpoles, sprinkler, plumbing, heating, air-conditioning, electrical, ventilating, lighting, incinerating, vacuum cleaning, refrigerating and cooling systems, each with its respective furnaces, boilers, engines, motors, dynamos, radiators, pipes, wiring and other apparatus, vaults, safes, fire prevention and extinguishing equipment, carpets, floor coverings, kitchen appliances and antennae, together with all parts and supplies pertaining thereto, except for trade fixtures and personal property of tenants of the Real Property (collectively, the "Personal Property") and "AS IS", "WITH ALL FAULTS", without warranty any Personal Property in addition thereto (the "Additional Personal Property") to have and hold the Personal Property and the Additional Personal Property unto the Purchaser forever.

EXECUTED this _____ day of _____, _____, TO BE EFFECTIVE as of the
_____ day of _____, 2020.

SELLER:

ASHLAND GARDENS LIMITED PARTNERSHIP,
a Virginia limited partnership

By: ElderHomes Corporation,
a Virginia corporation,
its General Partner

By: _____(SEAL)
Name: _____
Title: _____

EXHIBIT 8.1.3

FORM OF ASSIGNMENT AND ASSUMPTION OF LEASES AND SECURITY DEPOSITS

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, **ASHLAND GARDENS LIMITED PARTNERSHIP**, a Virginia limited partnership, having an address of 88 Carnation Street, Richmond, Virginia 23225 (“Assignor”), hereby assigns, transfers and delegates to **OMNI PARK PLACE SENIOR LLC**, a Virginia limited liability company, having an address of 88 Carnation Street, Richmond, Virginia 23225 (“Assignee”), and Assignee hereby accepts the assignment, transfer and delegation of, all of Assignor’s right, title and interest in and to, the leases described on Exhibit A attached hereto (the “Leases”) and the unapplied non-cash security deposits held by Assignor under and pursuant to the Leases, all of which are listed on Exhibit A attached hereto (the “Security Deposits”), all of which Leases and Security Deposits relate to the property known as _____ (the “Property”), and Assignee does further hereby agree to assume all of Assignor’s duties, obligations and liabilities under and pursuant to the terms of the Leases from and after the date hereof. Assignee acknowledges that as to the Security Deposits, Assignee has received a credit therefor from Assignor at the closing of Assignee’s acquisition of the Property and is therefore responsible for the proper handling and return of all such Security Deposits to the tenants entitled thereto as provided in the Leases.

Assignee hereby assumes and agrees to perform, on and after the date hereof, all of the terms, covenants, obligations and conditions required to be performed by landlord under the Leases (the “Assignee Obligations”); provided, however, that, Assignor shall remain responsible for the performance of all of the terms, covenants, obligations and conditions required to be performed by landlord under the Leases for the period prior to the date hereof (the “Assignor Obligations”).

Assignee agrees to indemnify, protect, defend and hold Assignor harmless from and against any and all liabilities, losses, costs, damages and expenses (including reasonable attorneys’ fees) incurred by Assignor as a result of Assignee’s failure to perform the Assignee Obligations. Assignor agrees to indemnify, protect, defend and hold Assignee harmless from and against any and all liabilities, losses, costs, damages and expenses (including reasonable attorneys’ fees) incurred by Assignee as a result of Assignor’s failure to perform the Assignor Obligations.

If any litigation between Assignor and Assignee arises out of the obligations of the parties under this Assignment or concerning the meaning or interpretation of any provision contained herein, the losing party shall pay the prevailing party’s costs and expenses of such litigation, including without limitation reasonable attorneys’ fees.

This Agreement may be executed and delivered in any number of counterparts, each of which so executed and delivered shall be deemed to be an original and all of which shall constitute one and the same instrument.

Nothing in this Assignment and Assumption of Leases is intended to, or shall be construed to, confer upon or give to any person, firm or corporation other than the parties hereto any right, remedy or claim under or by reason of this instrument. All terms and conditions in this instrument shall be for the sole and exclusive benefit of the parties hereto.

[SIGNATURE PAGE FOLLOWS]

EXECUTED as of the _____ day of _____, 2020.

ASSIGNOR:

ASHLAND GARDENS LIMITED PARTNERSHIP,
a Virginia limited partnership

By: ElderHomes Corporation,
a Virginia corporation,
its General Partner

By: _____(SEAL)

Name: _____

Title: _____

ASSIGNEE:

OMNI PARK PLACE SENIOR LLC,
a Virginia limited liability company

By: Project Homes Properties III LLC,
A Virginia limited liability company,
Its Manager

By: ElderHomes Corporation,
A Virginia corporation,
Its Sole Member and Manager

By: _____
Lee Householder, CEO

EXHIBITS:

A - List of Leases and Security Deposits

EXHIBIT 8.1.4

FORM OF ASSIGNMENT AND ASSUMPTION OF CONTRACTS

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, **ASHLAND GARDENS LIMITED PARTNERSHIP**, a Virginia limited partnership, having an address of 88 Carnation Street, Richmond, Virginia 23225 (“Assignor”), hereby assigns, transfers and delegates to **OMNI PARK PLACE SENIOR LLC**, a Virginia limited liability company, having an address of 88 Carnation Street, Richmond, Virginia 23225 (“Assignee”), and Assignee hereby accepts the assignment, transfer and delegation of, all of Assignor’s right, title and interest in and to the contracts described on Exhibit A attached hereto (the “Assumed Contracts”) relating to certain real property known as _____, and Assignee does further hereby agree to assume all of Assignor’s duties, obligations and liabilities under and pursuant to the terms of the Assumed Contracts from and after the date hereof.

Assignee hereby assumes and agrees to perform, on and after the date hereof, all of the terms, covenants, obligations and conditions required to be performed by Assignor under the Assumed Contracts (the “Assignee Obligations”), provided, however that Assignor shall remain responsible for all of the terms, covenants, obligations and conditions required to be performed by Assignor under the Assumed Contracts prior to the date hereof (the “Assignor Obligations”).

Assignee agrees to indemnify, protect, defend and hold Assignor harmless from and against any and all liabilities, losses, costs, damages and expenses (including reasonable attorneys’ fees) incurred by Assignor as a result of Assignee’s failure to perform the Assignee Obligations. Assignor agrees to indemnify, protect, defend and hold Assignee harmless from and against any and all liabilities, losses, costs, damages and expenses (including reasonable attorneys’ fees) incurred by Assignee as a result of Assignor’s failure to perform the Assignor Obligations.

If any litigation between Assignor and Assignee arises out of the obligations of the parties under this Assignment or concerning the meaning or interpretation of any provision contained herein, the losing party shall pay the prevailing party’s costs and expenses of such litigation including without limitation reasonable attorneys’ fees.

This Agreement may be executed and delivered in any number of counterparts, each of which so executed and delivered shall be deemed to be an original and all of which shall constitute one and the same instrument.

Nothing in this Assignment and Assumption of Contracts is intended to, or shall be construed to, confer upon or give to any person, firm or corporation other than the parties hereto any right, remedy or claim under of by reason by this instrument. All terms and conditions in this instrument shall be for the sole and exclusive benefit of the parties hereto.

[SIGNATURE PAGE FOLLOWS]

EXECUTED as of the _____ day of _____, 2020.

ASSIGNOR:

ASHLAND GARDENS LIMITED PARTNERSHIP,
a Virginia limited partnership

By: ElderHomes Corporation,
a Virginia corporation,
Its General Partner

By: _____
Lee Householder, CEO

ASSIGNEE:

OMNI PARK PLACE SENIOR LLC,
a Virginia limited liability company

By: Project Homes Properties III LLC,
A Virginia limited liability company,
Its Manager

By: ElderHomes Corporation,
A Virginia corporation,
Its Sole Member and Manager

By: _____
Lee Householder, CEO

EXHIBITS:

A - List of Assumed Contracts

EXHIBIT 8.1.5

FORM OF ASSIGNMENT OF WARRANTIES, GUARANTIES AND TRADE NAMES

For valuable consideration, the receipt and sufficiency of which is hereby acknowledged, **ASHLAND GARDENS LIMITED PARTNERSHIP**, a Virginia limited partnership, having an address of 88 Carnation Street, Richmond, Virginia 23225 ("Assignor"), hereby assigns and delegates to **OMNI PARK PLACE SENIOR LLC**, a Virginia limited liability company, having an address of 88 Carnation Street, Richmond, Virginia 23225 ("Assignee"), all of Assignor's right, title and interest in and to all transferable warranties, guarantees and trade names (collectively, the "Miscellaneous Personalty"), if any, with respect to (a) the improvements located on certain real property known as _____ (the "Property"), (b) any repairs or renovations to such improvements, or (c) any personal property conveyed to Assignee by Assignor in connection with the sale of the Property. Assignor shall assign the Miscellaneous Personalty to Assignee "AS IS," "WHERE IS" and free of any and all liens.

If any litigation between Assignor and Assignee arises out of the obligations of the parties under this Assignment or concerning the meaning or interpretation of any provision contained herein, the losing party shall pay the prevailing party's costs and expenses of such litigation including without limitation reasonable attorneys' fees.

This Agreement may be executed and delivered in any number of counterparts, each of which so executed and delivered shall be deemed to be an original and all of which shall constitute one and the same instrument.

Nothing in this Assignment and Assumption of Warranties is intended to, or shall be construed to, confer upon or give to any person, firm or corporation other than the parties hereto any right, remedy or claim under of by reason by this instrument. All terms and conditions in this instrument shall be for the sole and exclusive benefit of the parties hereto.

EXECUTED as of the _____ day of _____, 2020.

ASSIGNOR:

ASHLAND GARDENS LIMITED PARTNERSHIP,
a Virginia limited partnership

By: ElderHomes Corporation,
a Virginia corporation,
Its General Partner

By: _____
Lee Householder, CEO

EXHIBIT 8.1.7

FORM OF FIRPTA AFFIDAVIT

The undersigned hereby declares that the name, address and United States taxpayer identification number of the owner of the real property described in Exhibit "A" attached hereto and incorporated herein by reference is as follows:

Name and Address

I.D. Number

Ashland Gardens Limited Partnership
88 Carnation Street
Richmond, VA 23225

The owner is a limited partnership organized and existing under the laws of the Commonwealth of Virginia, and as such, is not a foreign citizen or entity.

The undersigned understands that the purchaser of the property intends to rely on the foregoing representations in connection with the United States Foreign Investment and Real Property Act.

ASHLAND GARDENS LIMITED PARTNERSHIP,
a Virginia limited partnership

By: ElderHomes Corporation,
a Virginia corporation,
Its General Partner

By: _____
Lee Householder, CEO

Exhibits:

A-Legal Description of Property

EXHIBIT 8.1.15

FORM OF TENANT NOTIFICATION LETTER

Date: _____ 2020

TO ALL TENANTS OF

Re: _____ (the "Building")

Dear Sir/Madame:

This will advise you that _____ ("Seller") has sold the Building to **OMNI PARK PLACE SENIOR LLC** ("Purchaser") effective as of _____, 2020 (the "Closing Date"). Please make all future rent checks payable to Purchaser and send such checks, and any future notices or other correspondence relating to your lease of space in the Building, to Purchaser, at the following address:

OMNI PARK PLACE SENIOR LLC

All rent payments which were due, but not paid, prior to the Closing Date should be sent to Seller.

If you have any questions, please call _____ of _____, () ____-____.

Sincerely,

OMNI PARK PLACE SENIOR LLC,
a Virginia limited liability company

By: Project Homes Properties III LLC,
A Virginia limited liability company,
Its Manager


By: ElderHomes Corporation,
A Virginia corporation,
Its Sole Member and Manager

By: _____
Lee Householder, CEO

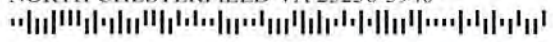
ASSESSOR'S OFFICE
Hanover County, Virginia
7515 County Complex Road
P. O. Box 470
Hanover, Virginia 23069-0470



Assessor's Telephone Numbers:
(804) 365-6029
Fax: (804) 365-6094
www.hanovercounty.gov
Hours: 8:30 A.M. to 5:00 P.M.

AUTOALL FOR AADC 230 

**THIS IS NOT
A TAX BILL**

ASHLAND GARDENS LIMITED, PARTNERSHIP
C/O VHDA MULTI FAMILY FINANCE
611 RESEARCH RD STE C
NORTH CHESTERFIELD VA 23236-3948


NOTICE OF 2020 REAL ESTATE ASSESSMENT

Date of Mailing
12/31/2019

Account Number: 40947
Parcel Number: 7880-02-8611
District: 08 Ashland Town
Legal Description: PARCEL 1, LOT 1C

In accordance with Virginia Code Section 58.1-3330, you are hereby notified that the 2020 assessment for the parcel described above will be as follows:

	2018 Assessment	2019 Assessment	2020 Proposed Assessment
Land Value	\$480,000	\$480,000	\$480,000
Buildings Value	\$3,026,800	\$3,026,800	\$3,370,600
Total Assessed Value	\$3,506,800	\$3,506,800	\$3,850,600
Tax Rate (per \$100)	0.81	0.81	0.81*
Tax Levy	\$28,405.08	\$28,405.08	\$31,189.86*
% Tax Levy Change	2.18%	0.00%	9.80%*

The above tax amounts do not include Land Use adjustments, special district taxes, tax exemptions, or taxes imposed by the Town of Ashland.

* Please note the tax rate shown above for your 2020 proposed assessment is the 2019 tax rate and may not be the tax rate applied to your property in 2020. The tax rate for 2020 has not been set by the Board of Supervisors. Virginia Code §58.1-3330 requires that, for this notice of assessment, we use the tax rate for the previous year if the tax rate has not yet been set. At its February 19, 2020 Board meeting, the Board of Supervisors will set a date for the public hearing on the proposed tax rate for 2020. The date of the public hearing will be publicized in the Mechanicsville Local and on the County website, www.hanovercounty.gov.

Appeal of Real Estate Assessment

The Assessor's review period will be from January 2, 2020 through January 24, 2020. Please call or make an appointment if you wish to discuss your assessment. The Assessor's Office is located in the Wickham Annex building at Hanover Courthouse.

Should the Assessor fail to resolve the property owner's questions or the owner fail to take advantage of the Assessor's review period, that owner may request a review by the Board of Equalization, whose members are appointed by the judges of the Circuit Court. Appeal forms can be obtained from the Assessor's Office and must be filed by March 15, 2020. Property owners have the right to view and make copies of records maintained by the local assessment office pursuant to Virginia Code §58.1-3331 and §58.1-3332. The records available and the procedure for accessing them are set out in §58.1-3331 and §58.1-3332. The County Assessor's Office is open Monday – Friday from 8:30 A.M. to 5:00 P.M.

PLEASE SEE REVERSE SIDE FOR IMPORTANT INFORMATION

Forwarding of Notices

Virginia Code Section §58.1-3330 provides that any person, firm, or corporation other than the owner who receives this Notice shall immediately transmit it to the owner at their last known address. Thank you for your cooperation.

General Information

The Commonwealth of Virginia mandates that all real estate be appraised on a regular basis and be assessed at 100% of market value. Hanover County is on an annual cycle. Real estate values continually change and the Assessor's job is to adjust assessments in response to these changes to assure equitable treatment for all taxpayers. This process is tracked by the Commonwealth of Virginia to insure that the locality is in compliance with State law. For more information regarding assessments, go to the Assessor's Office website – www.hanovercounty.gov.

The Hanover County Board of Supervisors sets a tax rate based on the funds required to provide government services. That rate is applied to the real estate assessment to determine the real estate tax bill, one-half of which is due in June and the other half of which is due in October. Real estate valuation and the establishment of the tax rate are two separate functions.

How Assessments are Determined

The Assessor's Office has the responsibility for reviewing real estate transactions and other factors and using the data to assess each parcel of real estate accordingly. There are many reasons for a change in real estate value. Sales information is gathered from buyers, sellers, and real estate professionals. Selling prices are then compared to the assessed values to arrive at an assessment/sales ratio. Comparable sales information is used as a basis for the assessment of individual properties after the sales are carefully analyzed.

Land Use Assessment

Those landowners actively engaged in agriculture or horticulture or with forested or open space use of their property and who meet qualifying standards may be eligible for tax deferral. Applications must be submitted no later than 30 days from the date of the mailing of this reassessment notice. For further information and applications, please call the Commissioner of the Revenue's Office at (804) 365-6128.

If you are currently taxed under "Land Use", do not mistake the Land Value Assessment shown on this notice as your Land Use Assessment. Your Land Use Assessment is determined using land values established by the State Land Evaluation Advisory Council (SLEAC) for agricultural, horticultural, forested and open space uses. The Land Use value will be reflected on your real estate tax bill.

Real Estate Tax Exemption for Elderly and Disabled Homeowners

Homeowners aged 65 or older and persons permanently and totally disabled may qualify for the tax relief program if they meet the qualifications required for participation. For additional information, please call the Commissioner of the Revenue's Office at (804) 365-6128.

F

Third-Party RESNET
Rater Certification
(MANDATORY)



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

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.

TRUE 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 Viridiant'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.

FALSE 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: 2.28.2020

Printed Name: Matt Waring

RESNET Rater

Resnet Provider Agency
Viridiant

Signature [Signature]

Provider Contact and Phone/Email

Sean Evensen-Shanley sean.evensen-shanley@viridiant.c



Omni Park Place Senior Apartments 2020 LIHTC Pre-Review Comments

Project Address

101 Omni Rd.
Ashland, VA 23005

Project Summary

Omni Park Place is a renovation low-rise multifamily development, comprised of 60 units located in Ashland, VA. Epoch Properties plans to renovate the project utilizing 4% LIHTC. As part of their funding application the project is seeking an 80 HERS Index Post-Renovation. This requires the project to have a maximum HERS index of 80 across all units. Mark McDaris of Winks-Snowa is the primary architect contact for the project.

Unit-Level Energy Modeling

Unit-level models were generated using Ekotrope v3.2.3 based on the proposed scope and existing drawings provided by the project team dated March 3, 2000. With the current scope of work, the worst case units in the development are obtaining a projected HERS index of 78. The following outlines the scope as it is currently modeled.

Enclosure:

- R-6 Existing Grade II slab insulation
- R-13 Grade III cavity insulation in exterior above grade walls and rim & band, 12" O.C. for first floor units
- R-13 Grade III cavity insulation in party walls
- R-11 adiabatic ceilings/floors
- R-39 Grade III attic insulation for upper floor units
- 0.33 U-Value for opaque doors
- 0.32 U-Value/0.40 SHGC windows

Mechanicals:

- SEER 14, HSPF 8.2, 18k air source heat pump, programmable thermostat
- 0.95 EF (.92 UEF) storage electric water heaters, 40 gallon
- 7 ACH₅₀ for infiltration threshold/blower door test
- Used Tested Duct Leakage numbers per site visit:
 - 27.5% Total Duct Leakage per Conditioned Floor Area found on site for 2 BR unit
 - Only 2% Duct Leakage outside the envelope
 - This number is more important for Energy Modeling but adjusting the layout or attaching ducts into dropped soffits could increase this number significantly
- Ducts within conditioned space
 - Included 10% of ductwork in unconditioned attic for top floor, worst case unit was still a first floor unit.



- **With duct located entirely outside of conditioned space - within the attic - the HERS Impact is 7 Points - from a 78 → 85 for the worst case unit**
- AirCycler mechanical ventilation

Lights & Appliances:

- ES rated kitchen appliances
 - 345 kWh/yr refrigerator
 - May be difficult to get this in an ADA compliant unit
 - 270 kWh/yr dishwasher
- Advanced lighting 100% LED

Please let me know if you have any question or if the above information does not accurately capture your current scope.

Sincerely,

A handwritten signature in black ink that reads "Matt Waring".

Matt Waring
Technical Director, Viridiant

G

Zoning Certification Letter
(MANDATORY)



Town of Ashland

Center of the Universe

101 THOMPSON STREET
P.O. BOX 1600
ASHLAND, VIRGINIA 23005-4600

TELEPHONE (804) 798-9219
FAX (804) 798-4892

January 17, 2020

STEVEN P.
TRIVETT
MAYOR

JOHN H.
HODGES
VICE-MAYOR

GEORGE F.
SPAGNA, JR.
COUNCIL MEMBER

KATHLEEN K.
ABBOTT
COUNCIL MEMBER

DANIEL W.
MCGRAW
COUNCIL MEMBER

JOSHUA S.
FARRAR
TOWN MANAGER

ANDREA E.
ERARD
TOWN ATTORNEY

MATTHEW G.
REYNAL
CLERK OF COUNCIL

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

RE: ZONING CERTIFICATION

Mr. Bondurant,

Attached, and as part of this letter is the requested Zoning Certification for the Omni Park Place Senior Apartments located at 101 Omni Road, Ashland, VA 23005. As you will see, it was determined that the apartments are a legal, non-conforming use and may continue to be used as such and renovated with no additional zoning approval.

Please let me know if you need additional information.

Sincerely,

Dennis Rabon
Deputy Zoning Administrator

Zoning Certification

DATE: June 17, 2020

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

RE: ZONING CERTIFICATION

Name of Development: Omni Park Place Senior Apartments

Name of Owner/Applicant: Omni Park Place Senior LLC

Name of Seller/Current Owner: Ashland Gardens Limited Partnership

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:

101 Omni Road
Ashland, VA
23005

Legal Description:

Please see attached Exhibit A

Proposed Improvements:

<input type="checkbox"/> New Construction:	_____	# Units	_____	# Buildings	_____	Approx. Total Floor Area Sq. Ft.
<input type="checkbox"/> Adaptive Reuse:	_____	# Units	_____	# Buildings	_____	Approx. Total Floor Area Sq. Ft.
<input checked="" type="checkbox"/> Rehabilitation:	<u>61</u>	# Units	<u>1</u>	# Buildings	<u>51,272</u>	Approx. Total Floor Area Sq. Ft.

Zoning Certification, cont'd

Current Zoning: R-5 Residential Multi-Family allowing a density of
12 units per acre, and the following other applicable conditions: _____

Other Descriptive Information:

Multi-Family dwellings are a permitted use under the current R-5 zoning ordinance, however; changes to
the R-5 ordinance regarding parking, open space requirements, setbacks, facades, front yard pavement, landscaping,
amenities and units per building make this property a legal, non-conforming use.

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.



Signature

Dennis Rabon

Printed Name

Deputy Zoning Administrator

Title of Local Official or Civil Engineer

804-798-1073

Phone:

June 17, 2020

Date:

NOTES TO LOCALITY:

1. Return this certification to the developer for inclusion in the tax credit application package.
2. Any change in this form may result in disqualification of the application.
3. If you have any questions, please call the Tax Credit Allocation Department at (804) 343-5518.

EXHIBIT A

Tax ID Number: 7880 02 8611

All that certain lot, part lot, piece or parcel of land situate, lying and being in the Town of Ashland, County of Hanover, Virginia, containing 4.001 Acres, known as Parcel 1C as shown on that certain plat entitled "SUBDIVISION OF PARCEL 1 TAX PARCEL 7880-23-6525 AS SHOWN IN P.B.34, PG.304, HANOVER COUNTY, ASHLAND, VIRGINIA", made by Hoggard-Eure Associates, PC, Surveyors-Engineers-Planners, dated October 30, 1998, and revised December 2, 1998, and duly recorded in the Clerk's Office of the Circuit Court for the County of Hanover, Virginia, in Plat Book 8, page 335, to which reference is here made.

Together with all and singular the buildings and improvements thereon, rights and privileges, tenements, hereditaments, easements and appurtenances unto the said land belonging or in anywise appertaining.

Also, together with that certain Deed of Easement dated March 1, 2001, by and between Ashland Hanover, LLC and Ashland Group Limited Partnership for a 20' private drainage easement duly recorded in the aforesaid Clerk's Office in Deed Book 1635, page B14.

H

Attorney's Opinion
(MANDATORY)

WILLIAMS MULLEN

Direct Dial: 804.420.6915
adomson@williamsmullen.com

June 19, 2020

TO: Virginia Housing Development Authority
601 South Belvidere Street
Richmond, VA 23220

RE: 2020 Tax Credit Reservation Request

Name of Development: Omni Park Place Senior Apartments
Name of Owner: Omni Park Place Senior LLC

Gentlemen:

This undersigned firm represents the above-referenced Owner as its counsel. It has received a copy of and has reviewed the completed application package dated June 19, 2020 (of which this opinion is a 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 the 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 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.
4. The site of the captioned Development is controlled by the Owner, as identified in the Site Control section of the Application.

WILLIAMS MULLEN

June 19, 2020
Page 2

5. The type of the nonprofit organization involved in the Development is an organization described in Code Section 501(c)(3) or 501(c)(4) and exempt from taxation under Code Section 501(a), whose purposes include the fostering of low-income housing.

6. The nonprofit organizations' ownership interest in the development is as described in the Nonprofit Involvement section of the Application form.

7. It is more likely than not that the representations made under the Rehab Information section of the Application form as to the Development's compliance with or exception to the Code's minimum expenditure requirements for rehabilitation projects are correct.

8. After reasonable investigation, the undersigned has no reason to believe that the representations made under the Rehab Information (Ten-Year Rule) section of the Application form as to the Development's compliance with or eligibility for exception to the ten-year "look-back rule" requirement of Code 42(d)(2)(B) are not correct.

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 the placement in service of each building of the Development, 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.

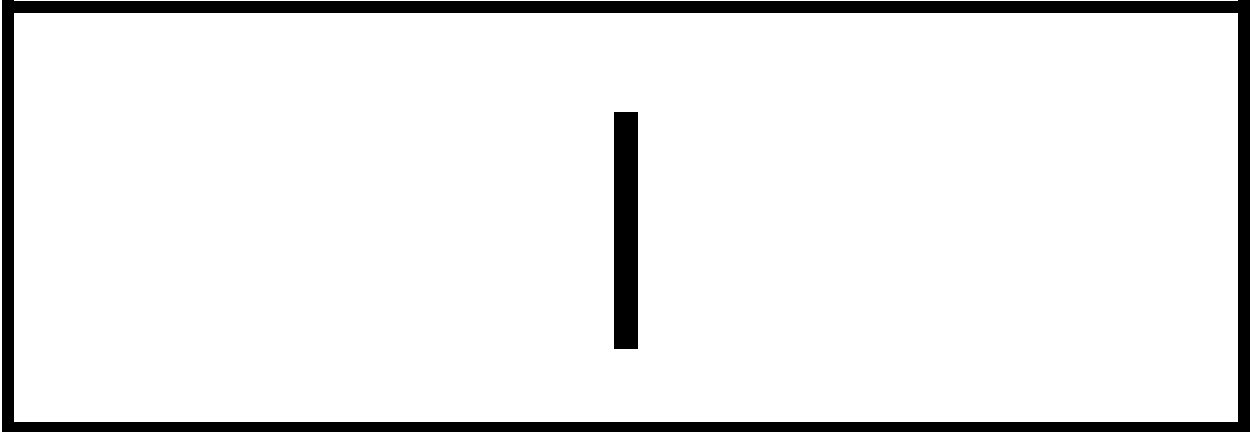
WILLIAMS MULLEN, A Professional Corporation



By: _____

Allison T. Domson

Its: Shareholder



Nonprofit Questionnaire

(MANDATORY for points or pool)



Non-profit Questionnaire

Part II, 13VAC10-180-60, of the Qualified Allocation Plan (the "Plan") of the Virginia Housing Development Authority (the "Authority") for the allocation of federal low income housing tax credits ("Credits") available under §42 of the Internal Revenue Code, as amended (the "Code") establishes certain requirements for receiving credits from the non-profit pool established under the Plan and assigning points for participation of a non-profit organization in the development of qualified low-income housing.

Answers to the following questions will be used by the Authority in its evaluation of whether or not an applicant meets such requirements. [Attach additional sheets as necessary to complete each question.](#)

1. General Information

- a. Name of development: _____
- b. Name of owner/applicant: _____
- c. Name of non-profit entity: _____
- d. Address of principal place of business of non-profit entity:

Indicate funding sources and amount used to pay for office space:

- e. Tax exempt status: 501(c)(3) 501(c)(4) 501(a)
- f. Date of legal formation of non-profit (must be prior to application deadline); _____
evidenced by the following documentation:

- g. Date of IRS 501(c)(3) or 501(c)(4) determination letter (must be prior to application deadline and copy must be attached):

- h. Describe exempt purposes (must include the fostering of low-income housing in its articles of incorporation):

- i. Expected life (in years) of non-profit:

Non-profit Questionnaire, cont'd

- j. Explain the anticipated future activities of the non-profit over the next five years:
-
-
-
- k. How many full time, paid staff members does the non-profit and, if applicable, any other non-profit organization(s) ("related non-profit(s)") of which the non-profit is a subsidiary or to which the non-profit is otherwise related have (i.e. by shared directors, staff, etc.)?
_____ How many part time, paid staff members? _____
- Describe the duties of all staff members:
-
-
-
-
- l. Does the non-profit share staff with any other entity besides a related non-profit described above?
- Yes No If yes, explain in detail: _____
-
-
- m. How many volunteers does the non-profit and, if applicable, any related non-profit have?
-
-
- n. What are the sources and manner of funding of the non-profit? (You must disclose all financial and/ or the arrangements with any individual(s) or for profit entity, including anyone or any entity related, directly, indirectly, to the Owner of the Development
-
-
-
- o. List all directors of the non-profit, their occupations, their length of service on the board, and their residential addresses:
-
-
-

2. Non-profit Formation

- a. Explain in detail the genesis of the formation of the non-profit:
-
-
-

Non-profit Questionnaire, cont'd

- b. Is the non-profit, or has it ever been, affiliated with or controlled by a for-profit entity or local housing authority?

Yes No If yes, explain in detail:

- c. Has any for profit organization or local housing authority (including the Owner of the Development, joint venture partner, or any individual or entity directly or indirectly related to such Owner) appointed any directors to the governing board of the non-profit?

Yes No If yes, explain:

- d. Does any for-profit organization or local housing authority have the right to make such appointments?

Yes No If yes, explain:

- e. Does any for profit organization or local housing authority have any other affiliation with the non-profit or have any other relationship with the non-profit in which it exercises or has the right to exercise any other type of control?

Yes No, If yes, explain:

- f. Was the non-profit formed by any individual(s) or for profit entity for the principal purpose of being included in the non-profit Pool or receiving points for non-profit participation under the Plan?

Yes No

- g. Explain in detail the past experience of the non-profit including, if applicable, the past experience of any other related non-profit of which the non-profit is a subsidiary or to which the non-profit is otherwise related (by shared directors, staff, etc.):

- h. If you included in your answer to the previous question information concerning any related non-profit, describe the date of legal formation thereof, the date of IRS 501 (c)(3) or 501 (c)(4) status, its expected life, its charitable purposes and its relationship to the non-profit.

3. Non-profit Involvement

Non-profit Questionnaire, cont'd

- a. Is the non-profit assured of owning an interest in the Development (either directly or through a wholly owned subsidiary) throughout the Compliance Period (as defined in §42(i)(1) of the Code)?

Yes No

- (i) Will the non-profit own at least 10% of the general partnership/owning entity?

Yes No

- (ii) Will the non-profit own 100% of the general partnership interest/owning entity?

Yes No

If no to either 3a.i or 3a.ii above, specifically describe the non-profit's ownership interest:

- b. (i) Will the non-profit be the managing member or managing general partner?
 Yes No If yes, where in the partnership/operating agreement is this provision specifically referenced?

- (ii) Will the non-profit be the managing member or own more than 50% of the general partnership interest? Yes No

- c. Will the non-profit have the option or right of first refusal to purchase the proposed development at the end of the compliance period for a price not to exceed the outstanding debt and exit taxes of the for-profit entity?

Yes No If yes, where in the partnership/operating agreement is this provision specifically referenced?

Recordable agreement attached to the Tax Credit Application as TAB V

If no at the end of the compliance period explain how the disposition of the assets will be structured:

- d. Is the non-profit materially participating (regular, continuous, and substantial participation) in the construction or rehabilitation and operation or management of the proposed Development?

Yes No If yes,

- (i) Describe the nature and extent of the non-profit's proposed involvement in the construction or rehabilitation of the Development:

- (ii) Describe the nature and extent of the non-profit's involvement in the operation or

Non-profit Questionnaire, cont'd

management of the Development throughout the Extended Use Period (the entire time period of occupancy restrictions of the low-income units in the Development):

- (iii) Will the non-profit invest in its overall interaction with the development more than 500 hours annually to this venture? Yes No If yes, subdivide the annual hours by activity and staff responsible and explain in detail:

- e. Explain how the idea for the proposed development was conceived. For example, was it in response to a need identified by a local neighborhood group? Local government? Board member? Housing needs study? Third party consultant? Other?

- f. List all general partners/managing members of the Owner of the Development (one must be the non-profit) and the relative percentages of their interests:

- g. If this is a joint venture, (i.e. the non-profit is not the sole general partner/managing member), explain the nature and extent of the joint venture partner's involvement in the construction or rehabilitation and operation or management of the proposed development.

- h. Is a for profit entity providing development services (excluding architectural, engineering, legal, and accounting services) to the proposed development? Yes No If yes, (i) explain the nature and extent of the consultant's involvement in the construction or rehabilitation and operation or management of the proposed development.

- (ii) Explain how this relationship was established. For example, did the non-profit solicit proposals from several for-profits? Did the for-profit contact the non-profit and offer the services?

- i. Will the non-profit or the Owner (as identified in the application) pay a joint venture partner

Non-profit Questionnaire, cont'd

or consultant fee for providing development services? Yes No If yes, explain the amount and source of the funds for such payments.

- j. Will any portion of the developer's fee which the non-profit expects to collect from its participation in the development be used to pay any consultant fee or any other fee to a third party entity or joint venture partner? Yes No If yes, explain in detail the amount and timing of such payments.

- k. Will the joint venture partner or for-profit consultant be compensated (receive income) in any other manner, such as builder's profit, architectural and engineering fees, or cash flow? Yes No If yes, explain:

- l. Will any member of the board of directors, officer, or staff member of the non-profit participate in the development and/or operation of the proposed development in any for-profit capacity? Yes No If yes, explain:

- m. Disclose any business or personal (including family) relationships that any of the staff members, directors or other principals involved in the formation or operation of the non-profit have, either directly or indirectly, with any persons or entities involved or to be involved in the Development on a for-profit basis including, but not limited to the Owner of the Development, any of its for-profit general partners, employees, limited partners or any other parties directly or indirectly related to such Owner:

- n. Is the non-profit involving any local, community based non-profit organizations in the development, role and operation, or provision of services for the development? Yes No If yes, explain in detail, including the compensation for the other non-profits:

Non-profit Questionnaire, cont'd

4. Virginia and Community Activity

a. Has the Virginia State Corporation Commission authorized the non-profit to do business in Virginia? Yes No

b. Define the non-profit's geographic target area or population to be served:

c. Does the non-profit or, if applicable, related non-profit have experience serving the community where the proposed development is located (including advocacy, organizing, development, management, or facilitation, but not limited to housing initiatives)? Yes No If yes, or no, explain nature, extent and duration of any service:

d. Does the non-profit's by laws or board resolutions provide a formal process for low income, program beneficiaries to advise the non-profit on design, location of sites, development and management of affordable housing? Yes No If yes, explain:

e. Has the Virginia Department of Agriculture and Consumer Services (Division of Consumer Affairs) authorized the non-profit to solicit contributions/donations in the target community?

Yes No

f. Does the non-profit have demonstrated support (preferably financial) from established organizations, institutions, businesses and individuals in the target community?

Yes No If yes, explain:

g. Has the non-profit conducted any meetings with neighborhood, civic, or community groups and/or tenant associations to discuss the proposed development and solicit input? Yes No If yes, describe the meeting dates, meeting locations, number of attendees and general discussion points:

h. Are at least 33% of the members of the board of directors representatives of the community being served? Yes No If yes,

(i) low-income residents of the community? Yes No

Non-profit Questionnaire, cont'd

- (ii) elected representatives of low-income neighborhood organizations? Yes No
- i. Are no more than 33% of the members of the board of directors representatives of the public sector (i.e. public officials or employees or those appointed to the board by public officials)? Yes No
- j. Does the board of directors hold regular meetings which are well attended and accessible to the target community? Yes No If yes, explain the meeting schedule:

- k. Has the non-profit received a Community Housing Development Organization (CHDO) designation, as defined by the U. S. Department of Housing and Urban Development's HOME regulations, from the state or a local participating jurisdiction? Yes No
- l. Has the non-profit been awarded state or local funds for the purpose of supporting overhead and operating expenses? Yes No If yes, explain in detail:

- m. Has the non-profit been formally designated by the local government as the principal community-based non-profit housing development organization for the selected target area? Yes No If yes, explain:

- n. Has the non-profit ever applied for Low Income Housing Tax Credits for a development in which it acted as a joint venture partner with a for-profit entity? Yes No If yes, note each such application including: the development name and location, the date of application, the non-profit's role and ownership status in the development, the name and principals of the joint venture partners, the name and principals of the general contractor, the name and principals of the management entity, the result of the application, and the current status of the development(s).

- o. Has the non-profit ever applied for Low Income Housing Tax Credits for a development in which it acted as the sole general partner/managing member? Yes No If yes, note each such development including the name and location, the date of the application, the result of the application, and the current status of the development(s).

- p. To the best of your knowledge, has this development, or a similar development on the same site, ever received tax credits before? Yes No If yes, explain:

Non-profit Questionnaire, cont'd

q. Has the non-profit been an owner or applicant for a development that has received a reservation in a previous application round from the Virginia Housing Partnership or the VHDA Housing Funds? Yes No If yes, explain:

William Byrd Senior Apartments

r. Has the non-profit completed a community needs assessment that is no more than three years old and that, at a minimum identifies all of the defined target area's housing needs and resources? Yes No If yes, explain the need identified:

s. Has the non-profit completed a community plan that (1) outlines a comprehensive strategy for addressing identified community housing needs, (2) offers a detailed work plan and timeline for implementing the strategy, and (3) documents that the needs assessment and comprehensive strategy were developed with the maximum possible input from the target community? Yes No If yes, explain the plan:

5. Attachments

Documentation of any of the above need not be submitted unless requested by VHDA

The undersigned Owner and non-profit hereby each certify that, to the best of its knowledge, all of the foregoing information is complete and accurate. Furthermore, each certifies that no attempt has been or will be made to circumvent the requirements for non-profit participation contained in the Plan or Section 42 of the Internal Revenue Code.


6/16/20
Date

Omni Park Place Senior LLC
Owner/Applicant
By: [Signature]
Its: President
Title

6/16/20
Date

Life Homes d.b.a. project: HOME'S
Non-profit
By: Carolyn Champion
Board Chairman

Non-profit Questionnaire, cont'd

By: 
Executive Director

J

Relocation Plan

(MANDATORY, if tenants are displaced)

Renovation and Relocation Plan

Omni Park Place Seniors Apartments

Project Summary

Project	Location
Omni Park Place Seniors Apartments	101 Omni Road Ashland, VA 23005

Owner	Mailing Address
Omni Park Place, LLC	c/o project: HOMES 88 Carnation Street Richmond, VA 23235

Owner Contact	Contact Information
Lee Householder, CEO project:HOMES	Phone (804) 377-9881 Lee.Householder@projecthomes.org

Management Company	Mailing Address
Epoch Properties	611 Research Rd, Suite C North Chesterfield, VA 23236

Management Contact	Contact Information
Bill DeWorken, principal	Phone (804) 897-9161 bdeworken@epochinc.com

I. Rehabilitation Scope and Schedule

Scope of Work

The rehabilitation Scope of Work for Omni Park Place Seniors Apartments includes renovation to public spaces and tenant units as well as upgrades to building and its systems. Rehabilitation goals include making the property more sustainable by including energy efficiency improvements and more appropriate for residents to “age in place” by incorporating accessibility improvements.

Community Room / Community Restrooms / Lobby / Hallways

- The Community Room kitchen area will be ADC accessible with new cabinets, countertops, stainless steel sink with low-flow faucet and energy-efficient appliances.
- The Community Restrooms will have new ADA toilets, grab bars will be installed, will have LED light fixtures and will be painted.
- Carpet will be replaced in all common area hallways and community rooms.
- Common area hallways and community rooms will be painted.
- Common areas and hallways will have all light fixtures replaced with LED fixtures.
- All mini-blinds will be replaced throughout the common areas.

Unit Improvements

- Units will receive new carpet, new wooden baseboards, and new mini-blinds and will be painted.
- Unit kitchens will receive new cabinets, countertops, stainless steel sinks, low-flow faucets, new star-rated appliances, new vinyl flooring and new LED light fixtures.
- Unit bathrooms will receive new vanities with cultured marble tops, new mirrors, ADA low-flow toilets, low-flow faucets, new vinyl flooring, new exhaust fans and LED light fixtures.
- New energy-efficient HVAC units and new hot water heaters will be installed.

Building Improvements

- All windows in the building will be replaced with energy-efficient tempered glass windows.
- Roof will be replaced with a 30-year GAF 3-tab roof.
- The vinyl siding will be replaced on the entire building.
- New energy-efficient doors on both patio side entrances and the two doors on the back patio will be installed.
- All sprinkler pipes in the attic will be insulated.
- New awning will be installed outside the multi-purpose room
- All HVAC units in common areas and hallways will be replaced and new heaters will be replaced in the stairwells.

Exterior Improvements

- The parking lot will be repaired, sealed and striped per Civil Engineer drawings.
- All broken or cracked sidewalks will be replaced
- Three (3) CG12ADA ramps will be installed.
- All wall pack lights will be upgraded and two additional light poles will be added to the parking lot by the BMP. All new lights will be LED.
- New site sign with lights will be installed.
- New drain pipes from the gutters under the sidewalks will be installed.
- The existing landscape will be upgraded.
- Grading on grounds to prevent erosion.
- Remove trees close to the building, as required by VHDA.

Estimated Construction Schedule

- The construction work at Omni Park Place Seniors Apartments is anticipated to begin February 1, 2021.
- The renovation of the standard units will begin on the first floor by wing. (There are four wings of the building.) The layout of the building is included in this plan that shows the wings labeled A through D.
- Estimated renovation time of each wing is approximately 8 working days.
- Estimated renovation time for the seven UFAS units is approximately 24 working days per 2 units. The UFAS unit of the first floor will be rehabbed with unit #101 which is a standard unit.
- The common area rehab will be completed once all of the units are completed on each wing.
- The time table for exterior improvements will be determined as we proceed with the rehab of the building.

NOTE: The estimated construction schedule for both the standard units and the UFAS units, along with the floor layouts, are on the following pages.

**OMNI PARK PLACE SENIORS APARTMENTS
ESTIMATED CONSTRUCTION START DATE 2/1/2021**

RENOVATION BY UNIT #'s	ESTIMATED TIME FRAME	
	START DATE	COMPLETION DATE
103-104-105-106-107-108-109	2/1/2021	2/10/2021
117-118-119-120-121-122-123	2/11/2021	2/19/2021
110-111-112-113-114-115-116	2/22/2021	3/3/2021
124-125-126-127-128-129-130	3/4/2021	3/11/2021
204-206-207-208-209	3/12/2021	3/23/2021
217-218-219-220-221-222-223	3/24/2021	3/31/2021
225-227-228-229-230	4/1/2021	4/9/2021
210-211-212-213-214-215-216	4/12/2021	4/20/2021

RENOVATION BY UNIT #'s	ESTIMATED TIME FRAME	
	START DATE	COMPLETION DATE
* 101 - non-UFAS	3/15/2020	4/16/2020
102		
201	4/19/2020	5/19/2020
202		
203		
205	5/19/2020	6/18/2020
224		
226		
	6/21/2020	7/23/2020

* Because of its location, this (non-UFAS) unit will be rehabbed with the seven UFAS units.

II. Strategy to Minimize Impact on Tenants

Great consideration has been given in how to mitigate the impact of the renovation of the Omni Park Place Seniors Apartments on tenants in residence. Bill DeWorken, owner of Epoch Properties, Inc., Management, will serve as the project's Relocation Coordinator. Mr. DeWorken is well-qualified for this role and has been previously successful in organizing and coordinating the temporary tenant moves within a high-rise building undergoing a rehabilitation process similar to what is planned for Omni Park Place Seniors Apartments.

The following process will be implemented to maximize our strategy to minimize the impact on our tenants:

- Tenants will receive an advance notice, as required by the guidelines of VHDA, as to the date their unit must be vacated.
- Tenants will be temporarily relocated while their units are being rehabbed.
- Professional moving company will pack and move the tenant's belongings into a POD which will be located on-site. Once their unit is completed, the moving company will move their belongings back into their original unit.
- All out-of-pocket expenses incurred by the tenant as the result of this move will be reimbursed by the property.
- Property Management will provide a new staff person to specifically help Residents with any issues related to the temporary relocations. This staff person will stay in close communication with the tenants and Relocation Coordinator, Bill DeWorken.
- A record of all documents and information regarding relocation for tenants of Omni Park Place Seniors Apartments will be kept in a "Relocation Binder" at the property management office in the lobby of the building.
- All notices will be hand-delivered to tenants and signed copies of these notices will be kept on-file in the "Relocation Binder".

No later than thirty (30) days after the last tenant is relocated back into their original unit, the owner will provide to VHDA the final summary schedule of moving costs made to the tenants, listed by tenant and by unit number. This final summary will include a certification by the owner that it has met VHDA Moving Cost Reimbursement and Relocation Assistance Guidelines.

III. Post-rehab Rents and Rental Policies

- Omni Park Place Seniors Apartments will continue to serve the needs of seniors ages 55 and older. All seniors who meet the age requirement and whose income is equal to or less than the 50% (or 60%) of the Area Median Income will qualify to apply to lease an apartment.
- Unit breakdown by size and by AMI Income Limits:

AMI	Unit Size	Number of Units	Current Allowable Monthly Rent
50%	1 BR	11	\$759.00
60%	1 BR	41	\$830.00
60%	2 BR	9	\$965.00

- Currently, Omni Park Place Seniors Apartments has two (2) UFAS units. Once the rehab is completed, the property will have seven (7) UFAS units. This enables us to meet the needs of our surrounding communities.

IV. Advisory Services

- Omni Park Place Seniors Apartments does not anticipate the need for Advisory Services.
- No tenants will be permanently displaced as a result of the rehab of Omni Park Place Seniors Apartments.
- Tenants will be relocated to temporary housing during the rehab of their unit and all expenses related to this move will be paid by the property.
- A new staff person will be on-site to assist the tenants during the rehab of the property and to assure that we meet all of their needs.

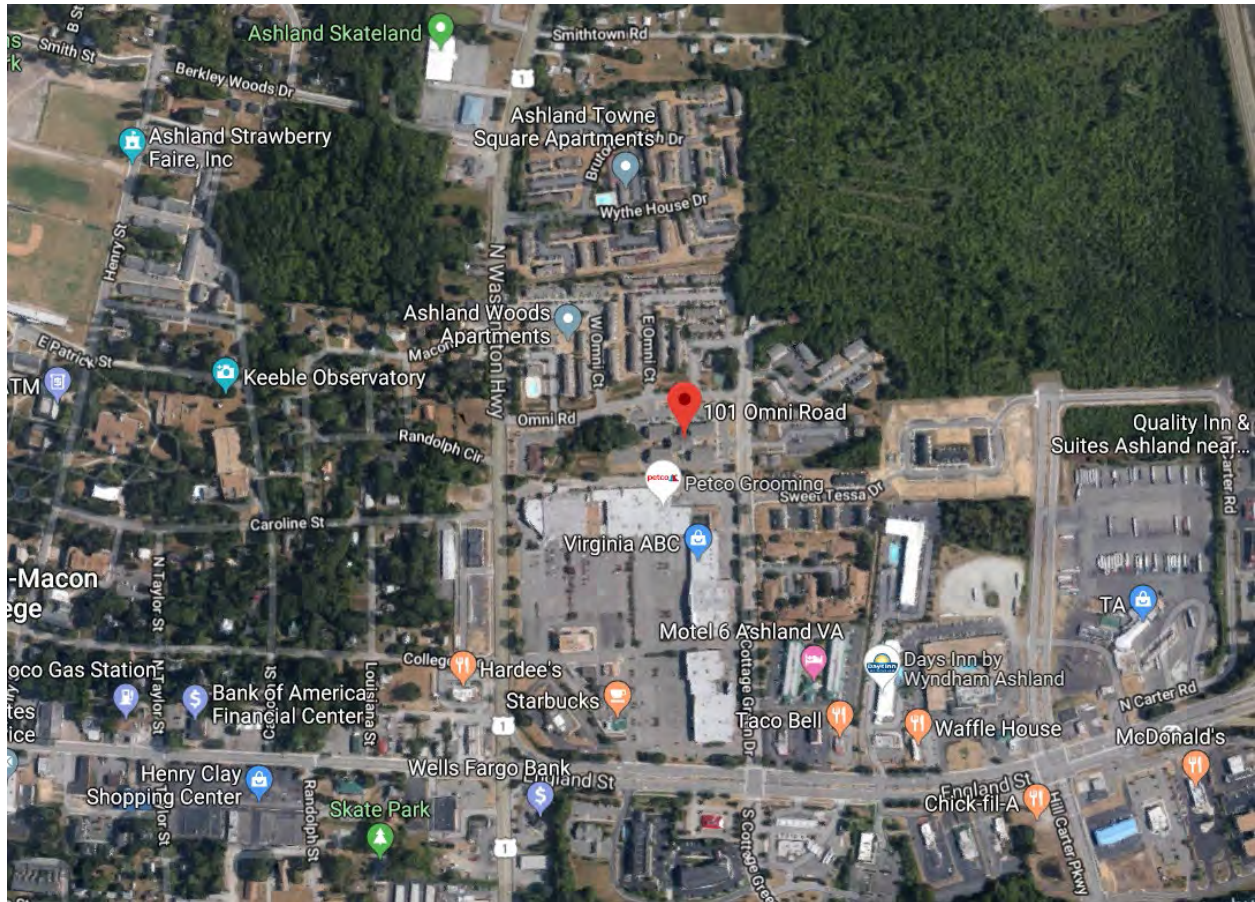
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Documentation of
Development Location

K.2

Location Map

**Location of Omni Park Place Senior Apartments
101 Omni Road, Ashland VA**





L

PHA/Section 8 Notification
Letter

PHA or Section 8 Notification Letter

DATE: June 16, 2021

TO: Kenyatta Green, Director, Richmond Redevelopment Housing Authority
918 Chamberlayne Parkway
Richmond VA 23220
804-780-4375 kenyatta.green@rrha.com

RE: PROPOSED AFFORDABLE HOUSING DEVELOPMENT

Name of Development: Omni Park Place Senior Apartments
Name of Owner: Omni Park Place Senior LLC

I would like to take this opportunity to notify you of a proposed affordable housing development to be completed in your jurisdiction. We are in the process of applying for federal low-income housing tax credits from the Virginia Housing Development Authority (VHDA). We expect to make a representation in that application that we will give leasing preference to households on the local PHA or Section 8 waiting list. Units are expected to be completed and available for occupancy beginning on 12/1/2021 (date).

The following is a brief description of the proposed development:

Development Address:
101 Omni Road
Ashland, VA 23005

Proposed Improvements:

<input type="checkbox"/> New Constr.:	_____	# units	_____	# Bldgs
<input type="checkbox"/> Adaptive Reuse:	_____	# units	_____	# Bldgs
<input checked="" type="checkbox"/> Rehabilitation:	<u>61</u>	# units	<u>1</u>	# Bldgs

Proposed Rents:

<input type="checkbox"/> Efficiencies:	\$ _____	/ month
<input checked="" type="checkbox"/> 1 Bedroom Units:	\$ <u>759/\$830</u>	/ month
<input checked="" type="checkbox"/> 2 Bedroom Units:	\$ <u>965</u>	/ month
<input type="checkbox"/> 3 Bedroom Units:	\$ _____	/ month
<input type="checkbox"/> 4 Bedroom Units:	\$ _____	/ month

Other Descriptive Information:

PHA or Section 8 Notification Letter

We appreciate your assistance with identifying qualified tenants.

If you have any questions about the proposed development, please call me at
(804)564-1203

Please acknowledge receipt of this letter by signing below and returning it to me.

Sincerely yours,

Bill Deworken

Name

CEO

Title

To be completed by the Local Housing Authority or Sec 8 Administrator:

Seen and Acknowledged By: *Kenyatta Green*

Printed Name: Kenyatta Green

Title: Director of the Housing Choice Voucher Program

Phone: 804-780-4375

Date: 06/16/2020

M

Locality CEO Response
Letter



Town of Ashland

Center of the Universe

101 THOMPSON STREET
P.O. BOX 1600
ASHLAND, VIRGINIA 23005-4600

TELEPHONE (804) 798-9219
FAX (804) 798-4892

June 17, 2020

STEVEN P.
TRIVETT
MAYOR

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

JOHN H.
HODGES
VICE-MAYOR

RE: VHDA Tracking Number: 2020 TEB 100
Name of Development: Omni Park Place Senior Apartments

GEORGE F.
SPAGNA, JR.
COUNCIL MEMBER

Name of Owner/Applicant: Omni Park Place Senior LLC

KATHLEEN K.
ABBOTT
COUNCIL MEMBER

Dear Mr. Bondurant;

DANIEL W.
MCGRAW
COUNCIL MEMBER

The construction or rehabilitation of Omni Park Place Senior Apartments and the allocation of federal housing tax credits available under IRC Section 42 for that development will help meet the housing needs and priorities of the Town of Ashland. Accordingly, the Town of Ashland supports the allocation of federal housing tax credits requested by Omni Park Place Senior LLC for that development.

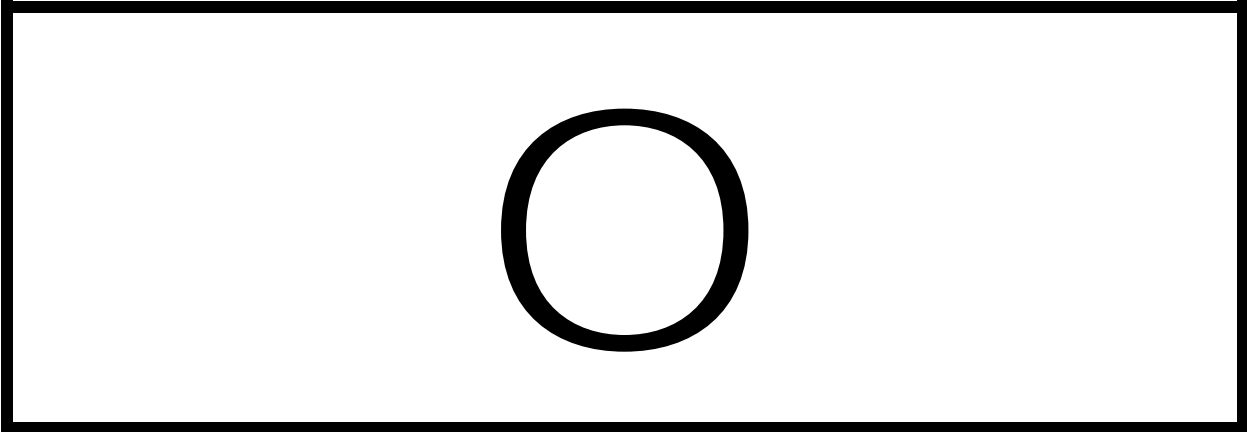
JOSHUA S.
FARRAR
TOWN MANAGER

Yours truly,

ANDREA E.
ERARD
TOWN ATTORNEY

Joshua S. Farrar
Town Manager

MATTHEW G.
REYNAL
CLERK OF COUNCIL



O

Plan of Development
Certification Letter



Town of Ashland

Center of the Universe

101 THOMPSON STREET
P.O. BOX 1600
ASHLAND, VIRGINIA 23005-4600

TELEPHONE (804) 798-9219
FAX (804) 798-4892

June 17, 2020

STEVEN P.
TRIVETT
MAYOR

JOHN H.
HODGES
VICE-MAYOR

GEORGE F.
SPAGNA, JR.
COUNCIL MEMBER

KATHLEEN K.
ABBOTT
COUNCIL MEMBER

DANIEL W.
MCGRAW
COUNCIL MEMBER

JOSHUA S.
FARRAR
TOWN MANAGER

ANDREA E.
ERARD
TOWN ATTORNEY

MATTHEW G.
REYNAL
CLERK OF COUNCIL

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

Attention: JD Bondurant

RE: POD CERTIFICATION

Mr. Bondurant,

Attached, and as part of this letter, is the requested Plan of Development Certification for the Omni Park Place Senior Apartments located at 101 Omni Road, Ashland, VA 23005. No new site plan will be required for the proposed renovations.

Please let me know if you need additional information.

Sincerely,

Nora Amos

Director of Planning and Community Development

Plan of Development Certification

DATE: June 17, 2020

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

RE: PLAN OF DEVELOPMENT CERTIFICATION

Name of Development:	<u>Omni Park Place Senior Apartments</u>
Name of Owner/Applicant:	<u>Omni Park Place Senior LLC</u>
Name of Seller/Current Owner:	<u>Ashland Gardens Limited Partnership</u>

The above-referenced Owner/Applicant has asked this office to complete this form letter regarding the site plan of the proposed Development (more fully described below). This certification is rendered solely for the purpose of confirming the status of plan of development or site plan approval 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:

101 Omni Road
Ashland, VA 23005

Legal Description:

Please see attached Exhibit A

Plan of Development Number:

Ashland Gardens SP00-0210

Proposed Improvements:

<input type="checkbox"/> New Construction:	_____ # Units	_____ # Buildings	_____	Approx. Total Floor Area
<input type="checkbox"/> Adaptive Reuse:	_____ # Units	_____ # Buildings	_____	Approx. Total Floor Area
<input checked="" type="checkbox"/> Rehabilitation:	61 # Units	1 # Buildings	51,272	Approx. Total Floor Area

Other Descriptive Information:

LOCAL CERTIFICATION:

Check one of the following as appropriate:

- The proposed development described above has an approved final plan of development or site plan (as applicable to the site). No further plan of development or site plan approval is required before issuance of a building permit.
- The proposed development is an existing development with proposed renovations and no additional plan of development approval is needed.

The above plan of development approval is in effect until: approval has expired, use may continue.

Nora Amos

Signed

Nora Amos

Printed Name

Director of Planning and Community Development

Title

804-798-1073

Phone

June 17, 2020

Date

NOTES TO LOCALITY:

1. Return this certification to the developer for inclusion in the tax credit application package.
2. Any change in this form may result in a reduction of points under the scoring system. If you have any questions, please call the Tax Credit Allocation Department at (804) 343-5518.

EXHIBIT A

Tax ID Number: 7880 02 8611

All that certain lot, part lot, piece or parcel of land situate, lying and being in the Town of Ashland, County of Hanover, Virginia, containing 4.001 Acres, known as Parcel 1C as shown on that certain plat entitled "SUBDIVISION OF PARCEL 1 TAX PARCEL 7880-23-6525 AS SHOWN IN P.B.34, PG.304, HANOVER COUNTY, ASHLAND, VIRGINIA", made by Hoggard-Eure Associates, PC, Surveyors-Engineers-Planners, dated October 30, 1998, and revised December 2, 1998, and duly recorded in the Clerk's Office of the Circuit Court for the County of Hanover, Virginia, in Plat Book 8, page 335, to which reference is here made.

Together with all and singular the buildings and improvements thereon, rights and privileges, tenements, hereditaments, easements and appurtenances unto the said land belonging or in anywise appertaining.

Also, together with that certain Deed of Easement dated March 1, 2001, by and between Ashland Hanover, LLC and Ashland Group Limited Partnership for a 20' private drainage easement duly recorded in the aforesaid Clerk's Office in Deed Book 1635, page B14.

P

Copies of 8609s to
Certify Developer
Experience and
Partnership agreements

Low-Income Housing Credit Allocation and Certification

▶ Information about Form 8609 and its separate instructions is at www.irs.gov/form8609.

Part I Allocation of Credit

Check if: Addition to Qualified Basis Amended Form

A Address of building (do not use P.O. box) (see instructions) 2501 Broad Street Richmond, VA 23220	B Name and address of housing credit agency Virginia Housing Development Authority 601 S. Belvidere Street Richmond, VA 23220
C Name, address, and TIN of building owner receiving allocation William Byrd Senior Apartments, LLC 88 Carnation Street Richmond, VA 23225 TIN ▶ 47-1738647	D Employer identification number of agency <p style="text-align: right;">54-0921892</p> E Building identification number (BIN) <p style="text-align: right;">VA9525001</p>

1a Date of allocation ▶ _____	b Maximum housing credit dollar amount allowable	1b	\$103,015
2 Maximum applicable credit percentage allowable (see instructions)		2	3.19 %
3a Maximum qualified basis		3a	\$3,229,310
b If the eligible basis used in the computation of line 3a was increased, check the applicable box and enter the percentage to which the eligible basis was increased (see instructions)		3b	1 %
<input type="checkbox"/> Building located in the Gulf Opportunity (GO) Zone, Rita GO Zone, or Wilma GO Zone <input type="checkbox"/> Section 42(d)(5)(B) high cost area provisions			
4 Percentage of the aggregate basis financed by tax-exempt bonds. (If zero, enter -0-.)		4	68.64 %
5 Date building placed in service ▶ 12/29/2016			
6 Check the boxes that describe the allocation for the building (check those that apply):			
a <input type="checkbox"/> Newly constructed and federally subsidized	b <input type="checkbox"/> Newly constructed and not federally subsidized	c <input checked="" type="checkbox"/> Existing building	
d <input type="checkbox"/> Sec. 42(e) rehabilitation expenditures federally subsidized	e <input type="checkbox"/> Sec. 42(e) rehabilitation expenditures not federally subsidized		
f <input type="checkbox"/> Allocation subject to nonprofit set-aside under sec. 42(h)(5)			

Signature of Authorized Housing Credit Agency Official—Completed by Housing Credit Agency Only

Under penalties of perjury, I declare that the allocation made is in compliance with the requirements of section 42 of the Internal Revenue Code, and that I have examined this form and to the best of my knowledge and belief, the information is true, correct, and complete.

Signature of authorized official	John D. Bondurant, Director Name (please type or print)	7.13.17 Date
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Part II First-Year Certification—Completed by Building Owners with respect to the First Year of the Credit Period

7 Eligible basis of building (see instructions)	7	3,229,310
8a Original qualified basis of the building at close of first year of credit period	8a	3,229,310
b Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
9a If box 6a or box 6d is checked, do you elect to reduce eligible basis under section 42(i)(2)(B)?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
b For market-rate units above the average quality standards of low-income units in the building, do you elect to reduce eligible basis by disproportionate costs of non-low income units under section 42(d)(3)(B)? ▶	<input type="checkbox"/> Yes <input type="checkbox"/> No	
10 Check the appropriate box for each election:		
Caution: Once made, the following elections are irrevocable.		
a Elect to begin credit period the first year after the building is placed in service (section 42(f)(1)) ▶	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
b Elect not to treat large partnership as taxpayer (section 42(j)(5)) ▶	<input type="checkbox"/> Yes	
c Elect minimum set-aside requirement (section 42(g)) (see instructions) <input type="checkbox"/> 20-50 <input checked="" type="checkbox"/> 40-60	<input type="checkbox"/> 25-60 (N.Y.C. only)	
d Elect deep rent skewed project (section 142(d)(4)(B)) (see instructions)	<input type="checkbox"/> 15-40	

Under penalties of perjury, I declare that I have examined this form and accompanying attachments, and to the best of my knowledge and belief, they are true, correct, and complete.

Signature	47-1738647 Taxpayer identification number	7/18/17 Date
Lee Householder Name (please type or print)	2016 First year of the credit period	

Low-Income Housing Credit Allocation and Certification

▶ Information about Form 8609 and its separate instructions is at www.irs.gov/form8609.

Part I Allocation of Credit

Check if: Addition to Qualified Basis Amended Form

A Address of building (do not use P.O. box) (see instructions) 2501 Broad Street Richmond, VA 23220	B Name and address of housing credit agency Virginia Housing Development Authority 601 S. Belvidere Street Richmond, VA 23220
C Name, address, and TIN of building owner receiving allocation William Byrd Senior Apartments, LLC 88 Carnation Street Richmond, VA 23225 TIN ▶ 47-1738647	D Employer identification number of agency <p style="text-align: center;">54-0921892</p> E Building identification number (BIN) <p style="text-align: center;">VA9525001</p>

1a Date of allocation ▶ _____	b Maximum housing credit dollar amount allowable	1b	\$225,566
2 Maximum applicable credit percentage allowable (see instructions)		2	3.19 %
3a Maximum qualified basis		3a	\$7,071,034
b If the eligible basis used in the computation of line 3a was increased, check the applicable box and enter the percentage to which the eligible basis was increased (see instructions)		3b	1 ____ %
<input type="checkbox"/> Building located in the Gulf Opportunity (GO) Zone, Rita GO Zone, or Wilma GO Zone <input type="checkbox"/> Section 42(d)(5)(B) high cost area provisions			
4 Percentage of the aggregate basis financed by tax-exempt bonds. (If zero, enter -0-)		4	68.64 %
5 Date building placed in service			▶ 12/29/2016
6 Check the boxes that describe the allocation for the building (check those that apply):			
a <input type="checkbox"/> Newly constructed and federally subsidized b <input type="checkbox"/> Newly constructed and not federally subsidized c <input type="checkbox"/> Existing building			
d <input checked="" type="checkbox"/> Sec. 42(e) rehabilitation expenditures federally subsidized e <input type="checkbox"/> Sec. 42(e) rehabilitation expenditures not federally subsidized			
f <input type="checkbox"/> Allocation subject to nonprofit set-aside under sec. 42(h)(5)			

Signature of Authorized Housing Credit Agency Official – Completed by Housing Credit Agency Only

Under penalties of perjury, I declare that the allocation made is in compliance with the requirements of section 42 of the Internal Revenue Code, and that I have examined this form and to the best of my knowledge and belief, the information is true, correct, and complete.

 Signature of authorized official	John D. Bondurant, Director Name (please type or print)	7.13.17 Date
--------------------------------------	---	------------------------

Part II First-Year Certification – Completed by Building Owners with respect to the First Year of the Credit Period

7 Eligible basis of building (see instructions)	7	7,071,034
8a Original qualified basis of the building at close of first year of credit period	8a	7,071,034
b Are you treating this building as part of a multiple building project for purposes of section 42 (see instructions)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
9a If box 6a or box 6d is checked, do you elect to reduce eligible basis under section 42(i)(2)(B)?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
b For market-rate units above the average quality standards of low-income units in the building, do you elect to reduce eligible basis by disproportionate costs of non-low income units under section 42(d)(3)(B)?	<input type="checkbox"/> Yes <input type="checkbox"/> No	
10 Check the appropriate box for each election:		
Caution: Once made, the following elections are irrevocable.		
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b Elect not to treat large partnership as taxpayer (section 42(j)(5))	<input type="checkbox"/> Yes	
c Elect minimum set-aside requirement (section 42(g)) (see instructions) <input type="checkbox"/> 20-50 <input checked="" type="checkbox"/> 40-60	<input type="checkbox"/> 25-60 (N.Y.C. only)	
d Elect deep rent skewed project (section 142(d)(4)(B)) (see instructions)	<input type="checkbox"/> 15-40	

Under penalties of perjury, I declare that I have examined this form and accompanying attachments, and to the best of my knowledge and belief, they are true, correct, and complete.

 Signature	47-1738647 Taxpayer identification number	7/18/17 Date
Lee Hausholder Name (please type or print)	2016 First year of the credit period	

Execution Version

**WILLIAM BYRD SENIOR APARTMENTS, LLC,
A VIRGINIA LIMITED LIABILITY COMPANY**

AMENDED AND RESTATED OPERATING AGREEMENT

As of November 18, 2015

THE MEMBERSHIP INTERESTS EVIDENCED BY THIS AMENDED AND RESTATED OPERATING AGREEMENT (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, THE MEMBERSHIP 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 MEMBERSHIP 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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**WILLIAM BYRD SENIOR APARTMENTS, LLC
A VIRGINIA LIMITED LIABILITY COMPANY**

AMENDED AND RESTATED OPERATING AGREEMENT

THIS AMENDED AND RESTATED OPERATING AGREEMENT is made and entered into as of November 18, 2015, by and among Project: HOMES Properties, Inc., a Virginia corporation (the “Managing Member”), Housing Equity Fund of Virginia XVIII, L.L.C., a limited liability company formed under the laws of the Commonwealth of Virginia (“HEF 18”), Housing Equity Fund of Virginia XIX, L.L.C., a limited liability company formed under the laws of the Commonwealth of Virginia (“HEF 19”) (HEF 18 and HEF 19 are collectively referred to herein as the “Investor Member”), VCDC Cardinal Equity Fund, L.L.C., a limited liability company formed under the laws of the Commonwealth of Virginia (the “State Credit Investor”), and VAHM, LLC, a Virginia limited liability company (the “Special Member”).

WHEREAS, Articles of Organization (the “Articles of Organization”) for the formation of William Byrd Senior Apartments, LLC (the “Company”) pursuant to the terms of the Revised Uniform Limited Liability Company Act of the Commonwealth of Virginia (the “Act”), were filed with the State Corporation Commissioner of the Commonwealth of Virginia (the “State of Formation”) on April 1, 2013;

WHEREAS, the Managing Member, as sole member, has previously executed an Operating Agreement of the Company dated as of April 1, 2013 (the “Original Agreement”);

WHEREAS, the Investor Member wishes to join the Company as the Investor Member, the State Credit Investor wishes to join the Company as the State Credit Investor, and the Special Member wishes to join the Company as the Special Member;

WHEREAS, the Managing Member, the Special Member, the State Credit Investor, and the Investor Member wish to continue the Company pursuant to the Act by amending and restating the Original Agreement in its entirety;

WHEREAS, the Members have agreed to account for the State Credit Investor’s investment in the Company, in part, as a sale of the VHRC (defined below), resulting in income to the Company;

WHEREAS, the Company has been formed to acquire, develop, rehabilitate, own, maintain and operate a historic mixed use project consisting of 104 apartments and commercial space located at 2501 Broad Street, Richmond, Virginia and known as William Byrd Senior Apartments (the “Project”);

WHEREAS, the parties hereto now desire to enter into this Amended and Restated Operating Agreement to (i) continue the Company under the Act; (ii) admit the Investor Member,

the State Credit Investor, and Special Member to the Company as Members; and (iii) 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, 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 William Byrd Senior Apartments, LLC.

1.03 Principal Place of Business. The principal place of business of the Company shall be 2501 Broad Street, Richmond, Virginia. The Company may change the location of its principal place of business to such other place or places within the Commonwealth of Virginia 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 of the Agent for service of process is Johnson Kanady, who is a resident of Virginia and a member of the Virginia State Bar, and whose address is 9200 Forest Hill Avenue, Suite C, Richmond, Virginia, in the City of Richmond, County of Henrico.

1.05 Admission of Investor Member, State Credit Investor and Special Member. The Investor Member, State Credit Investor and Special Member are hereby admitted to the Company as the sole Investor Member, State Credit Investor and Special Member.

1.06 Term. The term of the Company commenced as of the date of the filing of the Articles of Organization with the Secretary of the Commonwealth of Virginia, and shall continue in perpetuity, 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 of Organization if and as required by the Act, including filing with the State Corporation Commission of the Commonwealth of Virginia. 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, and shall register the Company under any assumed or fictitious name statute or similar law in force and effect in the Commonwealth of Virginia.

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 Dooley & Vicars or such other firm of independent certified public accountants as may be engaged by the Managing Member, with the Consent of the Investor Member, to prepare financial statements and provide other services to the Company. Dooley & Vicars (or other independent accountants approved by the Investor Member) shall review and execute all tax returns for the Company.

“Accounting Fee” shall have the meaning set forth in Section 8.21.

“Act” means the Virginia Limited Liability Company Act, 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 LIHTC allocated by the Company to the Investor Member, representing ninety-seven and ninety-nine hundredths percent (97.99%) of the aggregate LIHTC 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 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, partner, managing member or trustee, any corporation, limited partnership, limited liability company or trust for which that Person acts in that capacity, or (v) any Person who is an officer, director, managing member, general partner, 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.

“Affiliated Company” means a limited liability company in which the Managing Member or an Affiliate thereof is a managing member or a limited partnership in which the Managing Member or an Affiliate is a general partner, and in which the Investor Member or an Affiliate of the Investor Member is a member or limited partner.

“Affiliate Guarantor” means ElderHomes, which is 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 and the State Credit Investor given by the Affiliate Guarantor and the Managing Member, which Affiliate Guaranty is in the form of **Exhibit D**.

“Agency” means the Virginia Housing Development Authority, in its capacity as the agency designated to allocate LIHTC, acting through any authorized representative.

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

“Articles” means the Company’s Articles of Organization or any other instrument or document which is required under the laws of the State of Formation to be signed 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 investor members as Members under the laws of the Commonwealth of Virginia.

“Articles of Organization” has the meaning set forth in the Recitals hereof.

“Assumed Investor Member Tax Liability” means for any given year the product of (i) the sum of (A) the Profits, if any, allocated to the Investor Member pursuant to Section 11.01(b) plus (B) any items of income, gain, loss, deduction or credit which are specially allocated to the Investor Member pursuant to Sections 11.07(a) and (d) through (j) times (ii) a percentage equal to the sum of (C) the highest federal corporate tax rate for such year plus (D) the highest state corporate tax rate for such year.

“Assumed Managing Member Tax Liability” means for any given year the product of (i) the sum of (A) the Profits, if any, allocated to the Managing Member pursuant to Section 11.01(b) plus (B) any items of income, gain, loss, deduction or credit which are specially allocated to the Managing Member pursuant to Sections 11.07(a) and (d) through (j) times (ii) a percentage equal to the sum of (C) the highest federal corporate tax rate for such year plus (D) the highest state corporate tax rate for such year.

“Assumed State Credit Investor Tax Liability” means for any given year the product of (i) the sum of (A) the Profits, if any, allocated to the State Credit Investor pursuant to Section 11.01(b) (but not including any profit or income from the sale or transfer of the VHRC which has been allocated to the State Credit Investor) plus (B) any items of income, gain, loss, deduction or credit which are specially allocated to the State Credit Investor pursuant to Sections 11.07(a) and (d) through (j) (but not including any profit or income from the sale or transfer of the VHRC which has been allocated to the State Credit Investor) times (ii) a percentage equal to the sum of (C) the highest federal corporate tax rate for such year plus (D) the highest state corporate tax rate for such year.

“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 following Final Closing upon which the gross operating revenues from the normal operation of the Project received on a cash basis (including all public subsidy payments due and payable at such time but not yet received by the Company) for the specified applicable period after Final Closing equals or exceeds all accrued operational costs of the Project, including, but not limited to, taxes, assessments, reserve fund for replacement deposits and debt service payments, the Accounting 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 specified applicable period 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 Investor Member. For the purpose of calculating Breakeven Operations only, the following costs shall not be considered operating costs of the Project: (i) payments on the Incentive Management Fee; and (ii) payments to be made under the Development Agreement.

“Bridge Loan Interest” means the interest expense incurred by Investor Member in connection with any loan obtained by such Investor Member which is secured by the deferred capital contribution obligations of any of the members of such Investor Member.

“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 Project.

“Capital Transaction Administrative Fee” means the fee payable under Section 11.04(d).

“Capitalized Bridge Loan Interest” means any Bridge Loan Interest required to be capitalized by the Company pursuant to Code Section 263A.

“Carveouts” has the meaning set forth in Section 4.01(g).

“Certified Credits” means ninety-seven and ninety-nine hundredths percent (97.99%) of the annual LIHTC 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 Project 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, among other things, on the Form(s) 8609 issued by the Agency for all the buildings comprising the Project and on the cost certification prepared in connection with the application by the Company for 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 an LIHTC Recapture Event the Managing Member makes a payment

under Section 8.11(c), then the Certified Credits shall be reduced prospectively by the annual reduction in LIHTC attributable to such LIHTC Recapture Event.

“Certified Credit Capital Adjustment” has the meaning set forth in Section 5.01(e)(i).

“Certified Credit Capital Decrease” has the meaning set forth in Section 5.01(e)(i).

“Certified Credit Capital Increase” has the meaning set forth in Section 5.01(e)(i).

“Code” means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of succeeding law.

“Commercial Space” means the approximately 1,367 square feet of commercial space in the Project.

“Commercial Space Lease” means any lease regarding the Commercial Space.

“Company” means William Byrd Senior Apartments, LLC, a Virginia limited liability company.

“Completion Loan” has the meaning set forth in Section 8.11(a).

“Compliance Termination Sale” has the meaning set forth in Section 8.03(a).

“Consent” means the prior written consent or approval of the Investor Member and/or any other Person, as the context may require, to do the act or thing for which the consent is solicited.

“Construction Contract” means the construction contract in the guaranteed maximum amount of \$5,069,493 (including all exhibits and attachments thereto) to be entered into between the Company and the Contractor, pursuant to which the Project is to be rehabilitated. Such Construction Contract shall be subject to the Consent of the Investor Member.

“Construction Loan” means the Project Loan from a private lender identified on **Exhibit F** hereto.

“Contractor” means Community Housing Partners Corporation, a Virginia corporation, which is the general construction contractor for the Project.

“Continued Compliance Sale” has the meaning set forth in Section 8.03(a).

“Counsel” or “Counsel for the Company” means Kanady & Quinn, P.C., 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.

“Credit Reduction Guaranty Payment” has the meaning set forth in Section 5.01(e)(iii).

“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 Project, including any required deposits to a capital replacement reserve, and the denominator of which is all debt service, 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 (but not including loans to be repaid solely from available Net Cash Flow).

“Developer” means ElderHomes.

“Development Agreement” means the Development Agreement between the Company and the Developer as of even date herewith relating to the development of the Project and providing for the payment of the Development Fee, in the form set forth in **Exhibit A**.

“Development Budget” means the acquisition, construction, rehabilitation, development and financing budget for the acquisition, construction, rehabilitation, development, financing and operation of the Project, including without limitation the construction or rehabilitation of all improvements, the furnishing of all personalty in connection therewith, and the operation of the Project which Budget is attached hereto as **Exhibit H**, and any amendments thereto made with the Consent of the Investor Member. The Development Budget shall also include a calculation of the Projected LIHTC for the Project indicating the assumptions regarding basis which underlie such calculation, a 15-year income/expense pro forma, profit/loss statement, cash flow statement, depreciation/amortization schedule, capital account, minimum gain and 30 year analysis and a calculation of net sale proceeds.

“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 any improvements thereon) and the development or rehabilitation of the Project, including payment 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 (as calculated for six consecutive months), 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) all costs and expenses relating to remedying any environmental problem or condition or Hazardous Materials that existed on or prior to Final Closing; and (v) all Operating Deficits incurred by the Company prior to Breakeven Operations and the achievement of at least 93% physical and economic occupancy during the six-month period while Breakeven Operations are achieved.

“Development Fee” means the fee payable by the Company to the Developer pursuant to Section 8.12 of this Agreement.

“Downward Capital Adjustment” has the meaning set forth in Section 5.01(e)(i).

“Economic Risk of Loss” has the meaning specified in Treas. Reg. §1.752-2.

“ElderHomes” means ElderHomes Corporation, T/A Project: HOMES, a Virginia corporation.

“Environmental Consultant” has the meaning set forth in Section 5.01(j).

“Excess Development Costs” means all Development Costs in excess of the proceeds of the Project Loans and all Capital Contributions the Managing Member, the State Credit Investor and Investor Member are required to make hereunder.

“Extended Use Agreement” means the Extended Use Regulatory Agreement and Declaration of Restrictive Covenants 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 Project is to be operated.

“Fannie Mae” shall mean Federal National Mortgage Association.

“Federal Rehabilitation Credits” means the federal historic Rehabilitation Credits made available under Section 47 of the Code.

“Final Closing” means the occurrence of all of the following: (i) Substantial Completion, (ii) approval by the Project Lenders, if any, of the Company’s certification of actual costs as to the development and construction or rehabilitation of the Project, (iii) disbursement by all Project Lenders of any and all previously undisbursed Project Loan proceeds including the funding of the Permanent Loan under 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).

“Final Historic Rehabilitation Credit Amount” means 97.99% of the aggregate Federal Rehabilitation Credits attributable to the Project and 100% of the aggregate VHRC attributable to the Project. The Final Rehabilitation Credit Amount shall be determined by the Accountants in consultation with the Investor Member and the State Credit Investor, promptly following the

receipt of a final Part 3 Certification issued by the Department of the Interior and the Virginia Department of Historic Resources, respectively, based on all information available at such time including, but not limited to, the cost certification prepared by the Accountants.

“Final Mortgage Amount” means the principal amount of all of the Project Loans, advanced at or prior to the Final Closing, before any reduction resulting from repayments of principal thereof.

“40-60 Set-Aside Test” means the Minimum Set-Aside Test whereby at least 40% of the units in the Project must be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size.

“Guarantor LIHTC Compliance Loan” has the meaning set forth in Section 8.11(c)(v).

“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).

“HEF 18” has the meaning set forth in the Recitals.

“HEF 19” has the meaning set forth in the Recitals.

“HUD” means the U.S. Department of Housing and Urban Development.

“Incentive Management Fee” means the fee payable by the Company to the Managing Member pursuant to Section 8.13 of this Agreement.

“Initial Amount” has the meaning set forth in Section 4.02(q).

“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 November 19, 2015.

“Initial Period” has the meaning set forth in Section 8.11(b).

“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, collectively HEF 19 and HEF 18.

“Investor Member Due Diligence Costs” has the meaning set forth in Section 5.01(f).

“IRS” means the Internal Revenue Service of the United States or any successor agency.

“Land” means the tract of land currently owned or to be purchased by the Company upon which the Project 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)(i).

“Lease-Up Reserve” has the meaning set forth in Section 4.02(s).

“LIHTC” means the low-income housing tax credit allowed for low-income housing projects pursuant to Section 42 of the Code.

“LIHTC Compliance Guaranty” means, collectively, the Managing Member obligations set forth in Section 8.11(c).

“LIHTC Recapture Event” means (a) the filing of a tax return by the Company evidencing a reduction in the qualified basis of the Project causing a recapture of LIHTC previously allocated to the Investor Member, (b) a reduction in the qualified basis of the Project following an audit by the IRS which results in the assessment of a deficiency by the IRS against the Company with respect to any LIHTC previously claimed in connection with the Project, unless the Company shall timely file a petition with respect to such deficiency with the United States Tax Court and any other federal tax 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 with respect to any LIHTC previously claimed in connection with the Project, 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.

“LIHTC Reduction Guaranty Payment” has the meaning set forth in Section 5.01(e)(ii).

“LIHTC 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 LIHTC 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 LIHTC Shortfall for such period of time shall be reduced by the Late Delivery Capital Adjustment.

“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.

“Losses” has the meaning set forth in the definition of “Profits” and “Losses.”

“Management Agent” means the management and rental agent for the Project designated pursuant to Section 8.15.

“Management Agreement” means the agreement between the Company and the Management Agent providing for the marketing and management of the Project by the Management Agent.

“Managing Member” means Project: HOMES Properties, Inc., a Virginia corporation, and any other Person admitted as a Managing Member pursuant to this Agreement, and their respective successors as any such successor may be admitted pursuant to this Agreement, including those Persons admitted pursuant the provisions of Sections 6.02 and 6.03.

“Managing Member Pledge” has the meaning set forth in Section 8.19.

“Managing Member’s Special Capital Contribution” has the meaning set forth in Section 5.01(b).

“Member” means any Managing Member, State Credit Investor, 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 Project 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 Project 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.

“MM 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 MM Loans.

“Mortgage” means any 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 Project 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 Purchase Price, for the State Credit Investor) 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 reinvested, 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 and the Accounting 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 working capital, capital expenditures, repairs, replacements and anticipated expenditures, in such amounts as may be required by the Project Lenders or the Investor Member, or may be determined from time to time by the Managing Member with the approval of the Investor Member, State Credit Investor 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 State Credit Investor, the Investor Member’s members, 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 LIHTC, 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 State Credit Investor'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 mortgage or deed of trust 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 any manner set forth in Section 16.08, 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 lease payments, and all other income and receipts of the Company (other than proceeds of any loans to the Company, Capital Contributions (and Purchase Price, for the State Credit Investor), 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 or rehabilitation of the Project and fees and other expenses and obligations of the Company to be paid from the Capital Contributions (and Purchase Price, for the State Credit Investor), 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 8.11(b) of this Agreement.

“Operating Reserve” means the reserve referred to in Section 4.02(r).

“Parts 1, 2 and 3 Certifications” mean, respectively, Parts 1, 2 and 3 of the Historic Preservation Certification Application filed with the National Park Service for purposes of obtaining Rehabilitation Credits.

“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 loans set forth on **Exhibit F** hereto and described as permanent loans.

“Person” means any individual, partnership, corporation, trust, limited liability company or other entity.

“Plans and Specifications” means the plans and specifications for the Project stamped with the seal of an architect and/or engineer, which are subject to the approval of the Investor Member and the State Credit Investor, and any changes thereto made in accordance with the terms of this Agreement.

“Post Closing Obligations” means those conditions to the Investor Member’s obligation to fund all or any portion of its Capital Contribution as more fully described on the Post Closing Letter attached hereto as **Exhibit K**.

“Prime Rate” means the interest rate announced from time to time by The Wall Street Journal as the prime lending rate expressed as a percent per annum. The “Prime Rate” shall be adjusted semi-annually on January 1 and July 1 of each year.

“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(b) through (n) shall not be taken into account in computing Profits or Losses.

“Project” means the land currently owned (or to be purchased) by the Company in Richmond, Virginia and the improvements to be rehabilitated, owned and operated thereon by the Company, and to be known as William Byrd Senior Apartments.

“Project Documents” means and includes the Construction Contract, the Mortgage(s), Note(s), Loan Agreement(s), Regulatory Agreement, Extended Use Agreement, Management Agreement, Commercial Space 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 F** hereto.

“Projected Federal Rehabilitation Credits” has the meaning set forth in Section 4.01(p).

“Projected LIHTC” has the meaning set forth in Section 4.01(p).

“Projected VHRC” has the meaning set forth in Section 4.01(p).

“Purchase Price” means the funds provided by the State Credit Investor to the Company pursuant to Section 5.01 hereof.

“Qualified Contract” has the meaning set forth in Section 42(b)(h)(F) of the Code.

“Qualified Occupancy” shall mean occupancy of a LIHTC unit by a Qualified Tenant.

“Qualified Tenants” shall mean tenants under executed leases of at least six (6) months who at the time of their initial occupancy of the Project satisfy the (i) rent restriction and (ii) minimum set-aside test selected by the Company pursuant to Section 42(g) of the Code with respect to the percentage of units in the Project to be occupied by tenants with incomes equal to no more than a certain percentage of area median income.

“Recapture Amount” has the meaning set forth in Section 11.02(c).

“Regulations” or “Treasury Regulations” or “Treas.Reg.” means the Income Tax Regulations issued under the Code.

“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, whether prior to, at or after the Initial Closing, setting forth certain terms and conditions under which the Project is to be operated.

“Rehabilitation Credit Compliance Guaranty” has the meaning set forth in Section 8.11(c).

“Rehabilitation Credits” means, collectively, the Federal Rehabilitation Credits and the VHRC.

“Rehabilitation Credit Recapture Event” means (a) the filing of a tax return by the Company evidencing any event causing a recapture of Rehabilitation Credits previously claimed by the Company and allocated to the Investor Member or State Credit Investor in connection with the Project, unless the event giving rise to such recapture has been consented to in writing by the Investor Member or State Credit Investor (as applicable), (b) an audit by the IRS or other event which results in an assessment of a deficiency by the IRS against the Company with respect to any Rehabilitation Credits previously claimed by the Company and allocated to the Investor Member or State Credit Investor in connection with the Project, unless the Company shall timely file a petition with respect to such deficiency with the United States Tax Court or any other federal tax 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 with respect to any Rehabilitation Credits previously claimed by the Company and allocated to the Investor Member or State Credit Investor in connection with the Project, 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.

“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 Project 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 (q).

“Sixth Post-PIS Year” means the first full calendar year occurring after the fifth anniversary of the placement in service of the Project for purposes of Code Sections 47 and 68.

“Special Additional Capital Contribution” means the Special Additional Capital Contributions of the Investor Member under Section 5.01(d)(v).

“Special Member” means VAHM, LLC, a Virginia limited liability company, or its assignee.

“State Certification” means, with respect to the Project, the approval by the Virginia Department of Historic Resources of the Plans and Specifications for purposes of the VHRC.

“State Designation” means, with respect to the Project, the written determinations 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 Company receives all necessary permanent certificate(s) of occupancy (or certificates of occupancy which contain conditions or qualifications which are Consented to by the Investor Member and the State Credit Investor) from the applicable governmental jurisdictions or authority(ies); 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 Project exist, other than those securing any Project Loan and/or those Consented to by the Investor Member and the State Credit Investor.

“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 any Project Lenders or the Agency, is permitted to be distributed to the Members.

“Title Company” means Stewart Title Guaranty Company.

“Unpaid Fee” has the meaning set forth in Section 5.01(b).

“Unpaid LIHTC Shortfall” means the outstanding amount of any LIHTC Shortfall for all the fiscal years of the Company, reduced by any amounts of Unpaid LIHTC Shortfall distributed to the Investor Member pursuant to Article XI of this Agreement. The unpaid LIHTC 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 First Capital Contribution, compounded monthly.

“VHCC” means Virginia Housing Capital Corporation, a Virginia corporation and the managing member of the Investor Member.

“VHDA” means Virginia Housing Development Authority.

ARTICLE III
PURPOSE AND BUSINESS OF THE COMPANY

3.01 Purpose of the Company. The Company has been organized exclusively to acquire the Land and to develop, finance, construct, own, maintain, lease, operate and sell or otherwise dispose of the Project, in order to obtain long-term appreciation, cash income, LIHTC, Rehabilitation Credits and tax losses. The Company will operate the Project in a manner that furthers the charitable purpose of ElderHomes by providing decent, safe, sanitary and affordable housing for low income seniors (age 62 and over). In the event of the conflict between the operation of the Project in a manner consistent with such charitable purpose and any duty of the Managing Member to operate the Project in order to maximize profits for the Investor Member, such charitable purpose shall prevail; provided, however, that in operating the Project no decision shall be made inconsistent with the requirements of any Regulatory Agreement.

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 the Land on which the Project is to be located and any improvements thereon;
- (b) construct, rehabilitate, 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 Project;
- (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 unless otherwise specifically allowed under this Agreement or otherwise Consented to by the Investor Member and the State Credit Investor, any 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 any Carveouts;

(f) maintain and operate the Project, including hiring the Management Agent (which Management Agent may be any of the Members or an Affiliate thereof) and entering into any agreement for the management of the Project 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 Project from time to time, in accordance with the provisions of the Code applicable to LIHTC and Rehabilitation Credits and in accordance with applicable federal, state and local regulations, collecting the rents therefrom, paying the expenses incurred in connection with the Project, 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 Project and the Company. As of the date hereof, the Managing Member hereby represents, warrants and covenants 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, partnership, limited liability 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.

(b) Rehabilitation]of Project. The rehabilitation and development of the Project shall be undertaken and shall be completed in a timely and workmanlike manner in accordance with (i) all applicable requirements of the Project Loans and the Project Documents, (ii) all applicable requirements of all appropriate governmental entities, including the National Park Service and the Virginia Department of Historic Resources as it relates to the Rehabilitation Credits, and (iii) the Plans and Specifications of the Project that have been or shall be hereafter approved by the Investor Member, the State Credit Investor 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 approval of the Investor Member, the State Credit Investor and the Project Lenders, if required, and any applicable governmental entities, if such approval shall be required; it shall promptly provide copies of all change orders to the Investor Member.

(c) Zoning and Related Matters. At the date hereof, at the Initial Closing and at the time of commencement of rehabilitation and thereafter continuously, the Land is and will be properly zoned for the Project, all consents, permissions and licenses required by all applicable governmental entities have been obtained, and the Project conforms and will conform to all applicable federal, state and local land use, zoning, environmental and other governmental laws and regulations.

(d) Plans and Specifications. The Managing Member has sent to the Investor Member and State Credit Investor the Plans and Specifications (including, without limitation, all working drawings) and all construction schedules, approved construction draws, certifications concerning occupancy, lien notices, project inspection reports, proposed changes and modifications to the Plans and Specifications, all documents pertaining to the Project Loan and any other information that is relevant to the rehabilitation and development of the Project. The Plans and Specifications are the same as those that received Part 2 Certification and State Certification.

(e) Public Utilities. All appropriate public utilities, including sanitary and storm sewers, water, gas and electricity, are currently available and will be operating properly and in sufficient capacity for the Project at the time of certificate of occupancy. The Managing Member will keep all such utilities operating in a manner sufficient to service the Project.

(f) Title Insurance. An owner's title insurance policy of a financially responsible institution acceptable to the Investor Member and the State Credit Investor, in an amount equal to the principal amount of the Project Loans and the Capital Contributions of the Managing Member, the State Credit Investor and the Investor Member, 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 Investor Member and the State Credit Investor and with such endorsements to such policy as the Investor Member or State Credit Investor may request. Good and marketable fee simple title to 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 or the Managing Member's ability to perform its obligations hereunder.

(g) Non-Recourse Loans. Except as otherwise provided herein, 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 customary "carveouts" that are set forth in loan documents relating to the Project Loans (the "Carveouts") to which the Investor Member and State Credit Investor has Consented. However, the Managing Member shall be personally liable for the obligations of the Company under the loans from ElderHomes, as described in **Exhibit F**. In addition, the Managing Member shall be personally liable for the obligations of the Company as if it were a general partner of a limited partnership.

(h) No Defaults. The Managing Member is not aware of 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, or other commitment, or of any claim, demand, litigation, proceedings or governmental investigation pending or threatened against the Managing Member, the Project or the Company, or related to the business or assets of the Managing Member, the Project 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 Project or Company.

(i) No Violation. The execution of this Agreement, the incurrence of the obligations set forth in this Agreement, and the consummation of the transactions contemplated by this Agreement do not violate any provision of law, any order, judgment or decree of any court binding on the Company or the Managing Member or any Affiliate(s) thereof, any provision of any indenture, agreement, or other instrument to which the Company or the Managing Member is a party or by which the Company, Managing Member or the Project is affected, and is 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 Project.

(j) 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 Project 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 approved by the Investor Member and the State Credit Investor; and all change orders 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.

(k) Performance Bond; Letter of Credit. 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, the State Credit Investor and the Investor Member, and in amounts satisfactory to the Project Lenders, the State Credit Investor 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, the State Credit Investor 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, the State Credit Investor and the Investor Member; in the alternative, the obligations of the Contractor will be guaranteed by the Managing Member and the Affiliate Guarantors and secured by cash, letter of credit or other security acceptable to the Project Lenders, the State Credit Investor and the Investor Member.

(l) Insurance. The Managing Member shall cause the Company to obtain and maintain insurance in accordance with the requirements of Exhibit I attached hereto.

(m) No Undisclosed Financial Responsibilities. Neither the Company, nor the Managing Member, either individually or on behalf of the Company, has incurred any financial responsibility with respect to the Project prior to the date of execution of this Agreement, other than (i) that disclosed to the Investor Member and the State Credit Investor, 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 Investor Member and State Credit Investor otherwise Consents or unless otherwise specifically provided for herein, the only indebtedness of the Company with respect to the Project are the Project Loans, if any, described on Exhibit F. Without limiting the generality of the foregoing, neither the Managing Member, any of its Affiliates nor the Company, has entered, or shall enter, into any agreement or contract for any loans (other than the Project Loan) 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.

(n) Valid Limited Liability Company; Power of Authority. The Company is and will continue to be a valid limited liability company, duly organized under the laws of the Commonwealth of Virginia, and shall have and shall continue to have full power and authority to acquire the Land and to own, develop, construct, operate and maintain the Project 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 Investor Members and to enable the Company to engage in its business.

(o) Restrictions on Sale or Refinancing. No restrictions on the sale or refinancing of the Project, 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 an Investor Member, be placed upon the sale or refinancing of the Project.

(p) Projected LIHTC. The Projected LIHTC applicable to the Project is \$295,538 for 2017, \$320,166 for each year 2018 through 2026 and \$24,628 for 2027 which equals

the amount of LIHTC the Managing Member has projected will be allocated to the Investor Member, constituting ninety-seven and ninety-nine hundredths percent (97.99%) of the LIHTC which the Managing Member has projected will be available to the Company. The Managing Member represents and warrants that the Project has not been placed in service, nor title transferred (other than to the Company) in the prior ten (10) years in a manner that would disqualify it for purposes of the acquisition LIHTC. The Projected Federal Rehabilitation Credits applicable to the Project are \$1,606,222 of Federal Rehabilitation Credits, all to be delivered in 2016. The Projected Federal Rehabilitation Credit is the amount of aggregate Federal Rehabilitation Credits the Managing Member has projected will be allocated to the Investor Member, constituting ninety-seven and ninety-nine hundredths percent (97.99%) of the Federal Rehabilitation Credits. The Projected VHRC applicable to the Project are \$2,048,962, all to be delivered in 2016. The Projected VHRC is the amount of aggregate VHRC the Managing Member has projected will be allocated to the State Credit Investor, constituting one hundred percent (100%) of the VHRC. There is and at all times shall continue to be sufficient eligible basis (as defined in Section 47 of the Code) to provide the full amount of the Projected Credits.

(q) Compliance with Agreements. To the best of its knowledge after due inquiry, 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 purchase of the Land and the ownership, development, financing and operation of the Project, including all Project Documents; 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.

(r) State Designation; State Certification. By no later than Initial Closing, the Company will receive a valid State Designation with respect to the Project in the amount of not less than \$3,267,340 for the Project's ten-year Credit Period. The Company has received and sent to the Investor Member and the State Credit Investor evidence of State Certification and the completed Parts 1 and 2 Certifications confirming that (a) the Project is a certified historic structure and (b) the National Park Service has reviewed and approved without reserve the proposed rehabilitation work as shown in the Plans and Specifications.

(s) Applicable Income and Rent Restrictions. The Project 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 LIHTC 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), so that at least 40% of the units in the Project will be occupied by individuals with incomes of 60% or less of area median income, as adjusted for family size; the Project 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 Project will be rent and income restricted in order to generate the full amount of the Projected Credits.

(t) 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).

(u) Ownership of Managing Member. ElderHomes 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 Managing Member.

(v) Title to Project; Taxes and Assessments. The Company has and shall have at all times good and marketable title to the Project, subject only to permitted exceptions thereto to which each of the Investor Member and the State Credit Investor 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 Project.

(w) 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 IRS, the Agency and all other Authorities, as have been and may be required to support the full amount of Projected Credits.

(x) Taxation and Limited Liability. No event has occurred that has caused, and the 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, the State Credit Investor or the Special Member to be liable for the Company’s obligations in excess of its Capital Contributions.

(y) No Tax-Exempt Use Property. No portion of the Project is or will be treated as “tax exempt use property” as defined in Section 168(h) of the Code. In the event the Managing Member or any member or shareholder of the 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. The Managing Member shall not allow the Company to enter into any lease with a tax-exempt entity without the prior written approval of the Special Member.

(z) No Abusive Tax Shelter. The Managing Member has not received notice from the IRS 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 IRS, would cause such notice to be issued.

(aa) Required Consents; No Defaults Under Loan Documents. The Company has obtained all consents required for the admission of the Investor Member and the State Credit Investor 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.

(ab) Bankruptcy. No Bankruptcy, including, without limitation, attachments, execution proceedings, assignments for the benefit of creditors, insolvency, reorganization or other

proceedings are pending or threatened against the Company or the Managing Member. The Managing Member will not permit such a Bankruptcy to occur.

(ac) 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 Project, the Investor Member, the State Credit Investor, the Rehabilitation Credits or the LIHTC; (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) any special assessment, being levied against or assessed upon the Land or the Project. 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 and State Credit Investor of any such official actions or plans, if and as they arise.

(ad) Moratoria; Assignments; 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 Project. No special assessments have been levied against the Project or by an Authority upon the commencement or completion of any construction, alteration or rehabilitation on or of the Project or any portion thereof. The Managing Member will promptly notify the Investor Member and the State Credit Investor of any such actions, if and as they arise. Except as previously disclosed in writing to and approved by the Investor Member and the State Credit Investor, the completion of the improvements, alteration or rehabilitation on or to the Project or any portion thereof will not require the dedication of any portion of the Project by any Authority.

(ae) No Defects, Compliance. Upon completion of the Project, there will be no material physical or mechanical defects or deficiencies in the condition of the Project, including, but not limited to, the roofs, exterior walls or structural components of the Project 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 Project or any portion thereof. The Project is free from infestation by termites or other pests, insects, animals or other vermin and the Managing Member will keep it so. The Project 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 Project where the failure to conform would result in a material adverse effect.

(af) 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 Project. 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.

(ag) Rights of First Refusal; Options. Except as contemplated by the Amended and Restated Right of First Refusal Agreement set forth in Exhibit L attached hereto, neither the Managing Member nor the Company has entered into (nor will enter into) any contracts for the sale of the Project, the LIHTC or Rehabilitation Credits with respect thereto, or any interest in the Project or Company other than in contemplation of this Agreement, nor do there exist any rights of first refusal or options to purchase the Project, the LIHTC or the Rehabilitation Credits with respect thereto, or any interest in the Company.

(ah) Securities Law Compliance. The Managing Member has or will have timely complied or cause 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 and the State Credit Investor.

(ai) Truth and Completeness of Representations and Disclosures. No representation, warranty or statement of the Managing Member in this Agreement or in any document, certificate or schedule furnished or to be furnished to the Investor Member or the State Credit Investor 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. All material information concerning the Project known to the Managing Member or any of its Affiliates, or which should have been known to any of them in the exercise of reasonable care, has been disclosed by the Managing Member to the Investor Member and the State Credit Investor, and there are no facts or information known to the Managing Member or any of its Affiliates, or which should have been known to any of them in the exercise of reasonable care, which would make any of the facts or information submitted by the Managing Member to the Investor Member or the State Credit Investor with respect to the Project inaccurate, incomplete or misleading in any material respect.

(aj) Compliance with Fair Housing Act. At all times during the term of this Agreement, the Company shall comply with the provisions of the Fair Housing Act, as amended, including, but not limited to, complying with all provisions thereof relating to housing for the elderly.

(ak) Lenders to Project Entities Generally. Subject to provisions of this Agreement with respect to related party loans, any limited partner or member, including without limitation the Federal Home Loan Mortgage Corporation (such limited partner or member being referred to herein as a "Mortgagee"), in any entity that is a Member herein at any time may make, guarantee, own, acquire, or otherwise credit enhance, in whole or in part, a loan secured by a mortgage, deed of trust, trust deed, or other security instrument encumbering the Project owned by the Company (any such loan being referred to as a "Mortgage Loan"). Under no circumstances will a Mortgagee be considered to be acting on behalf or as an agent or the alter ego of such

Member. A Mortgagee may take any actions that the Mortgagee, in its discretion, determines to be advisable in connection with a Mortgage Loan (including in connection with the enforcement of a Mortgage Loan). By acquiring an interest in the Company, each Member acknowledges that no Mortgagee owes the Company or any Member any fiduciary duty or other duty or obligation whatsoever by virtue of such Mortgagee being a limited partner or member in a Member. Neither the Company nor any Member will make any claim against a Mortgagee, or against the Member in which the Mortgagee is a member or partner, relating to a Mortgage Loan and alleging any breach of any fiduciary duty, duty of care, or other duty whatsoever to the Company or to any Member based in any way upon the Mortgagee's status as a limited partner or member of a Member.

(al) Member Loans. No Member or any Affiliate of a Member shall make or purchase a loan to the Company unless the Company receives an opinion of competent tax counsel to the effect that such loan will have no adverse tax consequences to any of the Members.

(am) Bonds. The Managing Member, with the Consent of the Investor Member and the State Credit Investor, 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 Virginia volume cap shall be not less than 50% as of Substantial Completion. The interest paid on the Bonds, which constitute a part of the financing of the improvements, is excludable by the recipient thereof from Federal income taxation, and the Managing Member 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 Managing Member nor any other party have 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.

(an) Development Budget. The Development Budget attached hereto as **Exhibit H** is accurate and complete. The assumptions underlying the calculations therein are reasonable and based upon the Managing Member's knowledge and experience.

(ao) Reportable Transactions. The Company and its Members shall be permitted to disclose to any and all Persons, without limitation of any kind, the "tax treatment and tax structure" (as defined in Treasury Regulation Section 1.6011-4(c)) of the transaction contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) relating to such tax treatment and tax structure. The Managing Member shall (A) promptly notify the Investor Member and State Credit Investor of any "reportable transaction" under Code Section 6707A(c) or Treasury Regulation Section 1.6011-4 in which the Company shall engage or which it reports under Code Section 6111, and (B) maintain investor lists with respect to the Company as required under Code Section 6112. To the extent the Company participates in transactions with adjusters based on tax benefits (other than LIHTC or other benefits exempted by the IRS pursuant to Rev. Proc. 2007-20), the Managing Member hereby notifies the other Members that the

transactions provided for in this Agreement may constitute a “reportable transaction”.] The Managing Member shall be responsible for its expenses or penalties attributable to its failure to report a reportable transaction or maintain lists (in accordance with Code Section 6112) as required by the Managing Member or the Company under the Code and applicable Treasury Regulations. Material advisors are required to supplement information disclosed to the IRS if the information provided in a filed disclosure is not longer accurate, in such instances, the Managing Member agrees to provide timely supplemental information about the Project to the IRS and the Investor. Notwithstanding the foregoing, the Managing Member hereby authorizes VHCC to be a “designated organizer” for the Project for purposes of filing disclosures under Code Section 6111. Such disclosures shall be made on a protective basis and are not intended as an admission that the Project is a reportable transaction under Treasury Regulation Section 1.6011-4(b). Material advisors are required to supplement information disclosed if the information provided in a filed disclosure is no longer accurate, in such instances, the Managing Member agrees to provide timely supplemental information about the Project to VHCC.

(ap) Reasonableness of Fees. All fees to be paid to the Managing Member or any Affiliate of the Managing Member hereunder or otherwise in connection with the development of the Project are reasonable in amount and consistent with standard practice in the industry.

(aq) REAC and HUD Reports. The Managing Member shall advise the Investor Member and State Credit Investor of any REAC (Real Estate Assessment Center) inspection reports it receives with respect to the Project as well as any notices from HUD indicating any adverse findings with respect to the Project, including, but not limited to, the following:

- (i) management review findings;
- (ii) Section 8 HAP contract violations, if applicable; and
- (iii) HUD Regulatory Agreement violations.

(ar) Governmental Review and Approvals/HUD 2530 Language. The Company shall not acquire or proceed with the development of the Project unless approval is obtained from HUD if such approval is required in connection with such development or acquisition. If the acquisition or development of the Project necessitates the filing of a Form 2530 Previous Participation Certificate with HUD (a “Previous Participation Certification”), the Managing Member shall so notify the Investor Member and State Credit Investor, and such acquisition or development shall not proceed without the required Form 2530 filing. The Managing Member shall also provide adequate information to the Investor Member and State Credit Investor to enable any of its members to file any additional documents that may be required by HUD. Such information shall include but not be limited to the following:

- (i) type of financing and governmental agency providing such assistance, FHA project number, Section 8 contract number or other agency identification number (if any);

- (ii) closing date/date of receipt of assistance;
- (iii) date that the Project is intended to be acquired and/or the development is to be financed by the Company;
- (iv) property address and last inspection date/rating;
- (v) status of any pre-existing loan on the project (current, defaulted, assigned or foreclosed) and if ever defaulted, an explanation as to the causes of such default/foreclosure.

(as) OFAC Requirements. The Managing Member and its Affiliates are (i) in compliance with all applicable anti-money laundering laws, including, without limitation, the USA Patriot Act and the laws administered by the United States Treasury Department's Office of Foreign Assets Control ("OFAC"), including, without limitation, Executive Order 13224, (ii) not on the Specially Designated Nationals and Blocked Persons List maintained by OFAC, and (iii) not otherwise identified by a government entity or legal authority as a Person with whom a U.S. Person is prohibited from transacting business. "U.S. Person" shall mean any United States citizen, any permanent resident alien, any entity organized under the laws of the United States (including foreign branches), or any person in the United States.

(at) Tax Exempt Bond Financing. The Managing Member will not take, or permit to be taken on its behalf, any action that would cause the interest payable on the Bonds to be included in gross income for federal income tax purposes, and will take such action as may be necessary in the opinion of bond counsel to Issuer to continue such exclusion from gross income including, without limitation, the following:

(i) the preparation and filing of all statements required to be filed by it in order to maintain the exclusion (including, without limitation, the filing of all reports and certifications required by the Regulatory Agreement);

(ii) the timely payment to the United States of America of any rebate amount required to be paid by Issuer or the Partnership pursuant to Section 148(f) of the Code and the Treas. Regulations under Section 148; and

(iii) the use of not less than 95% of the net proceeds of the Bonds (within the meaning of Section 142(a) of the Code) for costs to provide a "qualified residential rental project" within the meaning of Section 142(d) of the Code that are properly chargeable to the Partnership's capital account.

(au) Bonds Not Federally Guaranteed. The Bonds are not "federally guaranteed" as defined in Section 149(b) of the Code.

(av) 120% Test. In accordance with Section 147(b) of the Code, the weighted

average maturity of the Bonds does not exceed 120% of the weighted average reasonably expected economic life of the facilities (comprising the Project) financed with the net proceeds of the Bonds, determined as the later of the date the Bonds are issued or the date the facilities are expected to be placed in service.

(aw) No Related Purchasers. Neither the Company nor any Managing Member, nor any person related to any Managing Member (within the meaning of Section 147(a)(2) of the Code) will purchase Bonds pursuant to any arrangement, formal or informal.

(ax) Section 149 Certificate. The information furnished by the Company and used by the Issuer preparing the certificate pursuant to Section 149(e) of the Code is accurate and complete as of the date of issuance of the Bonds.

(ay) Commencement Date. The acquisition, construction and equipping of the Project were not commenced (within the meaning of Section 144(a) of the Code) prior to the 60th day preceding the June 17, 2014 official action of the Issuer with respect to the Project, and no obligation for which reimbursement will be sought from proceeds of the Bonds relating to the acquisition, construction or equipping of the Project was paid or incurred prior to 60 days prior to such date.

(az) 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 State Credit Investor, 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 and State Credit Investor 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 Project and the Company. The Managing Member shall have the following duties and obligations with respect to the Project and the Company:

(a) Qualifying for LIHTC and Rehabilitation Credits. It 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 Project to initially qualify, and to continue to qualify, for LIHTC, including all applicable requirements set forth in the Regulatory Agreement and the Extended Use Agreement, (ii) issuance of IRS Form(s) 8609 with respect to the LIHTC, (iii) issuance of all necessary permanent, unconditional certificates of occupancy, including all governmental approvals required to permit occupancy of the Project, (iv) Initial Closing and Final Closing, (v) compliance with all applicable requirements for receipt of the Rehabilitation Credits, including applying for and obtaining Part 1, 2 and 3 Certifications and State Designation, and (vi) 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 have known after due inquiry will (i) cause the termination of the Company for federal income tax purposes without the Consent of the Investor Member and the State Credit Investor or (ii) cause the Company to be treated for federal income tax purposes as an association taxable as a corporation.

(c) Securities Law Matters. The Managing Member shall prepare and timely file all appropriate reports for the Company with the Securities and Exchange Commission and state securities administrators.

(d) Limited Liability Company Status. The Managing Member shall (i) file such certificates and do such other acts as may be required to qualify and maintain the Company as a limited liability company under the Act and to qualify the Company to transact business in all such other jurisdictions as may be required under the applicable provisions of law, and (ii) take or cause the Company to take all reasonable steps deemed necessary by counsel to the Company to assure that the Company is at all times classified as a partnership for federal income tax purposes.

(e) Good Faith of Managing Member. It 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 Project, 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.

(f) No Security Interests or Encumbrances; Debt Service Coverage Ratio. 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 Project, as well as (ii) the rents, revenues and profits earned from the operation of the Project, 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. From and after the Final Closing, the Project shall maintain a Debt Service Coverage Ratio of at least 1.15:1.0.

(g) Basis Adjustments; Relocation. It 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. The Managing Member will make an election under Section 266 of the Code to capitalize relocation expenses of the Project.

(h) Payment of Development Fee. It guarantees payment by the Company of the Development Fee as provided in Section 5.01(b).

(i) Tax Returns and Financial Statements. It 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 Investor Member and State Credit Investor with the opportunity to review and Consent to drafts of all such returns at least twenty (20) days prior to their filing date, and will incorporate the changes of the Investor Member and State Credit Investor. In addition, the Managing Member shall provide the Investor Member and State Credit Investor 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 Investor Member and State Credit Investor.

(j) Compliance with Governmental and Contractor Obligations. It shall comply and cause the Company to comply with the provisions of all applicable governmental and contractual obligations, including any Regulatory Agreement.

(k) Tax Elections. It has made (if applicable) and shall make such elections, or refrain from making such elections, with respect to the LIHTC, as are necessary to achieve and maintain the maximum allowable LIHTC to the Investor Member, unless otherwise directed in writing by the Investor Member. It has made (if applicable) and shall make such elections, or refrain from making such elections, with respect to the Rehabilitation Credits, as are necessary to achieve and maintain the maximum allowable Rehabilitation Credits to the Investor Member and the State Credit Investor consistent with the Projections (attached as Exhibit H hereto), unless otherwise reasonably directed in writing by the State Credit Investor and the Investor Member. The Managing Member will make the election to be taxable under Section 168(h) of the Code.

(l) Fines and Penalties. It shall be responsible for the payment of any fines or penalties imposed by any applicable governmental authority or any Project Lender pursuant to the Project Documents and any documents executed in connection with obtaining the LIHTC (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.

(m) Notification of Default or IRS Proceedings. It shall immediately notify the Investor Member and State Credit Investor of any written or oral notice of (i) any default or failure of compliance with respect to any of the Project Loans or any other financial, contractual or governmental obligation of the Company or the Managing Member, or (ii) any IRS proceeding regarding the Project or the Company.

(n) Notification of Construction Delays. If at any time during the construction or rehabilitation of the Project, (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 and State Credit Investor.

(o) Bank Accounts. The Managing Member shall establish in the name and on behalf of the Company such bank accounts as shall be required to facilitate the operation of the Company's business. The Company's funds shall not be commingled with any other funds of the Managing Member or any of its Affiliates, including, without limitation, any other limited liability company in which the Managing Member is a managing member. Promptly upon the request of the Investor Member or State Credit Investor, the Managing Member shall obtain and deliver to the Investor Member and State Credit Investor full, complete and accurate statements of the amount and status of all Company bank accounts and all withdrawals therefrom and deposits thereto.

(p) Sales Notice to State Agency. If necessary to obtain, maintain or avoid recapture of any LIHTC for the Company, upon written request of an Investor Member, the Managing Member shall, pursuant to Section 42(h)(6) of the Code, submit on behalf of the Company and its Members, and in accordance with the rules and regulations of the Agency, a written request to the Agency (or other applicable housing credit agency) to find a Person to acquire the Project pursuant to a Qualified Contract.

(q) Reserve Fund for Replacements. It shall establish and maintain a segregated replacement reserve, in a lending institution acceptable to the Special Member, 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 into a segregated reserve account, commencing upon the year the Project is placed in service, \$300.00 per unit per year from the Company's gross operating revenues into the Reserve Fund for Replacements ("Initial Amount"). Thereafter, the Managing Member shall, each year, further fund the Reserve Fund for Replacement with an additional amount equal to the Initial Amount. Withdrawals from the Reserve Fund for Replacements shall require the consent and signature of the Investor Member or Special Member, and the State Credit Investor. The Managing Member shall not increase the amount in the Reserve Fund for Replacements materially above the amount required to be maintained by this Section 4.02(q) without the prior written Consent of the Investor Member and State Credit Investor, which consent shall not be unreasonably withheld. Notwithstanding anything to the contrary in this Section 4.02(q), however, the amount of the Reserve Fund for Replacements shall be increased if necessary to satisfy the requirements of any creditor of the Company or any Authority having jurisdiction over the Project.

(r) Operating Reserves. In addition to the requirements of Section 4.02 (q), in order to meet operating expenses of the Company which exceed operating income available for the payment thereof, the Managing Member shall cause the Company to deposit an amount of \$475,000 (or such greater amount as may be required by the Project Lenders) into a segregated reserve account in a lending institution acceptable to the Special Investor Member (the "Operating Reserve") to fund operating expenses and debt service in excess of operating revenues and to pay any Unpaid Fee, as that term is defined in Paragraph 5.01(b) hereof. \$100,000 of the Operating

Reserve will be funded by a capital contribution of the Managing Member. The remaining deposit of \$375,000 into the Operating Reserve shall be funded from the proceeds of the Fourth Capital Contribution, and/or the proceeds of the Project Loans; provided, however, that if there are insufficient funds from the aforementioned sources at the time of the Fourth Capital Contribution, the Managing Member shall be required to fund the Operating Reserve. Disbursements from the Operating Reserve for the aforementioned purposes shall constitute MM Loans by the Managing Member only to the extent of amounts funded by it into the Operating Reserve pursuant to the previous sentence. Additionally, the Managing Member shall cause the Company to deposit into the Operating Reserve amounts sufficient to maintain a balance of \$475,000, from Net Cash Flow as set forth in Section 11.03(b) hereof. To the extent an Unpaid Fee (as defined in Section 5.01(b)) exists on the fifteenth anniversary of placement in service of the Project, and the balance in the Operating Reserve at that time exceeds \$475,000 (the difference between the balance and \$475,000 being "Excess Funds"), then, during the 15th year after the Project is placed in service, the Managing Member shall use Excess Funds to pay the Unpaid Fee. Withdrawals from the Operating Reserve shall require the prior written approval of the Special Member and State Credit Investor.

(s) Lease-Up Reserve. On or before the time of the Second Capital Contribution, the Managing Member shall establish and cause the Company to fund and maintain a lease-up reserve (the "Lease-Up Reserve") in the name of the Company and maintained in a segregated Company account established for this purpose. The amount of the Lease-Up Reserve shall be \$50,000 and shall be fully funded by the proceeds of the Second Capital Contribution. Withdrawals from the Lease-up Reserve account shall require the consent and signature of the Investor Member and State Credit Investor. At such time as the Project Property shall have achieved and maintained for a period of at least three months at least 95% occupancy (measured by both physical occupancy and "paid" occupancy based upon the then current rents for apartment units) and three months of Breakeven Operations, any unused portion of the Lease-Up Reserve shall be distributed as Net Cash Flow under Section 11.03.

(t) 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 purchase of the land upon which the Project is located and its related financing.

4.03 Single Purpose Entity. The Managing Member shall engage in no other business or activity other than that of being the Managing Member of the Company. The Managing Member was 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, the Managing Member has no liabilities or indebtedness other than its liability for the debts of the Company, and the Managing Member shall not incur any indebtedness other than its liability for the debts of the Company. If the Managing Member determines it needs additional funds for any purpose, it shall obtain such funds solely from capital contributions from its shareholders or members. The Managing Member has observed and shall continue to observe all necessary or appropriate corporate formalities in the conduct of its business. The Managing Member shall keep its books and records separate and distinct from those of its shareholders, members and affiliates. The Managing Member shall clearly identify itself as a legal entity separate and distinct from its shareholders, members and its affiliates in all dealings with other Persons. The Managing Member 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.

ARTICLE V
MEMBERS, MEMBERSHIP INTERESTS
AND OBLIGATIONS OF THE COMPANY.

5.01 Members; Capital Contributions; Membership Interests.

(a) Initial Managing Member Contribution. The Managing Member, its principal address or place of business, its Capital Contribution and its Percentage Interest are as follows:

- (i) Name and Address:
Project: Homes Properties, Inc.
88 Carnation Street
Richmond, Virginia 23225

(ii) **Capital Contribution:** \$100,100.00, plus all of its rights, title and interest in, to and under all agreements, licenses, approvals, permits, LIHTC applications and allocations and any other tangible or intangible personal property which is related to the Project or which is required to permit the Company to pursue its business and carry out its purposes as contemplated in this Agreement. Of this amount, \$100 is being contributed at the Initial Closing, \$50,000 by the time the Project has achieved Substantial Completion, and \$50,000 by the time of the Second Capital Contribution (but the \$100,000 shall not be contributed prior to the time of the First Capital Contribution).

(iii) **Percentage Interest:** 0.009%

(b) **Managing Member's Special Capital Contribution.** In the event that the Company has not paid all or part of the amounts due under the Development Agreement ("Unpaid Fee") on or before the earlier of (i) the fifteenth (15th) anniversary of placement in service of the Project, or (ii) the date required under the Development Agreement, the Managing Member shall contribute to the Company an amount equal to any such Unpaid Fee (the "Managing Member's Special Capital Contribution") and the Company shall thereupon make a payment in an equal amount to the Unpaid Fee; provided, however, that prior to the making of the Managing Member's Special Capital Contribution, funds in the Operating Reserve may be used to pay the Unpaid Fee, subject to the Consent of the Investor Member and State Credit Investor, and after application of the approved portion of the Operating Reserve, any remaining Unpaid Fee shall be paid using the Managing Member's Special Capital Contribution.

(c) **Investor Members; State Credit Investor.** The Investor Member, the State Credit Investor, and the Special Member, respectively, their principal officer and places of business and Percentage Interests are as follows:

(i) The Investor Member, its principal office and place of business, and its Percentage Interest are as follows:

Housing Equity Fund
of Virginia XVIII, L.L.C.
1840 West Broad Street, Suite 200
Richmond, Virginia 23220

Capital Contribution of HEF 18
is as set forth in subparagraph (d) immediately
below, as increased for purposes of the Company's
books of account by the amount of the Capitalized Bridge
Loan Interest allocable to the Investor Member, also as set
forth in subparagraph (d) immediately below

Housing Equity Fund
of Virginia XIX, L.L.C.
1840 West Broad Street, Suite 200
Richmond, Virginia 23220

Capital Contribution of the HEF 19
is as set forth in subparagraph (d) immediately
below, as increased for purposes of the Company's
books of account by the amount of the Capitalized Bridge
Loan Interest allocable to the Investor Member, also as set
forth in subparagraph (d) immediately below

Percentage Interest: Total is 97.99%; HEF 18 – 19.6%, and HEF 19 – 78.39%.

However, notwithstanding any other provisions of this Agreement, HEF 18 and HEF 19 may, without the Consent of the Managing Member or the State Credit Investor adjust their relative percentages from time to time and will provide written notice of such changes to the Managing Member and State Credit Investor. For any Capital Contribution to be made by the Investor Member hereunder, HEF 18 and HEF 19 shall determine the amount, if any, that each such Member shall fund in such Capital Contribution.

(ii) The Special Member, its principal office and place of business, its Percentage Interest and its Capital Contribution are as follows:

VAHM, LLC	\$10.00	0.001%
1840 West Broad Street, Suite 200		
Richmond, Virginia 23220		

(iii) The State Credit Investor, its principal office and place of business, its Percentage Interest and its Capital Contribution/Purchase Price are as follows:

VCDC Cardinal Equity Fund, L.L.C.	\$1,536,722	2.0%
1840 West Broad Street, Suite 200		
Richmond, Virginia 23220		

The first \$100.00 of the State Credit Investor’s funds shall be treated as a Capital Contribution by the Company and the remaining amounts (\$1,536,622) paid by the State Credit Investor to the Company will be Purchase Price. The Purchase Price/Capital Contribution of the State Credit Investor will be paid as follows, upon the satisfaction (as approved by the State Credit Investor) of the conditions set forth below in subsection (d) for Investor Member Capital Contributions: \$500,000 at time of the First Capital Contribution, \$364,722 at the time of the Second Capital Contribution, \$250,000 at the time of the Third Capital Contribution and \$422,000 at the time of the Fourth Capital Contribution. The State Credit Investor shall have the same right to review and approve conditions to Capital Contributions as the Investor Member has under subsection (d) below, even if State Credit Investor is not named in (d) below as an entity receiving and approving such items or events. However, notwithstanding the amounts set forth above and below, the State Credit Investor and Investor Member shall have the right, in their sole discretion, to allocate between them the amount that each is contributing to any capital contribution as long as the aggregate amount of the Purchase Price/Capital Contribution is in accordance with the following schedule: first- \$3,050,000; second- \$2,263,361; third- \$250,000; and fourth- \$422,000.

(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 amount of \$4,448,639 payable in installments as follows. A portion of the Investor Member Capital Contributions in the amount of \$2,940,603 relate to the LIHTC being allocated to the Investor

Member hereunder, and the remaining \$1,508,036 of the Investor Member Capital Contribution relates to the Federal Rehabilitation Credits being allocated to the Investor Member hereunder, and each Capital Contribution of the Investor Member shall be deemed to include a pro rata share of contributions relating to the LIHTC and Federal Rehabilitation Credits. However, in addition to such Contributions, the Capital Contributions of the Investor Members shall be deemed to include, and their respective Capital Accounts shall so reflect, each Investor Member's allocable share of Capitalized Bridge Loan Interest as determined by the Company's Accountants in consultation with each Investor Member.)

(i) First Capital Contribution. The amount of the first Capital Contribution shall be Two Million Five Hundred Fifty Thousand Dollars and No/100 Dollars (\$2,550,000). After satisfaction of all of the conditions set forth below, and review and approval of the items described below, the Investor Member shall make the First Capital Contribution. A portion of the First Capital Contribution in the amount of \$50,000 shall be used to pay the Investor Member's Due Diligence Costs and an additional portion of the First Capital Contribution shall be used to pay for approved costs of the Development of the Project, including payment of a portion of the Development Fee in the amount of \$50,000. The First Capital Contribution will be paid concurrently with a Capital Contribution of the State Credit Investor of \$500,000.

- (A) Title Policy. The Title Company shall have issued the Company's title policy in an amount equal to the acquisition and development cost of the Project, showing the Company as owner of fee simple title to the Land and subject to only such exceptions as are acceptable to the Investor Member, and containing fairways, non-imputation, zoning, survey, access, tax parcel and such other endorsements as the Investor Member may require;
- (B) Environmental Matters. The Investor Member shall have received a report satisfactory to the Investor Member confirming no material adverse environmental conditions, including, without limitation, evidence that radon gas is not present in any of the apartment units at a level above the recommended permitted safe level as determined by the Environmental Protection Agency or any other applicable governmental authority;
- (C) Legal Opinion. The Investor Member shall have received a legal opinion as set forth in Section 5.04;
- (D) Permanent Financing. The Investor Member shall have received copies of all commitment letters or agreements from all of the Company's anticipated financing sources, in form and substance acceptable to the Investor Member, necessary to meet the Company's financial needs for the Project;
- (E) Survey. The Investor Member shall have received and approved an ALTA Survey, dated no more than ninety (90) days prior to the date of funding;

- (F) Plans and Specifications. The Investor Member shall have received and approved Plans and Specifications for the Project;
- (G) Permits. The Investor Member shall have received a copy of all permits and licenses required for the construction and rehabilitation of the Project, issued by the appropriate governmental authorities;
- (H) Construction Financing. Evidence that all construction financing proceeds are available, including copies of all executed construction financing documents;
- (I) Credits; State Designation. Evidence from the Agency that the Project will qualify for annual LIHTC of at least \$326,734, and evidence that the Project will qualify for Federal Historic Rehabilitation Credits of at least \$1,639,170, and Virginia Historic Rehabilitation Credits of at least \$2,048,962; evidence of State Designation;
- (J) Construction Contract. The general construction contract, in form and substance acceptable to the Investor Member and with a fixed price or maximum upset price acceptable to the Investor Member, and with a general contractor reasonably acceptable to the Investor Member;
- (K) Financials. Current financial statements of the Developer, verification of background information to be provided to the Investor Member by the Managing Member and there having been no changes in the tax laws or treasury regulations or pronouncements or interpretations of existing tax issues that would materially and adversely affect the Investor Member's investment in the Company;
- (L) Property Tax Abatement. Evidence that the Project has and will continue to have a real estate tax abatement;
- (M) Parts 1 and 2; State Certification. Evidence of Part 1 and 2 approval for the Rehabilitation Credits, and State Certification;
- (N) Commercial Space. Documentation regarding the leasing of the Commercial Space; and
- (O) 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 Post Closing Obligations, if any, as set forth on **Exhibit K** 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.

(ii) Second Capital Contribution. The amount of the Second Capital Contribution shall be One Million, Eight Hundred Ninety-Eight Thousand Six Hundred Thirty-Nine Dollars and No/100 Dollars (\$1,898,639). 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 in the amount requested by the Managing Member in the manner set forth below, to pay for the cost of construction or rehabilitation of the Project, to repay the Construction Loan, to fund the Lease-Up Reserve, and to pay a portion of the Development Fee in the amount of \$715,177. The Second Capital Contribution will be paid concurrently with a Capital Contribution of the State Credit Investor of \$364,722.

- (A) First Capital Contribution Paid. The occurrence of the Investor Member's First Capital Contribution;
- (B) Final Closing. Simultaneously with Final Closing, provided that the Investor Member has received fifteen (15) days' prior written notice of the date of Final Closing, and has received copies of any loan documents (including loan riders) executed in connection with the permanent financing that have not been previously delivered to the Investor Member;
- (C) As Built Plans and Specifications. The Managing Member shall have submitted to the Investor Member a written document executed by the Managing Member, the architect and the Contractor certifying no material change to the "for-construction" Plans and Specifications previously approved by the Project Lenders and Investor Member;
- (D) 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 Project and a copy of the final and unconditional certificate or certificates of occupancy, or the equivalent, issued by the appropriate governmental authorities for the Project in its entirety;
- (E) Draft Cost Certification. Receipt and approval of a draft cost certification of Eligible Basis (as defined in Code Section 42(d)) for the Project prepared by the Accountants;
- (F) Extended Use Agreement. Receipt by the Investor Member of a copy of an as-recorded Extended Use Agreement;
- (G) Managing Member Certificate. Receipt of a certificate from the Managing Member that (1) the representations, warranties and covenants in Sections 4.01 and 4.02 continue to be true and accurate through the date of the proposed Second Capital Contribution and (2) the Company and the Managing Member are not in default of any of their obligations with respect to the Company or the Project at such time;

- (H) 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;
- (I) Evidence of Applicable Fraction. The Investor Member shall have received satisfactory evidence that the Applicable Fraction (as defined in Code Section 42(c)(1)(B)) for the Project equals or exceeds forty percent (40%) determined as of the date of the proposed Second Capital Contribution;
- (J) Architect's Certificate. The Managing Member shall have delivered to the Investor Member an architect's certificate of substantial completion in the form requested by the Investor Member (which certificate shall include a certification that the "footprint" of the Project did not change during the rehabilitation);
- (K) Certification of Historic Consultant. A historic consultant acceptable to the Investor Member has certified to the Investor Member and State Credit Investor that the rehabilitation work has been completed consistent with the requirements of the Part 2, in order to satisfy the conditions of the Part 3 approval and any other conditions for the Rehabilitation Credits;
- (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) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV; and
- (N) Managing Member Elections. The 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.

(iv) Third Capital Contribution. The amount of the Third Capital Contribution shall be Two Hundred Fifty Thousand Dollars and No/100 Dollars (\$250,000) from the State Credit Investor. 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 Third Capital Contribution in the amount requested by the Managing Member in the manner set forth below, to pay for the cost of construction or rehabilitation of the Project and then to pay a portion of the Development Fee in the amount of up to \$250,000.

- (A) Second Capital Contribution Paid. The occurrence of the Investor Member's Second Capital Contribution;
- (B) Qualified Occupancy. Achievement of occupancy of one hundred percent (100%) of the residential units in the Project by Qualified Tenants, 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 such tenants qualify under Section 42 of the Code;
- (C) Breakeven Operation. The last day of the month following the month in which Breakeven Operations occurs (with the Project having achieved at least 93% physical and economic occupancy for the three-month period in which Breakeven Operations has been achieved);
- (D) Managing Member Certificate. The Investor Member shall have received a certificate from the Managing Member that (1) the representations, warranties and covenants in Sections 4.01 and 4.02 are true and accurate as of the date of the proposed Third Capital Contribution and (2) the Company and the Managing Member are not in default of any of their obligations with respect to the Company or Project at such time;
- (E) Cost Certification. Receipt of an audited cost certification of Eligible Basis (as defined in Code Section 42(d)) for the Project prepared by the Accountants;
- (F) 8609's. Receipt of the Form(s) 8609 for the entire Project executed by the Agency;
- (G) Part 3. Receipt of a Part 3 Certification;
- (H) Environmental Matters. The Managing Member shall have provided the Investor Member evidence that the construction of the Project did not result in the filling or disturbance of any wetlands and that any actions recommended to be taken which were contained in any environmental assessment reports prepared in conjunction with the development of the Project 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
- (I) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request to verify the accuracy of the representations and warranties and compliance with the covenants, duties and obligations set forth in Article IV.

(iv) Fourth Capital Contribution. The amount of the Fourth Capital Contribution shall be Four Hundred Twenty-Two Thousand and No/100 Dollars (\$422,000) from the State Credit Investor. After satisfaction of all of the conditions set forth below, and review and

approval by the Investor Member and State Credit Investor of the items described below, the State Credit Investor shall make the Fourth Capital Contribution in the amount requested by the Managing Member in the manner set forth below, to fund the Operating Reserve and to pay a portion of the Development Fee.

- (A) Third Capital Contribution Paid. The occurrence of the Investor Member's Third Capital Contribution;
- (B) Breakeven Operation. The last day of the month following the month in which Breakeven Operations occurs (with the Project having achieved at least 93% physical and economic occupancy for the six-month period in which Breakeven Operations has been achieved);
- (C) Company Tax Return. The Investor Member shall have received a complete copy of the Company's 2016 tax return;
- (D) Managing Member Certificate. The Investor Member shall have received a certificate from the Managing Member that (1) the representations, warranties and covenants in Sections 4.01 and 4.02 are true and accurate as of the date of the proposed Fourth Capital Contribution and (2) the Company and the Managing Member are not in default of any of their obligations with respect to the Company or Project at such time; and
- (E) Other Documentation. The Investor Member shall have received such other documentation as it may reasonably request 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. 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.

(e) Adjustment to Capital Contributions of Investor Member. Following determination of Certified Credits, the Accountants shall make a determination as to whether there

is a Downward Capital Adjustment. If events subsequent to such determination result in a decrease in the Capital Contributions of the Investor Member due to a Late Delivery Capital Adjustment, then the Accountants shall recalculate the Downward Capital Adjustment to take into account such Late Delivery Capital Adjustment. Following the determination of a Downward Capital Adjustment and/or a Late Delivery Capital Adjustment, the Managing Member or the Company, as appropriate, shall make payments as required under Section 5.01(e)(ii).

(i) 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 LIHTC resulting from an increase in qualified basis under Code Section 42(f)(3)), minus \$3,201,660, times (B) \$0.90. The Certified Credit Capital Adjustment may be a positive or negative number.
- B. “Certified Credit Capital Decrease” means a negative Certified Credit Capital Adjustment.
- C. “Certified Credit Capital Increase” means a positive Certified Credit Capital Adjustment.
- D. “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, if applicable, minus the Early 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.
- E. “Late Delivery Capital Adjustment” shall mean for calendar year 2017, the amount, if any, by which \$295,538 exceeds Actual Credits for such year.
- F. “Early Delivery Capital Adjustment” shall mean the product of (a) \$0.90 and (b) the amount, if any, by which Actual Credits for calendar year 2017 exceed \$295,538 (but in no event shall the total Early Delivery Capital Adjustment exceed \$15,000); provided, however, that if the Project does not achieve 100% Qualified Occupancy by December 31, 2017, then the Investor Member shall not be obligated to make an Early Delivery Capital Adjustment despite the delivery of Actual Credit as described herein.

(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 first reduce the Second Capital Contribution (if it has not previously been funded), and then to the extent necessary, the Third Capital Contribution. 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 immediately 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. In the event that the Managing Member fails to make such payment in full and the Investor Member, in its sole discretion, elects not to exercise its remedies under Sections 5.05 or 6.05, as applicable, any amount not so paid by the Managing Member as required shall be payable out of Net Cash Flow and proceeds of Capital Transactions, as provided under Sections 11.03 and 11.04. Any payment required to be paid to the Investor Member pursuant to the preceding sentence out of Net Cash Flow and the proceeds of Capital Transactions shall be referred to as a “LIHTC Reduction Guaranty Payment”. The Early Delivery Capital Adjustment shall be paid with the Third Capital Contribution.

(iii). Adjustment to Capital Contribution of Investor Member and State Credit Investor for Rehabilitation Credits.

- A. Downward Rehabilitation Credit Adjuster. Promptly following the receipt by the Company of the Part 3 Certification for the Rehabilitation Credits executed by the United States Department of the Interior, the Managing Member shall cause the Accountants to determine the Final Historic Rehabilitation Credit Amount. Upon such determination, to the extent the Final Historic Rehabilitation Credit Amount is less than (or is provided to the Company later than) the amount and timing set forth in Section 4.01(p), then the State Credit Investor’s and Investor Member’s Capital Contributions shall be reduced as follows: (A) for every year or portion of a year following December 31, 2016 during which the Rehabilitation Credit has not been made available to the Company, the amount of the State Credit Investor’s Capital Contribution, and the amount of the Investor Member’s Capital Contribution related to the Federal Rehabilitation Credits, respectively, shall be reduced by 15% and (B) for every dollar by which the Final Historic Rehabilitation Credit Amount is less than the Projected Federal Rehabilitation Credit and the Projected VHRC, the amount of the Investor Member Capital Contribution (as it relates to the decline in the Projected Federal Rehabilitation Credit) shall be reduced by \$0.90, and the amount of the State Credit Investor’s Purchase Price (as it relates to the decline in the Projected VHRC) shall be reduced by \$0.75. A capital adjustment under this subparagraph shall first reduce the amount of any unfunded Capital Contributions (or Purchase Price, as applicable). If any downward adjustment under this subparagraph exceeds the total of all unfunded Capital Contributions or Purchase Price (prior to any reduction under this subparagraph), then the Managing Member shall promptly (within 10 days of written notice)

distribute such amount to the Investor Member as a return of its Capital Contributions (or to the State Credit Investor as a return of its Purchase Price). Such payment by the Managing Member shall constitute a "Completion Loan" under Section 8.11(a) hereunder. In the event that the Managing Member fails to make such payment in full and the Investor Member or State Credit Investor, in its sole discretion, elects not to exercise its remedies under Sections 5.05 or 6.05, as applicable, any amount not so paid by the Managing Member as required ("Credit Reduction Guaranty Payment") shall be payable out of Net Cash Flow and proceeds of Capital Transactions, as provided under Sections 11.03 and 11.04 and no other payments of fees or loan repayments to Managing Member or its Affiliates shall be made by the Company until such amount has been paid in full.

- B. Upward Rehabilitation Credit Adjuster. Promptly following the receipt by the Company of the Part 3 Certification for the Rehabilitation Credits executed by the United States Department of the Interior, the Managing Member shall cause the Accountants to determine the Final Historic Rehabilitation Credit Amount. Upon such determination, to the extent the Final Historic Rehabilitation Credit Amount is greater than the amounts set forth in Section 4.01(p) with respect to the Projected Federal Rehabilitation Credits or the Projected VHRC, then the State Credit Investor's and Investor Member's Capital Contributions and Purchase Price (as applicable) shall be increased as follows: (i) for every dollar by which the Final Historic Rehabilitation Credit Amount (with respect to the Federal Rehabilitation Credits) is greater than the Projected Federal Rehabilitation Credit, the amount of the Investor Member Capital Contribution shall be increased by \$0.90, and (ii) for every dollar by which the Final Historic Rehabilitation Credit Amount (with respect to the VHRC) is greater than the Project VHRC, the amount of the State Credit Investor's Purchase Price shall be increased by \$0.75. Any upward adjuster pursuant to this paragraph will be paid with the Third Capital Contribution (for Federal Rehabilitation Credits) or the Fourth Capital Contribution (for VHRC).

(f) Payment of Investor Member Due Diligence Costs. The Managing Member shall pay the costs and expenses incurred by the Investor Member and the State Credit Investor in connection with the due diligence activities of the Investor Member and the State Credit Investor and the closing of the transactions described herein, including Investor Member's and State Credit Investor's legal fees and expenses, such Member Due Diligence Costs not to exceed \$50,000.

(g) Additional Investor Members. Without the Consent of all of the Members, no additional Persons may be admitted as additional Investor Members or State Credit Investor, and Capital Contributions may be accepted only as and to the extent expressly provided for in this Article V.

(h) Deposit of Capital Contributions. Except as otherwise provided in Section 5.01(d) herein, 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. Thereafter, such amounts shall be utilized for the conduct of the Company business pursuant to the terms of this Agreement.

(i) No Liability for Investor Member, State Credit Investor or Special Member. Except as may otherwise be provided under applicable law, no Investor Member, State Credit Investor or Special 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 and the State Credit Investor, the Investor Member or its Affiliate or the State Credit Investor may retain an environmental consultant (the "Environmental Consultant") to review and give recommendations related to environmental reports that are provided to the Investor Member and the State Credit Investor 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 Project or if such reports appear incomplete or inadequate for purposes of making such a determination. The Company shall be solely responsible for the payment of the fees of the Environmental Consultant.

5.02 Return of Capital Contribution. Except as provided in this Agreement, no Member shall be entitled to demand or receive the return of his 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 substantially complied with any material provisions under this Agreement or the operating agreement as to an Affiliated Company, after Notice from the Investor Member or the State Credit Investor 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 (b) 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 (c) foreclosure proceedings shall have been commenced against the Project or against the Project owned by an Affiliated Company, then the Company and the Managing Member shall be in default of this Agreement, and the Investor Member or the State Credit Investor, at its sole election, may cause the withholding of payment of any Capital Contribution otherwise payable to the Company (including while any cure period is in effect).

(b) Release to Company Following Cure. All amounts so withheld by the Investor Member or the State Credit Investor 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 and the State Credit Investor.

5.04 Legal Opinions. As a condition precedent to the Investor Member's and State Credit Investor's obligation to make its Capital Contributions hereunder, the Investor Member and State Credit Investor must receive the opinion of Kanady & Quinn, P.C, Counsel for the Company and the Managing Member, which opinion shall explicitly state that Applegate & Thorne-Thomsen, P.C. of Chicago, Illinois, counsel to the Investor Member, may explicitly rely upon it, that:

(a) the Company is a duly formed and validly existing limited liability company under the Act, and the Company has full power and authority to own and operate the Project and to conduct its business hereunder; the Company is duly qualified to transact its business in the Commonwealth of Virginia; the Investor Member and State Credit Investor have been validly admitted as an Investor Member and State Credit Investor, respectively, of the Company entitled to all the benefits of an Investor Member and State Credit Investor under this Agreement, and the Interest of each of the Investor Member and the State Credit Investor in the Company is the Interest of an investor member with no personal liability for the obligations of the Company, and the exercise of the rights and remedies of the Investor Member and State Credit Investor under this Agreement do not constitute participating in the control of the business of the Company;

(b) the Managing Member is duly and validly organized and is validly existing in good standing as a corporation/limited liability company under the laws of the Commonwealth of Virginia, with full power and authority to enter into and perform its obligations hereunder and under the Managing Member Pledge; the Managing Member is duly qualified to transact its business in the Commonwealth of Virginia;

(c) unless otherwise permitted under this Agreement, there is and shall be no direct or indirect personal liability of the Company or of any of the Members or their Affiliates for the repayment of the principal of and payment of interest on any Project Loan, and the sole recourse of the Project Lender, with respect to the principal thereof and interest thereon, shall be to the assets of the Company securing such indebtedness;

(d) execution of this Agreement and the Managing Member Pledge by the Managing Member has been duly and validly authorized by or on behalf of such Managing Member and, having been executed and delivered in accordance with its terms, this Agreement and the Managing Member Pledge constitute the valid and binding agreement of the Managing Member, enforceable in accordance with their respective terms, and execution hereof and thereof by the Managing Member is not in violation of any contract, agreement, charter, bylaw, resolution, judgment, order, decree, law or regulation to which the Managing Member is bound or as to which it is subject;

(e) the Company owns fee simple title to the Project, subject only to the Project Loans, the Mortgages, and such other liens, charges, easements, restrictions and encumbrances as are set forth in the title insurance policy issued to the Company. Such opinion may be based on a

review of the title insurance policy issued in accordance with Section 4.01 herein, provided Counsel has no actual knowledge to the contrary;

(f) to the best of its knowledge after due inquiry, there are no defaults existing with respect to any of the Project Documents;

(g) to the best of its knowledge after due inquiry, no event of Bankruptcy has occurred with respect to the Company or the Managing Member; and

(h) the Affiliate Guaranty has been duly executed by the Affiliate Guarantor and constitutes the valid and binding obligation of the Affiliate Guarantor, enforceable in accordance with its terms; and

(i) the Company has received an allocation of LIHTC for the Projected Credits from the Agency, which is the appropriate state of local authority for the jurisdiction in which the Project is located.

In addition, the Investor Member shall have received from counsel to Investor Member an overall tax opinion, addressing all material tax issues and indicating that the financial projections and tax credit calculation contained in the Development Budget appear reasonable and complete.

5.05 Repurchase Obligation.

(a) Conditions for Repurchase. If (i) Final Closing has not occurred by December 31, 2017 (or such later date as may be Consented to by the Investor Member and State Credit Investor); (ii) the Company has not received State Designation in 2016 or the IRS Form(s) 8609 (is) (are) not issued by the Agency so as to allow the Credit Period to commence in January 2017; (iii) 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; (iv) [intentionally omitted]; (v) an Extended Use Agreement is not in effect before the end of the first year of the Credit Period; (vi) the Project has not generated at least 95% of the Projected LIHTC or Projected Rehabilitation Credits for the year 2017, then the Managing Member shall, within fifteen (15) days of the occurrence thereof, send to the Investor Member and State Credit Investor Notice of such event and of its obligation to purchase the Interest of the Investor Member and the State Credit Investor hereunder and return to the Investor Member and State Credit Investor its Capital Contributions (and Purchase Price, for the State Credit Investor) 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 and the State Credit Investor. 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 and State Credit Investor in the Company by making payment to the Investor Member and State Credit Investor, in cash, of an amount equal to the sum of its Capital Contributions, plus interest on such amount at the rate of fourteen percent (14%) per annum, but in no event higher than the highest rate permitted by applicable law.

(b) Upon receipt by the Investor Member or State Credit Investor of any such payment of its Capital Contributions (or Purchase Price, for the State Credit Investor), the Interest of the Investor Member or State Credit Investor (as applicable) and all further obligations of the Investor Member or the State Credit Investor (as applicable) hereunder shall terminate, and, to the extent that the Investor Member or State Credit Investor has acted in accordance with the terms of this Agreement, the Managing Member shall indemnify and hold harmless the Investor Member and the State Credit Investor 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 and the State Credit Investor (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 hereunder 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 Contributions. The Company shall invest any amounts contributed as a Special Additional Capital Contribution 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 MM Loans.

(a) MM Loans. The Managing Member 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 8.11(a) or Operating Deficit under its Operating Deficit Guaranty under Section 8.11(b) hereof, to make "MM 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, provided, however, that the Managing Member shall not enter into any such MM Loan with the Company if such MM Loan would cause a reallocation of LIHTC or tax benefits among the Members. MM Loans shall be on the following terms: (i) interest shall accrue on the MM Loans at an annual interest rate of zero percent (0%); and (ii) MM Loans shall be repayable solely as set forth in Sections 11.03 and 11.04 of this Agreement.

(b) Documentation of MM Loans. At the request of a Member, which request may be made quarterly, any MM Loan shall be evidenced by a non-negotiable promissory note or notes reflecting any such MM Loans made during the preceding calendar quarter. MM Loans shall be unsecured loans. MM 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 MM Loan, in no event shall interest accrue on any MM 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 may withdraw from the Company or sell, transfer or assign its Interest as Managing Member only with the prior Consent of the Investor Member, the State Credit Investor, 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 Managing Member(s) to be substituted for it or to receive all or part of its Interest as Managing Member.

(b) In the event that a 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 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 State Credit Investor and the Investor 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 certificate of limited liability company 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 Commonwealth of Virginia 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 Person is in conformity with the Act and that none of the actions taken in connection with the admission of the successor Person 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 and the State Credit Investor elects to designate the Special Member or such other entity as the Investor Member and State Credit Investor 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 6.05 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 .009% Percentage Interest (as set forth in Section 5.01).

(c) Except as set forth above, such conversion of a Managing Member Interest to an Investor Member Interest shall not affect any rights, obligations or liabilities (including, without limitation, any of the Managing Member's obligations under Section 8.11 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 and the State Credit Investor from accepting performance from (i) any Managing Member which is a debtor in a case under the Bankruptcy Code, 11 U.S.C. § 101 et seq., (ii) a trustee of any such debtor, (iii) and/or the assignee of any such debtor or trustee. The Investor Member and State Credit Investor has each 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 Investor Member shall have the right to remove the Managing Member:

(i) for (A) any fraud, gross negligence, intentional misconduct or breach of fiduciary duty, or (B) 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 or an impairment of the Project 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 Project, 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 8.11, (ii) violated any material provision of applicable law, or (iii) the representation and warranty contained in Section 4.01(u) are and/or becomes false or inaccurate;

(C) the Managing Member or the Company shall have caused any Project Loan to go into default, which default remains uncured after the expiration of any applicable cure period;

(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;

(2) cause the Company to be treated for federal income tax purposes as an association, taxable as a corporation;

(3) in the reasonable opinion of the Investor Member, cause a recapture or reduction in Certified Credits;

(4) violate any federal or state securities laws;

(5) cause the Investor Member to be liable for Company obligations in excess of its Capital Contributions; or

(E) the amount of Actual Credits or Final Rehabilitation Credit Amount for any year are, or are projected by the Accountants to be, less than ninety percent (90%) of the Projected LIHTC, Projected Federal Rehabilitation Credits or Projected VHRC, respectively, for that year; or less than ninety percent (90%) of Certified Credits if Certified Credits have been determined and adjustments to the capital contribution of the Investor

Member and the Purchase Price of the State Credit Investor have been made as may be required under Section 5.01(e);

(F) cause for removal as a managing member of an Affiliated Company shall exist pursuant to the operating agreement of an Affiliated Company;

(G) the Managing Member fails to timely and promptly discharge the Management Agent if at any time cause for such removal exists;

(H) Bankruptcy or similar creditor's action is filed by or against the Company, the Managing Member or any Affiliate Guarantor; or

(I) any default by the Affiliate Guarantor under the Affiliate Guaranty;

(J) failure of the Affiliate Guarantor to maintain a minimum net worth of \$1,000,000 and liquidity of \$250,000;

(K) failure of the Company to achieve Breakeven Operations within six (6) months of the Company's achievement of 93% occupancy; or

(L) any act or omission by the Managing Member that would substantially reduce tax benefits, or substantially increase tax liabilities, of the Investor Member.

(b) Procedure for Removal. The Investor Member and the State Credit Investor shall give Notice to all Members and to the Project Lenders of their joint determination that the Managing Member shall be removed. The Managing Member shall have ten (10) 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. If, at the end of ten (10) days, the Managing Member has not cured any default or other reason for such removal, it shall cease to be Managing Member and the powers and authorities conferred on it as Managing Member under this Agreement shall cease and the Interests of such 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.

(i) In the event that the Managing Member is removed as aforesaid prior to the Final Closing, it shall be and shall remain liable for all obligations and liabilities incurred by it as Managing Member 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 Section 8.11 of this Agreement; provided however, that if amounts otherwise payable to the Managing Member as fees are applied to meet the obligations of the Managing Member as stated in Sections 5.01, 5.05 and 8.11 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 is removed as Member of the Company prior to the Final Closing as aforesaid, the Managing Member shall not be entitled to payment of any further installments of the Incentive Management Fee, or other fees which otherwise would have been due and payable under or pursuant to various Sections of this Article VI or Article VII.

(ii) In the event that the Managing Member is removed as aforesaid after the Final Closing, it shall be and shall remain liable for all obligations and liabilities incurred by it as Managing Member of the Company before such removal shall become effective, including but not limited to the Managing Member's obligations and liabilities under Section 8.11(b) of this Agreement; provided, however, that if amounts otherwise payable to the Managing Member or Affiliates thereof as fees are applied by the Company to pay Operating Deficits, such application shall serve to reduce any such liabilities after the Final Closing, except for any liability incurred as the result of its negligence, misconduct, fraud or breach of its fiduciary duty as Managing Member of the Company. If the Managing Member is removed as Member of the Company at any time after the Final Closing, the Developer or its successor(s) shall continue to be paid subsequent to such removal, in accordance with the terms and conditions of this Agreement, any installments of the Development Fee which would have otherwise been due and payable to it pursuant to Section 8.12 and which are not otherwise being withheld; provided, however, upon any such removal of the Managing Member after the Final Closing, no further installments of the Incentive Management Fee shall be paid which are attributable to any period after such removal.

(d) Power of Attorney. Each of the Investor Member and State Credit Investor 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 Investor Member or State Credit Investor 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, State Credit Investor or any other Member might have with respect to the Managing Member in connection with its undertakings and responsibilities under this Agreement.

6.06 Construction Lender Requirements.

(a) Notwithstanding anything to the contrary contained in this Agreement, the Members hereby consent to (i) the granting of a security interest in the Company's rights, title and interest in and to the obligation of the Investor Member and the State Credit Investor to make Capital Contributions to the Company pursuant to and in accordance with this Agreement (the "CC Collateral"), to and/or in favor of Community Capital Bank of Virginia ("CCBV") to secure

the obligations of the Company to CCBV under the loan documents evidencing, securing and otherwise governing the Construction Loan made by CCBV (collectively, as amended from time to time, the “CCBV Construction Loan Documents”), (ii) the filing of financing statements by or on behalf of CCBV, the execution and delivery of one or more pledge and/or security agreements in favor of CCBV in the form approved by the Investor Member and State Credit Investor, and the taking of any and all such other actions as may be required by CCBV to perfect its security interest in the CC Collateral, and (C) the exercise by CCBV of all of its rights and remedies relating to its perfected security interest in the CC Collateral, under the CCBV Construction Loan Documents.

(b) Notwithstanding anything to the contrary contained in this Agreement, the Members hereby consent to (i) the pledge of, and the granting of a security interest in, the Managing Member’s Interest and all of the other interests of the Managing Member in the Company (collectively, the “MM Pledged Collateral”), to and/or in favor of CCBV to secure the obligations of the Company to CCBV under the CCBV Construction Loan Documents, (ii) the filing of financing statements by or on behalf of CCBV, the execution and delivery of one or more pledge and/or security agreements in favor of CCBV in the form approved by the Investor Member, and the taking of any and all such other actions as may be required by CCBV to perfect its security interest in the MM Pledged Collateral, and (iii) the exercise by CCBV of all of its rights and remedies relating to its perfected pledge and security interest in the MM Pledged Collateral, under the CCBV Construction Loan Documents. The Members further acknowledge and agree that that such pledge of MM Pledged Collateral shall be senior to the Managing Member Pledge defined in Section 8.19 below.

(c) Notwithstanding anything to the contrary contained in this Agreement, the Members agree and covenant that:

(i) upon and Event of Default under the CCBV Construction Loan Documents any exercise by CCBV of its rights and remedies as a pledgee and secured creditor resulting in a transfer of title to all or any portion of the MM Pledged Collateral to CCBV, CCBV's nominee and/or any Person to whom CCBV may transfer such MM Pledged Collateral in a secured creditor's sale (each such Person being referred to herein as a “Foreclosure Transferee”), such Foreclosure Transferee shall automatically be admitted as a substitute Managing Member of the Company and recognized as the owner of the MM Pledged Collateral so transferred without the requirement of any consent of the Company or any other Member and the Managing Member shall no longer be entitled to exercise any rights with respect to the MM Pledged Collateral so transferred;

(ii) the Managing Member Interest in the Company, whether now or hereafter issued and outstanding, shall be uncertificated and no election has or will be made to have such Interest governed by Article 8 of the Uniform Commercial Code adopted by the Commonwealth of Virginia without the prior written consent of CCBV; and

(iii) the provisions set forth in this Section 6.06 _may not be amended or restated without the prior written consent of CCBV, which consent shall not be unreasonably withheld,

delayed or conditioned, and any attempt to do so in violation of the foregoing shall be null and void. Notwithstanding this Section 6.06 shall have no further force and effect, upon the final payment of the Construction Loan.

ARTICLE VII
ASSIGNMENT TO THE COMPANY

The Managing Member hereby transfers and assigns to the Company all of its right, title and interest in and to the Project, including the following:

- (a) all contracts with architects, contractors and supervising architects with respect to the development of the Project;
- (b) all plans, specifications and working drawings, heretofore prepared or obtained in connection with the Project and all governmental approvals obtained, including planning, zoning and building permits;
- (c) any and all commitments with respect to the Project Loans and the LIHTC;
- (d) any and all rights under and pursuant to the Project Documents; and
- (e) any other work product related to the Project.

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 Member, Special Member 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 Investor Member and State Credit Investor 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; provided, however, that copies of all applications for advances of proceeds of the Project Loans shall be provided to the Investor Member and State Credit Investor prior to the disbursement of any funds pursuant thereto and shall be subject to the Consent of the Investor Member and State Credit Investor; 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 Investor Member and State Credit Investor. 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.

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 Member and State Credit Investor under the Act unless the right to do so is expressly otherwise given in this Agreement;
 - (iv) knowingly rent apartments in the Project such that the Project 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 Investor Member and State Credit Investor 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 or amend any other Project Document;

(iii) borrow in excess of \$10,000.00 in the aggregate at any one time outstanding on the general credit of the Company, except MM Loans and Operating Deficit Loans, and except as and to the extent provided for in an approved budget pursuant to Section 8.20;

(iv) following Final Closing, construct any new or replacement capital improvements on the Project which substantially alter the Project or its use or which are at a cost in excess of \$10,000.00 in a single Company fiscal year, or rebuild the Project 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 13.03;

(v) acquire any real property in addition to the Project other than easements reasonable and necessary for the operation of the Project;

(vi) following Final Closing, refinance any Project Loan;

(vii) confess a judgment against the Company in excess of \$5,000;

(viii) admit any person as a Managing Member or an Investor Member or State Credit Investor, or withdraw as Managing Member, except as otherwise set forth in this Agreement;

(ix) do any act in contravention of this Agreement or any other agreement to which Company is a party;

(x) execute or deliver any assignment for the benefit of the creditors of the Company;

(xi) 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;

(xii) dissolve the Company or take any action which would result in dissolution;

(xiii) 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 Project, or borrow funds or participate in a merger or consolidation with any other entity;

(xiv) 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;

(xv) materially change any accounting method or practice of the Company;

(xvi) file a voluntary petition for bankruptcy of the Company;

(xvii) make any expenditure or incur any liability on behalf of the Company in excess of \$10,000.00 which is not identified in the budget provided by the Managing Member to the Investor Member;

(xviii) borrow funds from the Company;

(xvix) enter into or materially modify the Construction Contract (or any other construction contract), or agree to any change order under the Construction Contract (or any other construction contract) if any such change order is for \$10,000 or more, or is proposed when the amount of previous change orders plus the proposed change order would exceed \$20,000 (over the life of the Company);

(xx) commingle Company funds or assets with the funds or assets of the Managing Member or any Company or other entity owned or operated by the Managing Member to the Investor Member;

(xxi) possess Company property or assign rights in specific property for other than a business purpose of the Company;

(xxii) take any action which would cause the termination of the Company for federal income tax purposes under Code Section 708;

(xxiii) 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 47 or Section 42 (including an election to treat any year other than 2017 as the first year of the Credit Period (as defined in Code Section 47 or 42) for the Project) or Section 754 of the Code or any other tax election affecting the amount, timing, availability or allocation of any LIHTC or Rehabilitation Credits;

(xxiv) enter into any agreement or take any action without the prior consent of the Investor Member and State Credit Investor with respect to any matters for which the prior consent of the Investor Member and State Credit Investor is a prerequisite therefore;

(xxv) approve any increase in fees to the Managing Member or any affiliate of the Managing Member;

(xxvi) change in ownership, control or management of the Managing Member;

(xxvii) allow this Agreement to be amended; or

(xxviii) invest assets of the Company in (A) investments specifically not contemplated by this Agreement, or (B) in investments other than U.S. Treasury Bills, Notes or Bonds, or bank accounts, money market accounts or certificates of deposit in institutions insured by the Federal Deposit Insurance Corporation. However, investment of such assets may be expanded upon approval by the Investor Member.

8.03 Sale of Project.

(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, at any time after the fourteenth (14th) anniversary of the first day of the first taxable year of the applicable LIHTC compliance period the Investor Member may request that the Company do one of the following: (i) sell the Project subject to the Extended Use Agreement (a “Continued Compliance Sale”); or (ii) request that the Agency arrange for the sale of the Project 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 Project and to cause the Company to consummate a sale of the Project 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 Project. If the Investor Member locates such a purchaser, the Managing Member shall be given a right of first

refusal to purchase the Project 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. If the Investor Member requests that the Compliance Termination Sale be conducted in a manner that would result in the conversion of the Project to a condominium regime of ownership and the sale of individual condominium units, the Managing Member shall use diligent efforts to accomplish such conversion on such terms which are reasonably satisfactory to the Investor 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 Project as a qualified low-income building and who will submit a Qualified Contract for the Project, 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 Project 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 Project. If the Investor Member locates such a purchaser, the Managing Member shall be given a right of first refusal to purchase the Project 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. If the Investor Member requests that the Compliance Termination Sale be conducted in a manner that would result in the conversion of the Project to a condominium regime of ownership and the sale of individual condominium units, the Managing Member shall use diligent efforts to accomplish such conversion on such terms which are reasonably satisfactory to the Investor Member.

(d) Managing Member Option. The Managing Member, if it is a qualified non-profit under the terms of Section 42(i)(7) of the Code, shall have the right of first refusal to purchase the Project at the end of the low-income housing tax credit compliance period, in accordance with said Section 42(i) (7) of the Code, for an amount equal to at least the sum of (i) \$1.00, plus (ii) all outstanding debt of the Company, including debt encumbering the Project, plus (iii) the aggregate federal, state and local (if any) income tax liabilities which would be incurred by the members of the Investor Member and the State Credit Investor as a consequence of such purchase, on the terms set forth in **Exhibit L** attached hereto.

(e) Investor Member Option regarding State Credit Investor Interests. Notwithstanding the foregoing subsections and other provisions hereof, and subject to all Agency regulations then in effect and the receipt of all required approvals and consents of the Project

Lenders (if any), the State Credit Investor may transfer its Interest to the Investor Member or Special Investor Member (or an Affiliate thereof), without the consent of 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.

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 13.02. 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 limited liability companies or the general partner of limited partnerships which own, either directly or through interests in other companies or partnerships, government assisted housing developments similar to the Project. 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 negligence, 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 negligence, 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 (except for reserves) 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 and the Company. The Managing Member and the Company shall, jointly and severally, indemnify, defend, and save harmless the Investor Member, State Credit Investor and Special 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, State Credit Investor or Special 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, State Credit Investor or Special Member is liable for any indebtedness of the Company and excluding only liability directly caused by the Investor Member, State Credit Investor or Special Member's gross negligence or bad faith conduct. In addition, the Managing Member and the Company shall, jointly and severally, indemnify, defend, save and hold harmless the Investor Member, State Credit Investor and Special Member, and their 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 Project prior to the date of this Agreement.

8.10 [Intentionally Omitted].

8.11 Construction of the Project, 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 Project on a timely basis in accordance with the Plans and Specifications for the Project,

the terms of this Agreement, the Project Documents and all legal requirements;

(B) meeting all requirements for obtaining all necessary unconditional certificate(s) of occupancy for all the apartment units in the Project;

(C) fulfilling all actions required of the Company to assure that the Project satisfies the Minimum Set-Aside Test and the Rent Restriction Test;

(D) causing the making of the Project Loans by the respective Project Lenders; and

(E) 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 subsection (a) shall be in the form of a loan to the Company (a "Completion Loan"). Any Completion Loan will be in the following terms: (A) it shall be unsecured; (B) it shall not bear interest; (C) 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 (D) a Completion Loan shall be fully subordinated to payment of Project Loans, MM Loans, and indebtedness of the Company to all Persons other than Members].

(iii) In the event that the Managing Member shall fail to pay any such Excess Development Costs as required in this Section 8.11(a), an amount not in excess of the total of any remaining unpaid installments of the Development Fee due pursuant to Section 8.12 shall be suspended by the Company until such obligations are met by the Managing Member.

(b) Operating Deficit Guaranty. In the event that, at any time during the period commencing on the end of the Construction Completion Guaranty period set forth in subsection (a) above and ending on the fifteenth anniversary of such date (the "Initial Period"), an Operating Deficit shall exist, the Managing Member shall provide such funds to the Company as shall be necessary to pay such Operating Deficit(s) after available funds in the Operating Reserve have been exhausted. Funds provided under this subsection (b) 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 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) Operating Deficit Loans shall be fully subordinated to payment of Project Loans, MM Loans, and indebtedness of the Company to all Persons other than Members. In the event that the Managing Member shall fail to make any such Operating Deficit Loan as aforesaid, the Company shall utilize amounts

otherwise payable as installments of the Development Fee pursuant to Section 8.12 of this Agreement to meet the obligations of the Managing Member pursuant to this Section 8.11(b). Amounts so utilized shall also constitute payment and satisfaction of installments of the Development Fee payable under the aforesaid Section of this Agreement, and the obligation of the Company to make such installment payments pursuant to such Sections, as well as the Investor Member's obligation to make future Capital Contributions (and the State Credit Investor's obligation to pay Purchase Price), shall be reduced correspondingly. For the purpose of this Section 8.11(b), all expenses shall be paid on a sixty (60) day current basis.

(c) Compliance Guaranty. (i) If with respect to any fiscal year of the Company there is a LIHTC Shortfall or a Rehabilitation Credit Recapture Event, the Managing Member shall, within forty-five (45) days following the close of such fiscal year, (A)(1) pay the Investor Member an amount equal to (A) the amount of the LIHTC Shortfall for the fiscal year immediately preceding the payment due date multiplied by \$0.90, (2) pay to the Investor Member an amount equal to the amount of the Rehabilitation Credit Recapture Event (as it relates to the Federal Rehabilitation Credits) multiplied by \$0.90, and (3) pay to the State Credit Investor an amount equal to the amount of the Rehabilitation Credit Recapture Event (as it relates to the VHRC) multiplied by \$0.75, (B) all penalties and interest imposed by the Code and assessed against the Investor Member or the State Credit Investor, as applicable, by the IRS with respect to any LIHTC Shortfall or Rehabilitation Credit Event, and (C) an amount sufficient to pay any tax liability owed by the Investor Member or State Credit Investor resulting from the receipt of the amounts specified in the foregoing clauses (A), (B) and this clause (C) of this Section 8.11(c)(i) (such calculation to be made assuming the Investor Member or State Credit Investor 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 or State Credit Investor in which such payment is taken into income by the Investor Member or State Credit Investor), 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 8.11(c)(ii) to the Investor Member and State Credit Investor if there is a LIHTC Recapture Event or Rehabilitation Credit Recapture Event. The payments required by this Section 8.11(c)(ii) shall be the sum of the following amounts (unless, for a Rehabilitation Credit Recapture Event, such amounts have already been paid pursuant to clause 8.11(c)(i) above): (A) (1) pay the Investor Member an amount equal to the amount of the LIHTC Shortfall for the fiscal year immediately preceding the payment due date multiplied by \$0.90, (2) pay to the Investor Member an amount equal to the amount of the Rehabilitation Credit Recapture Event (as it relates to the Federal Rehabilitation Credits) multiplied by \$0.90, and (3) pay to the State Credit Investor an amount equal to the amount of the Rehabilitation Credit Recapture Event (as it relates to the VHRC) multiplied by \$0.75, (B) the "credit recapture amount" (as defined in Code Section 42(j)(2)) allocated to the Investor Member because of such LIHTC Recapture Event or any recapture amount allocated to the Investor Member or State Credit Investor because of the Rehabilitation Credit Recapture Event; (C) all penalties and interest imposed by the Code and assessed against the Investor Member or State Credit Investor by the IRS with respect to such LIHTC Recapture Event or Rehabilitation Credit Recapture Event; (D) an amount sufficient to pay

any tax liability owed by the Investor Member or State Credit Investor resulting from the receipt of the amounts specified in the foregoing clauses (A), (B), (C) and this clause (D) of this Section 8.11(c)(ii) (such calculation to be made assuming each of the Investor Member and State Credit Investor 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 and State Credit Investor), together with interest on such amounts at the Prime Rate accruing from the date the Investor Member and State Credit Investor remits funds to a taxing authority with respect to a LIHTC Recapture Event or Rehabilitation Credit Recapture Event; and (E) if the cause of the LIHTC Recapture Event will, in determination of the Investor Member, decrease the maximum amount of LIHTC 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 and State Credit Investor within forty-five (45) days of the LIHTC Recapture Event or Rehabilitation Credit Recapture Event.

(iii) The compliance guaranty set forth herein shall not apply to amounts due solely to the transfer by the Investor Member or State Credit Investor of all or a portion of its Interest in the Company, condemnation, casualty loss (unless the Managing Member has failed to maintain the insurance required by this Agreement), or to changes in the tax law after the date hereof with which the Managing Member is unable to comply despite the exercise of its good faith and reasonable efforts.

(iv) If approved under Section 4.02(r), the Managing Member may use fund the Operating Reserve to make payments required by this Section 8.11(c) prior to using its own funds. If any amounts are owed under this Section 8.11(c) prior to the time that the Investor Member has made all of its Capital Contributions, any future Capital Contributions shall be reduced by the amount to be paid hereunder.

(v) Funds provided by the Affiliate Guarantor with respect to the Managing Member's obligations under subparagraphs (i) or (ii) above shall be in the form of a loan to the Company (the "Guarantor LIHTC Compliance Loan"). Any Guarantor LIHTC Compliance Loan shall be on the following terms: (i) it shall be unsecured; (ii) it shall bear no interest; and (iii) it shall be repayable solely from proceeds of a Capital Transaction or liquidation at the time and in the amounts set forth in Sections 11.04 and 12.02(a) of this Agreement. Notwithstanding the foregoing, the Investor Member shall have the authority to treat any guarantee payment made on behalf of the Company by its Managing Member or the Affiliate Guarantor as (i) a capital contribution to the capital of the Company by the Managing Member in the amount of such guarantee payment that is matched with a corresponding upward adjustment to such Managing Member's capital account in the Company or (ii) as a loan (as described above) by the Managing Member in the amount of such guarantee payment, so as to minimize any possible unintended increase in the amount of depreciation and tax credits allocated to the Managing Member; provided that any losses or other deductions, other than depreciation, relating to such

capital contribution or loan, shall be allocated to the Managing Member making such guarantee payment.

(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 March 31, 2017, on the terms set forth on **Exhibit F** attached hereto, and with a minimum Debt Service Coverage Ratio of 1.10. The Managing Member represents and warrants that the source of funds for the Project Loans do not include, in whole or in part, “federal subsidies” within the meaning of Code Section 42(i) (i.e. the source of funds for the Project Loans does not include, in whole or in part, a “tax-exempt obligation,” an obligation the interest on which is exempt from tax under Code Section 103). The Project Loan documents shall contain such other terms as may be Consented to by the Investor Member.

8.12 Development Fee.

The Company has entered into a Development Agreement (materially in the form of **Exhibit A** attached hereto) of even date herewith with the Developer for its services in connection with the development and construction of the Project. In consideration for such services, a Development Fee in a total amount equal to \$2,471,304 shall be payable by the Company, in accordance with the terms of the Development Agreement and Article XI of this Agreement. In no event shall full payment of the Development Fee be later than the thirteenth anniversary of placement in service. It is anticipated that \$1,408,731 of the Development Fee will be deferred and paid pursuant to Article XI.

8.13 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.

8.14 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 and the State Credit Investor 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 Project or against an Project 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 4.02(s), 8.12 and/or 8.13 and payment of any Operating Deficit Loan, Completion Loan or MM Loan, 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 8.12.

(b) Release of Fees. All amounts so withheld by the Company under this Section 8.14 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 and the State Credit Investor.

8.15 Selection of Management Agent; Terms of Management Agreement. The Company shall engage such person, firm or company as the Managing Member may select, and as the Investor Member and the State Credit Investor may approve, which approval shall not be unreasonably withheld (hereinafter referred to as "Management Agent") to manage the operation of the Project during the rent up period and following Final Closing. The Management Agent must be a VHDA certified property manager. 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 Member, but in no event will the annual management fee be greater than five and four hundredths percent (5.04%) of the annual gross revenues of the Project. The contract between the Company and the Management Agent and the management plan for the Project 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. Whenever the management agent for the Project is the Managing Member or an Affiliate of the Managing Member, the management agreement shall provide that it is immediately terminable at the election of the Investor Member (or Special Member) and the State Credit Investor in the event of (a) the removal or withdrawal of the Managing Member, or (b) any material breach of or noncompliance with any provision of this Agreement by the Managing Member or any Affiliate of the Managing Member. Any other agreement entered into by the Company and any Managing Member or any Affiliate thereof shall specifically provide that such agreement shall be immediately terminable at the election of the

Investor Member (or Special Member) and the State Credit Investor if the Managing Member is removed or withdraws. Epoch Properties is approved by the parties hereto as the initial Management Agent.

8.16 Removal of the Management Agent. The Managing Member:

(a) may, upon receiving any required approval of the Project Lenders and the Investor Member, dismiss the Management Agent as the entity responsible for the Project under the terms of the contract between the Company and the Management Agent, and

(b) shall, at the request of the Investor Member and the State Credit Investor, remove the Management Agent if such Members determine that the same is necessary to protect the interest 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 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 Project, or the Project Lenders-approved management plan for the Project;

(ii) violates in any material respect any provision of this Agreement or provision of applicable law; or

(iii) causes the Project 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 LIHTC.

8.17 Replacement of the Management Agent. Upon the removal of the Management Agent as the entity responsible for the management of the Project, 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 Investor Member and the State Credit Investor.

8.18 Loans to the Company The Company is authorized to receive Operating Deficit Loans and MM 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 MM 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 8.18, for such period of time and on such terms as the Managing Member, the Investor Member and the State Credit Investor 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 approval of the Investor Member and the State Credit Investor except that such approvals 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 8.18 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.

8.19 Affiliate Guaranty. Concurrently with the execution of this Agreement, the Managing Member shall deliver to the Investor Member and the State Credit Investor (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 obligation under this Agreement, and (c) an opinion of counsel to the Affiliate Guarantors in form satisfactory to the Investor Member regarding the Affiliate Guaranty and the Managing Member Pledge.

8.20 [Not Applicable].

8.21 Accounting Fee. An accounting fee shall be paid to Virginia Housing Capital Corporation under the Agreement to Provide Accounting and Reporting Services, the form of which is attached hereto as **Exhibit J**

8.22 Public Relations. The Managing Member shall provide written and timely notice of any groundbreaking, ribbon-cutting or other public relations ceremonies for the Project to the Investor Member and the State Credit Investor and recognize the Investor Member and the State Credit Investor and their respective member at such public relations ceremonies.

ARTICLE IX
TRANSFERS AND RESTRICTIONS ON TRANSFERS
OF INTERESTS OF INVESTOR MEMBERS

9.01 Restrictions on Transfer of Investor Members' Interests and State Credit Investor Interests.

(a) Under no circumstances will any offer, sale, transfer, assignment, hypothecation or pledge of any Investor Member Interest or State Credit Investor 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 shall not unreasonably withhold its Consent to the pledge by the Investor Member of its Investor Member Interest or a transfer of its right to receive distributions hereunder, or to the pledge by the State Credit Investor of its State Credit Investor 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 or the State Credit Investor.

(b) The Investor Member or State Credit Investor whose interest is being transferred shall pay such reasonable expenses as may be incurred by the Company in connection with such transfer.

(c) Nothing in this Section 9.01 shall limit the authority of the Investor Member to sell, transfer and/or assign interests within the Investor Member or to transfer Interests of the Investor Member to (i) any Affiliate of the Investor Member or Special Member, in the sole discretion of the Investor Member, at any time and from time to time, or (ii) to any other Person once during the term of this Agreement upon Notice to the Managing Member(s). Nothing in this Section 9.01 shall limit the authority of the State Credit Investor to sell, transfer and/or assign interests within the State Credit Investor or to transfer Interests of the State Credit Investor to any Affiliate of the State Credit Investor, the Investor Member or Special Member, at any time and from time to time, as long as such sale, transfer or assignment will not affect the rights or ability of the Company or the Members to claim Rehabilitation Credits. The foregoing transfer rights remain subject to any approval rights of VHDA or the Project Lenders (other than any Affiliate of the Managing Member which is a Project Lender).

9.02 Admission of Substitute Investor Members.

(a) Subject to the other provisions of this Article IX, an assignee of the Interest of an Investor Member or State Credit Investor (which shall be understood to include any purchaser, transferee, donee, or other recipient of any disposition of such Interest) shall be deemed admitted as a Substitute Investor Member or Substitute State Credit Investor of the Company only upon the satisfactory 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 certificate evidencing the admission of such Person as an Investor Member or State Credit Investor pursuant to the requirements of the Act, provided, however, that no Consent shall be required for any sale, transfer or assignment pursuant to Section 9.01 (c);

(ii) the assignee shall have accepted and agreed to be bound by the terms and provisions of this Agreement by executing a counterpart thereof or an appropriate amendment hereto, and such other documents or instruments as the Managing Member may require in order to effect the admission of such Person as an Investor Member or State Credit Investor;

(iii) an amended Agreement and/or certificate evidencing the admission of such Person as an Investor Member or State Credit Investor shall have been filed for recording pursuant to the requirements of the Act;

(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 an Investor Member or State Credit Investor 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.

(b) For the purpose of allocation of profits, losses and credits, and for the purpose of distributing cash of the Company, a Substitute Investor Member or Substitute State Credit Investor shall be treated as having become, and as appearing in, the records of the Company as a Member upon his signing of an amendment to this Agreement agreeing to be bound hereby.

(c) If the Managing Member has determined it will Consent to the admission, the Managing Member shall cooperate with the Person seeking to become a Substitute Investor Member or Substitute State Credit Investor 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 certificate evidencing the admission of any Person as an Investor Member or State Credit Investor, and the making of any other official filings and publications, as promptly as practicable after the satisfaction by the assignee of the Interest of an Investor Member or State Credit Investor of the conditions contained in this Article IX to the admission of such Person as an Investor Member or State Credit Investor of the Company. Any cost or expense incurred in connection with such admission shall be borne by the Substitute Investor Member or State Credit Investor.

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 or State Credit Investor of its Interest until the Company has received actual Notice thereof.

(b) Any Person who is the assignee of all or any portion of an Investor Member's Interest or State Credit Investor's Interest, but does not become a Substitute Investor Member or State Credit Investor, 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 or State Credit Investor 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 or State Credit Investor 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 or State Credit Investor 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 or State Credit Investor shall have any power or authority with respect to the Company except insofar as the consent of any Investor Member and State Credit Investor shall be expressly required and except as otherwise expressly provided in this Agreement.

10.02 Limitation on Liability of Investor Member and State Credit Investor. The liability of each Investor Member and State Credit Investor is limited to its Capital Contribution (and Purchase Price, for the State Credit Investor) as and when payable under the provisions of this Agreement, and as provided under the Act. No Investor Member or State Credit Investor 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 or State Credit Investor be personally liable for any obligations of the Company, except as and to the extent provided in the Act. No Investor Member or State Credit Investor shall be obligated to make loans to the Company.

10.03 Other Activities. Any Investor Member and State Credit Investor may engage in or possess interests in other ventures of every kind and description for its own account, including without limitation, serving as general partner or managing member of other limited liability companies or limited partnerships which own, either directly or through interests in other limited liability companies or limited partnerships, government-assisted housing projects similar to the Project. 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.

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 the 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. However, all of the VHRC shall be allocated to the State Credit Investor.

(c) Special Member Allocation. Notwithstanding any provisions in the Agreement to the contrary, in no event shall the Special Member be allocated more than its Percentage Interest, determined as of the date hereof, of any item of Company income, gain, loss, deduction, credit or basis.

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) and (g) 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 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 the period commencing with the date of receipt of the initial certificate of occupancy with respect to the Project 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 the Investor Member and the State Credit Investor until the aggregate amount of distributions made to the Investor Member and State Credit Investor under this Section 11.03(b)(i) for the current and all prior years equals the Assumed Investor Member Tax Liability and Assumed State Credit Investor Liability, respectively, for the current and all prior years;

(ii) second, to the Investor Member and the State Credit Investor in an amount equal to any LIHTC Reduction Guaranty Payment, Credit Reduction Guaranty Payment, Unpaid LIHTC Shortfall or any amount owed to either Member under Section 8.11(c) hereof, pro rata based on the outstanding respective balances of each;

(iii) third, for Net Cash Flow relating to the period beginning at the start of the Sixth Post-PIS Year, to the Managing Member 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;

(iv) fourth, to the Developer until all amounts due under the Development Agreement have been paid in full;

(v) fifth, to replenish the Operating Reserve to a balance of \$475,000;

(vi) sixth, to payments of accrued interest on the sponsor loans from ElderHomes (from DHCD funds) identified on Exhibit F, and then ninety percent (90%) to payments of accrued interest, and then principal on the seller loan identified on Exhibit F;

(vii) seventh, following the full payment of amounts due under the Development

Agreement, to the pro rata payment of any outstanding Completion Loans, Operating Deficit Loans, and MM Loans, based upon the respective outstanding balances of each;

(viii) eighth, after the beginning of the Sixth Post-PIS Year, forty-nine percent (49%) to the payment of the Incentive Management Fee (prior to the beginning of the Sixth Post-PIS Year, this fee shall not be paid or payable); and

(ix) thereafter, to the members in accordance with their Percentage Interests.

(c) Distributions to be Subject to Regulatory Restrictions. Notwithstanding the foregoing, during such time as regulations of the Project Lenders are applicable to the Project, 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 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 and State Credit Investor, an amount equal to any outstanding LIHTC Reduction Guaranty Payment, or any Unpaid LIHTC Shortfall (applied first to accrued but unpaid interest (at the Default Rate) and then principal); (ii) to the Investor Member, an amount equal to any Special Additional Capital Contribution; (iii) amounts due under the Development Agreement; (iv) to the payment of any outstanding loans from ElderHomes, as described in **Exhibit F**, (v) to the payment of any outstanding MM Loans; (vi) amounts due with respect to Operating Deficit Loans or Completion Loan, if any, on a pro-rata basis; and (vii) any other such debts and liabilities;

(d) The greater of (A) \$40,000 or (B) One percent (1%) of the gross proceeds of the Capital Transaction to the Special Member, or its assignee as a Capital Transaction Administrative Fee;

(e) to the Managing Member, the State Credit Investor and Investor Members in proportion to the relative amounts of Net Projected Tax Liabilities of the Managing Member, the State Credit Investor and the Investor Member's Members or members and their respective Members or members until they each have received, cumulatively, an amount equal to their respective Net Projected Tax Liabilities;

(f) to payment of the Guarantor LIHTC Compliance Loan (or, if funds provided are a capital contribution under Section 8.11(c)(v), as a return of such capital); and

(g) the balance, to the Members in accordance with their respective Percentage Interest; provided, however, for any net proceeds of a Capital Transaction which occurs after the beginning of the Sixth Post-PIS Year, the balance will be distributed to the Members as follows: forty-nine percent (49%) to the Managing Member, thirty-nine and one hundred ninety-nine thousandths percent (39.199%) to HEF 19, nine and eight-tenths percent (9.8%) to HEF 18, two percent (2.0%) to the State Credit Investor, and one one-thousandth percent (0.001%) to the Special Member; however, if any amounts are distributed to the Managing Member pursuant to clause (e) above in any year, then the amount to be distributed to the Managing Member under this clause (g) for that year will be reduced (and the distributions to the other Members will be increased on a pro rata basis), so that the Managing Member's distributions under clauses (e), (f) and (g) will not exceed forty-nine percent (49%) of the amounts distributed under clauses (e), (f) and (g) to all Members.

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. Distributions hereunder shall be made within five (5) business days of the Company's receipt of such proceeds.

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) At any time after the beginning of the Sixth Post-PIS Year, 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 IRS 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 8.11(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) At any time after the beginning of the Sixth Post-PIS Year, any income attributable to the modification of any of the Project Loan(s) shall be allocated 100% to the Managing 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 income and gain for tax purposes of the Company, including income or gain exempt from tax; 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 Project 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 limited liability company in exchange for an interest in the new limited liability company. Immediately thereafter, the terminated Company shall be deemed to have distributed interests in the new limited liability 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 Sections 11.01(a) and (b):

(a) Depreciation and LIHTC.

(i) Depreciation (cost recovery) deductions and LIHTC are allocated to the Members in accordance with their Percentage Interests.

(ii) Any recapture of LIHTC is allocated to the Members that were

allocated (or whose predecessors-in-interest were allocated) the depreciation/cost recovery deduction and LIHTC 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 Project, 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 Member's Minimum Gain occurs in connection with the disposition of all or any portion of Project, 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 the 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 the 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, the State Credit Investor 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 or the State Credit Investor than is otherwise provided for in this Article XI, then the Managing Member shall do so only with the Investor Member's, the State Credit Investor's or the Special Member's Consent and only after having given the Investor Member, the State Credit Investor 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 Member and the State Credit Investor as nearly as possible to the allocations thereof otherwise contemplated by this Article XI.

(n) Grant Income. At any time after the beginning of the Sixth Post-PIS Year, any taxable 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.

(o) Virginia Historic Credits. Any income or gain relating to the Virginia Historic Credit shall be allocated eighty percent (80%) to HEF 19, and twenty percent (20%) to HEF 18.

11.08 Designation of Tax Matters Partner. The Managing Member hereby is designated as Tax Matters Partner of the Company, and shall engage in such undertakings as are required of the Tax Matters Partner 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 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. Notwithstanding the foregoing, the Investor Member and the State Credit Investor each has the right to approve and disapprove all substantial actions that may be taken by the Managing Member in its capacity as Tax Matters Partner. 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 Partner with all the authority and powers given to the Managing Member as Tax Matters Partner of the Company under the Code and under this Agreement. The Special Member may exercise its right to assume the Tax Matters Partner responsibilities for the Company, as provided herewith, upon ten (10) days notice to the then existing Tax Matters Partner and Managing Member and may continue as Tax Matters Partner indefinitely. In the event that the Special Member exercises its right to become a Managing Member and to assume duties of the Tax Matters Partner, the pre-existing Tax Matters Partner will resign in accordance with Treas. Reg. § 301.6231(a)(7)-1(i) and will redesignate the new Managing Member as Tax Matters Partner 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 Partner and shall have thereafter all the authority and powers given to the Managing Member as Tax Matters Partner of the Company under the Code and under this Agreement. Unless otherwise specifically provided or agreed, the new Tax Matters Partner 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 Partner.

11.09 Authority of Tax Matters Partner.

(a) 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 Member to the IRS; 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 IRS, the Tax Matters Partner shall forward to each Member a photocopy of all such correspondence or communication(s). The Tax Matters Partner 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 IRS.

(b) The Tax Matters Partner shall, upon request by the Investor Member and the State Credit Investor, permit the Investor Member and the State Credit Investor 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 Partner shall not without the Consent of the Special Member and the State Credit Investor:

(i) Extend the statute of limitations for assessing or computing any tax liability against the Company (or the amount or character of any Company tax items);

(ii) Engage an accounting firm or counsel to represent the Company before the IRS;

(iii) Settle any audit with the IRS 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 IRS 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 IRS 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 IRS pursuant to Sections 6221 through 6233 of the Code, the Tax Matters Partner 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 Partner 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 IRS proceeding against the Company or otherwise).

11.10 Expenses of Tax Matters Partner. The Company 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 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 Partner in connection with any such proceeding, except to the extent required by law, is a matter in the sole discretion of the Tax Matters Partner 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 Partner 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;

(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 Commonwealth of Virginia.

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 Commonwealth of Virginia 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 and in accordance with Treas. Reg. §1.704-1(b)(2)(ii)(b)(2). 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 of Account. The Managing Member shall keep proper and complete books of account for the Company. Such books of account shall be kept at the principal office of the Company and shall be open at all times for examination and copying by the Investor Member or its authorized representatives. The Managing Member shall retain such books of account for six years after the later of the termination of the Company or the end of all applicable compliance periods under the Regulations. All decisions as to the fiscal year and accounting methods to be used by the Company shall be made only with the prior written consent of the Investor Member and the State Credit Investor. In addition, the Managing Member shall comply with all record keeping and record retention requirements applicable to low-income housing projects under the Code and Regulations, and shall provide such information to the Members for their compliance.

13.02 Financial Reports.

(a) Agreement with VHCC. The Company shall enter into an agreement with Virginia Housing Capital Corporation (“VHCC”), essentially in the form attached hereto as **Exhibit J**, pursuant to which VHCC will provide certain accounting and reporting services to the Company.

(b) Monthly Reports. Within ten days after the end of each month, the Managing Member shall deliver to the Members with respect to such month a cash flow statement for the Company, with a detailed itemization of all Company receipts and expenses, and with such additional information as shall be reasonably requested by the Members (the foregoing, collectively, the “Cash Flow Report”). Notwithstanding the foregoing, if the Investor Member and the State Credit Investor believes that the Project is experiencing or may experience adverse operating results or any other material adverse condition, the Investor Member and the State Credit Investor, by notice to the Managing Member, may require the delivery of Cash Flow Reports within five days after the end of each month, until such time as the Investor Member and the State Credit Investor believes that the adverse condition affecting the Project is no longer present or threatened. At Investor Member’s and the State Credit Investor’s request, copies of all proposed leases and tenant income certification information for the initial occupant of each dwelling unit shall be delivered concurrently with such Cash Flow Report prior to execution thereof by the Company.

(c) Governmental and Lender Reports. The Managing Member shall also deliver to the Investor Member and the State Credit Investor any financial or performance report required to be provided by the Company to any federal, state or local governmental agency or to any Company

lender. Any such report shall be delivered to the Investor Member and the State Credit Investor within five days after such report is filed with any such governmental agency or Company lender.

13.03 Budgets and General Disclosure. The Managing Member shall prepare and deliver to the Investor Member and the State Credit Investor no later than the 60 days prior to the beginning of each fiscal year of the Company a detailed annual operating and capital improvements budget for the operation of the Project during such 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. Such a budget shall be deemed “approved” for purposes of this Agreement only when such budget has been approved by the Investor Member and the State Credit Investor. The Managing Member shall keep the Investor Member and the State Credit Investor informed concerning the general state of the business and financial condition of the Company and shall, upon the reasonable request of the Investor Member and the State Credit Investor, furnish to the Investor Member full information, accounts and documentation concerning the state of the business and financial condition of the Company. The Managing Member shall also provide the following statements or disclosures to the Investor Member and the State Credit Investor:

(a) Semiannual Reports. Semiannually, within 45 days after the end of the second and fourth fiscal quarters of the Company, until the later to occur of the following events: (i) all Capital Contribution installments of the Investor Member and the State Credit Investor have been made, or (ii) the Project is placed in service, a report on the status of the Company. Such report will include the following, and will contain updated and revised information if there has been any change in facts previously reported.

(i) a description of the Project, including the status of construction or rehabilitation to be performed in connection with the Project (which information shall be provided on the Project until construction or rehabilitation is complete);

(ii) a description of the financing for the Project, including mortgage financing, any state or local government loans, any operating deficit guaranty, the Investor Member’s and the State Credit Investor’s Capital Contributions to the Company and any other contributions or loans to the Company;

(iii) a description of any applicable rental subsidy for the Project;

(iv) the terms of any performance bonds, development cost guarantees, operating deficit guarantees and other credit enhancements provided in connection with the Project;

(v) the fees, and other financial incentives provided to the Managing Member and its Affiliates; and

(vi) any draw or call upon or demand for payment of or under any operating deficit guarantee, operating reserve, contractor performance bonds or completion guarantee.

(b) Annual Reports. Within 100 days after the end of each fiscal year of the Company, a statement prepared by the Managing Member, which statement shall include the following:

(i) a report summarizing the fees, commissions, compensation and other remuneration and reimbursed expenses paid by the Company for such fiscal year to the Managing Member or any Affiliates of the Managing Member and the services performed;

(ii) a report of the activities and investments of the Company during the period covered by the report; and

(iii) a comparison of actual and projected tax benefits for the year.

The statement will be accompanied by audited financial statements of any Affiliate Guarantor.

(c) Demands for Payment. Within three business days of the exercise thereof, any draw or call upon or demand for payment of or under any operating deficit guarantee, operating reserve, contractor performance bonds or completion guarantee.

(d) Notices of Default. Immediately upon notice of such a default, any default by the Company in any loan, including any state or local government loan or other financial obligation, of the Company or its Managing Member.

(e) Notices of IRS Proceedings. Immediately upon receipt of such notice, any notice of any IRS proceeding or any other audit, review or inspection by an federal, state or local governmental agency or Project Lender involving the Company.

13.04 Tax Information. The Managing Member shall file all necessary tax forms related to the formation of the Company, including, if required, Form 8264 (related to the registration of a tax shelter). VHCC shall also provide such federal tax information as required under its agreement with the Company as set forth on Exhibit J.

13.05 Selection of Accountants. The Investor Member and the State Credit Investor shall be entitled to select a firm of certified public accountants that are experienced in LIHTC and that will prepare the Company's year-end financial statements and the Company's annual tax returns. The fee of such accountants shall be paid by the Investor Member and the State Credit Investor out of the accounting fee payable to the Investor Member pursuant to Section 8.21 of this Agreement.

13.06 Section 754 Elections. In the event of a transfer of all or any part of the Interest of a Managing Member or of an Investor Member or the State Credit Investor, 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 and the State Credit Investor, based upon the advice of the Accountants, such election would be most advantageous to the Investor Member and the State Credit Investor. Each Member agrees to furnish the Company with all information necessary to give effect to such election.

13.07 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.

13.08 Late Report Penalties. (i) In the event that the reports of information provided for in Sections 13.02(b) or 13.03 above are, at any time, not provided within the time frames set forth therein, the Managing Member shall be obligated to pay to the Investor Member and the State Credit Investor the sum of \$200.00 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 Investor Member and the State Credit Investor. In the event that the reporting requirements set forth in any of the above provisions of this Article XIII are not met, the Investor Member and the State Credit Investor, in its reasonable discretion, may direct the Managing Member to dismiss the Accountants, and to designate successor Accountants, subject to the approval of the Investor Member and the State Credit Investor; provided, however, that if the Managing Member and the Investor Member and the State Credit Investor cannot agree on the designation of successor Accountants, the successor Accountants shall be designated by the Investor Member and the State Credit Investor in their sole reasonable discretion, and the fees of such successor Accountants shall be paid by the Managing Member.

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 and the State Credit Investor proposes an amendment to this Agreement which either (a) increases or imposes upon the Investor Member and the State Credit Investor the obligation to restore a deficit balance in its Capital Account, or (b) prospectively decreases the obligation of the Investor Member and the State Credit Investor 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 and the State Credit Investor 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 and the State Credit Investor. The Managing Member shall give the Investor Member and the State Credit Investor 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 Member and the State Credit Investor. 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 Member and the State Credit Investor 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 Commonwealth of Virginia.

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 and the State Credit Investor. Notwithstanding anything to the contrary contained herein, neither the Investor Member, the State Credit Investor nor any of their respective members 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 and the State Credit Investor under this Agreement, except that the Investor Member and the State Credit Investor shall be personally obligated to fund their respective Capital Contributions (and Purchase Price, for the State Credit Investor) 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 (and Purchase Price, for the State Credit Investor). In the event that the Investor Member or the State Credit Investor 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 or the State Credit Investor, shall be either against the Interest of the Investor Member or the State Credit Investor (whichever one is in default) and the capital contributions of the investor members of the Investor Member and State Credit Investor (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 or the State Credit Investor for any such default be in excess of the amount of Capital Contribution payable by the Investor Member or the State Credit Investor to the Company (and Purchase Price, for the State Credit Investor), under the terms of this Agreement, at the time of such default, less the value of the Interest of the Investor Member or the State Credit Investor, if such Interest is claimed as compensation for damages.

16.07 Environmental Protection.

(a) The Managing Member warrants and represents that to the best of the Managing Member's knowledge, after diligent inquiry, there presently are not, in, on, or under the Project nor will there be, in, on, or under the Project, upon completion of the construction: (i) any "hazardous substance" as that term is defined under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. §9601, et seq., as amended ("CERCLA"), or any other hazardous or toxic substance, waste or material or any other substance or pollutant that poses a risk to human health or the environment, including, but not limited to, petroleum in any form, lead-based paint, asbestos, urea formaldehyde insulation, methane gas, polychlorinated biphenyls ("PCBs") or radon, except for ordinary and necessary quantities of office supplies, cleaning materials and pest control supplies stored in a safe and lawful manner and petroleum products contained in motor vehicles (the "Hazardous Substances"); (ii) any underground storage tanks; (iii) accumulations of debris, mining spoil, spent batteries, except for ordinary garbage stored in receptacles for regular removal; (iv) or any other condition which could result in liability

for an owner or operator of the Project under any federal, state, or local law, rule, regulation, or ordinance.

(b) The Managing Member 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 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 Project 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 Project.

(c) The Managing Member further warrants and represents to the best of the Managing Member's knowledge that the Project is in compliance with all applicable Hazardous Waste Laws, and the Managing Member has not received notice of any violations of the Hazardous Waste Laws. The Managing Member covenants and agrees to take all necessary action within its control to ensure that the Project is in compliance with the Hazardous Waste Laws at all times and that the Project remains free from the presence of any Hazardous Substances in, on or under the Project. The Managing Member will promptly deliver any notice it may receive of any violation of the Hazardous Waste Laws to the Investor Member and the Special Member.

(d) The Managing Member agrees to indemnify and hold harmless the Company, the Investor Member, the State Credit Investor, the Special Member, and any member of the Investor Member or the State Credit Investor (the "Indemnified Parties") from and against all claims, actions, causes of action, liability, and expense (including, without limitation, attorneys' fees, court costs, and remedial and response costs) incurred or suffered by, or asserted by any person, entity, or governmental agency against the Indemnified Parties due to breach of the Managing Member of the Company's representations, warranties, or covenants, or a violation of the Hazardous Waste Laws, or the presence of Hazardous Substances in, on, or under the Project. The foregoing indemnification shall be a recourse obligation of the Managing Member and shall (to the full extent permitted by law) survive the dissolution of the Company and the death, dissolution, retirement, incompetency, insolvency, bankruptcy, or withdrawal of the Managing Member.

(e) For purposes of 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. All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the addressee or by depositing same with Federal Express (or another nationally recognized overnight delivery service) for next business day delivery or by depositing same in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed as follows:

- (a) To the Investor Member or Special Member:

Housing Equity Fund of Virginia XIX, L.L.C.
Housing Equity Fund of Virginia XVIII, L.L.C.
c/o Virginia Housing Capital Corporation
1840 West Broad Street, Suite 200
Richmond, Virginia 23220-2151
Attention: Arild O. Trent

with a copy to:

Applegate & Thorne-Thomsen, P.C.
626 W. Jackson Blvd.
Suite 400
Chicago, Illinois 60661
Attention: Paul Davis

- (b) To the Managing Member:

Project Homes Properties, Inc.
88 Carnation Street
Richmond, VA 23225
Attention: Lee Householder

With a copy to:

Kanady & Quinn, P.C.
9200 Forest Hill Avenue, Suite C
Richmond, VA 23235
Attention: Johnson Kanady

(c) To the State Credit Investor:

VCDC Cardinal Equity Fund, LLC
1840 West Broad Street, Suite 200
Richmond, VA 23220-2151
Attn: Arild O. Trent

with a copy to:

Applegate & Thorne-Thomsen, P.C.
626 W. Jackson Blvd.
Suite 400
Chicago, Illinois 60661
Attention: Paul Davis

All notices, demands and requests shall be effective upon such personal delivery or upon being deposited with Federal Express (or another nationally recognized overnight delivery service) or in the United States mail as required above. However, with respect to notices, demands or requests so deposited with Federal Express (or another nationally recognized overnight delivery service) or in the United States mail, the time period in which a response to any such notice, demand or request must be given shall commence to run from the next business day following any such deposit with Federal Express (or another nationally recognized overnight delivery service) or, in the case of a deposit in the United States mail as provided above, the date on the return receipt of the notice, demand or request reflecting the date of delivery or rejection of the same by the addressee thereof. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice, demand or request sent. By giving to the other party hereto at least 30 days' written notice thereof in accordance with the provisions hereof, the parties hereto shall have the right from time to time to change their respective addresses and each shall have the right to specify as its address any other address within the United States of America.

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 Decisions by Investor Member and State Credit Investor; Consent Rights. In the event this Agreement requires the consent or approval of, or that a decision be made by, both the Investor Member and the State Credit Investor, the decision made by the Investor Member with respect to such matter shall control if there is a conflict. If the Managing Member (or an Affiliate) acquires or otherwise becomes an assignee of the Interests of the State Credit Investor, the Managing Member (or its Affiliate) shall not have the consent or approval rights provided to State Credit Investor hereunder.

16.12. VHDA Mortgage Requirements. Notwithstanding any other provision of this Agreement, this limited liability company and the Members shall be subject to regulation and supervision by the Virginia Housing Development Authority (“VHDA”) in accordance with the Virginia Housing Development Authority Act, the Rules and Regulations of VHDA, and the Regulatory Agreement executed or to be executed by the Company for the benefit of VHDA and shall be further subject to the exercise by VHDA of the rights and powers conferred on VHDA thereby. Notwithstanding any other provision of this Agreement, VHDA may rely upon the continuing effect of this provision which shall not be amended, altered, waived, supplemented or otherwise changed without the prior written consent of VHDA.

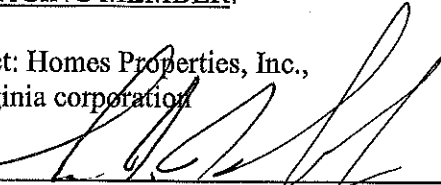
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IN WITNESS WHEREOF, the parties have affixed their signatures and seals to this Amended and Restated Operating Agreement of William Byrd Senior Apartments, LLC as of the date first written above.

MANAGING MEMBER:

Project: Homes Properties, Inc.,
a Virginia corporation

By: _____



Lee D. Householder, President

HEF 19:

Housing Equity Fund of Virginia XIX, L.L.C., a
Virginia limited liability company

By: Virginia Housing Capital Corporation, its
managing member

By: Arild O. Trent
Arild O. Trent, Vice President

HEF 18:

Housing Equity Fund of Virginia XVIII, L.L.C., a
Virginia limited liability company

By: Virginia Housing Capital Corporation, its
managing member

By: Arild O. Trent
Arild O. Trent, Vice President

SPECIAL MEMBER:

VAHM, LLC, a Virginia limited liability company

By: Arild O. Trent
Arild O. Trent, Vice President

SPECIAL MEMBER:

VCDC Cardinal Equity Fund, LLC, a Virginia
limited liability company

By: Virginia Housing Capital Corporation, its
managing member

By: Arild O. Trent
Arild O. Trent, Vice President

Execution Version

TABLE OF EXHIBITS

- A Development Agreement
- B Incentive Management Fee Agreement
- C Description of Land
- D Affiliate Guaranty
- E Pledge and Security Agreement of Managing Member
- F Summary of Project Loan Terms
- G Property Management Agreement
- H Development Budget
- I Insurance Requirements
- J Form of Agreement to Provide Accounting and Reporting Services
- K Post Closing Obligations
- L Amended and Restated Right of First Refusal Agreement
- M [Intentionally Omitted]

**EXHIBIT A
TO OPERATING AGREEMENT**

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this “Agreement”) made as of November 18, 2015 by and between William Byrd Senior Apartments, LLC, a Virginia limited liability company (the “Company”) and ElderHomes Corporation d/b/a Project: Homes, a Virginia not-for-profit corporation (the “Developer”).

Recitals

WHEREAS, the Company was formed to acquire, construct, develop, improve, maintain, own, operate, lease, dispose of and otherwise deal with an apartment project located in Richmond, Virginia, known as William Byrd Senior Apartments (the “Project”).

WHEREAS, the Project, following the completion of construction, is expected to constitute a “qualified low-income housing project” (as defined in Section 42(g)(1) of the Code).

WHEREAS, the Developer has provided and will continue to provide certain services with respect to the Project during the acquisition, development, rehabilitation and initial operating phases thereof.

WHEREAS, in consideration for such services, the Company has agreed to pay to the Developer certain fees computed in the manner stated herein.

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Amended and Restated Operating Agreement of even date herewith (the “Operating Agreement”).

NOW, THEREFORE, in consideration of the recitals, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties agree as follows:

Section 1. Development Services.

(a) The Developer has performed certain services relating to the development of the Project and shall oversee the development and construction of the Project, and shall perform the services and carry out the responsibilities with respect to the Project as are set forth herein, and such additional duties and responsibilities as are reasonably within the general scope of such services and responsibilities and are designated from time to time by the Company.

(b) The Developer's services shall be performed in the name and on behalf of the Company and shall consist of the duties set forth in subparagraphs (i)-(xiii) below of this Section 1(b) and as provided elsewhere in this Agreement; provided, however, that if the performance of any duty of the Developer set forth in this Agreement is beyond the reasonable control of the Developer, the Developer shall nonetheless be obligated to (i) use its best efforts to perform such duty and (ii) promptly notify the Company that the performance of such duty is beyond its reasonable control. The Developer has performed or shall perform the following:

(i) Negotiate and cause to be executed in the name and on behalf of the Company any agreements for architectural, engineering, testing or consulting services for the Project, and any agreements for the construction of any improvements or tenant improvements to be constructed or installed by the Company or the furnishing of any supplies, materials, machinery or equipment therefor, or any amendments thereof, provided that no agreement shall be executed nor binding commitment made until the terms and conditions thereof and the party with whom the agreement is made have been approved by the Managing Member unless the terms, conditions, and parties comply with guidelines issued by the Managing Member concerning such agreements;

(ii) Assist the Company in identifying sources of construction financing for the Project and negotiate the terms of such financing with lenders, and provide acquisition services;

(iii) Establish and implement appropriate administrative and financial controls for the design and construction of the Project, including but not limited to:

(A) coordination and administration of the Project architect, the general contractor, and other contractors, professionals and consultants employed in connection with the design or rehabilitation of the Project;

(B) administration of any construction contracts on behalf of the Company;

(C) participation in conferences and the rendering of such advice and assistance as will aid in developing economical, efficient and desirable design and construction procedures;

(D) the rendering of advice and recommendations as to the selection of subcontractors and suppliers;

(E) the review and submission to the Company for approval of all requests for payments under any architectural

agreement, general contractor's agreement, or any loan agreements with any lending institutions providing funds for the benefit of the Company for the design or construction of any improvements;

(F) the submission of any suggestions or requests for changes which could in any reasonable manner improve the design, efficiency or cost of the Project;

(G) applying for the maintaining in full force and effect any and all governmental permits and approvals required for the lawful construction of the Project;

(H) compliance with all terms and conditions applicable to the Company or the Project contained in any governmental permit or approval required or obtained for the lawful construction of the Project, or in any insurance policy affecting or covering the Project, or in any surety bond obtained in connection with the Project;

(I) furnishing such consultation and advice relating to the Project as may be reasonably requested from time to time by the Company;

(J) keeping the Company fully informed on a regular basis of the progress of the design and construction of the Project, including the preparation of such reports as are provided for herein or as may reasonably be requested by the Company and which are of a nature generally requested or expected of construction managers or similar owner's representatives on similar projects;

(K) giving or making the Company's instructions, requirements, approvals and payments provided for in the agreements with the Project architect, general contractor, and other contractors, professionals and consultants retained for the Project; and

(L) at the Company's expense, filing on behalf of and as the attorney-in-fact for the Company any notices of completion required or permitted to be filed upon the completion of any improvement(s) and taking such actions as may be required to obtain any certificates of occupancy or equivalent documents required to permit the occupancy of the Project.

(iv) Inspect the progress of the course of construction of the Project, including verification of the materials and labor being furnished to and on such

construction so as to be fully competent to approve or disapprove requests for payment made by the Project architect and the general contractor, or by any other parties with respect to the design or construction of the Project, and in addition to verify that the construction is being carried out substantially in accordance with the plans and specifications approved by the Company or, in the event construction is not being so carried out, to promptly notify the Company;

(v) If requested to do so by the Company, perform on behalf of the Company all obligations of the Company with respect to the design or construction of the Project contained in any loan agreement or security agreement in connection with the Project, or in any lease or rental agreement relating to space in the Project, or in any agreement entered into with any governmental body or agency relating to the terms and conditions of such construction, provided that copies of such agreements have been provided by the Company to the Developer or the Company has otherwise notified the Developer in writing of such obligations;

(vi) To the extent requested to do so by the Company, prepare and distribute to the Company a critical path schedule, and periodic updates thereto as necessary to reflect any material changes, but in any event not less frequently than quarterly, other design or construction cost estimates as required by the Company, and financial accounting reports, including monthly progress reports on the quality, progress and cost of construction and recommendations as to the drawing of funds from any loans arranged by the Company to cover the cost of design and construction of the Project, or as to the providing of additional capital contributions should such loan funds for any reason be unavailable or inadequate;

(vii) At the Company's expense, obtain and maintain insurance coverage for the Project, the Company, the Management Agent, and the Developer and its employees, at all times until final completion of construction of the Project, in accordance with an insurance schedule approved by the Company, which insurance shall include general public liability insurance covering claims for personal injury, including but not limited to bodily injury, or property damage, occurring in or upon the Property or the streets, passageways, curbs and vaults adjoining the Property. Such insurance shall be in a liability amount approved by the Company;

(viii) Comply with all applicable present and future laws, ordinances, orders, rules, regulations and requirements (hereinafter in this subparagraph (ix) called "laws") of all federal, state and municipal governments, courts, departments, commissions, boards and offices, any national or local Board of Fire Underwriters or Insurance Services. Offices having jurisdiction in the county in which the Project is located or any other body exercising functions similar to those of any of the foregoing, or any insurance carriers providing any insurance coverage for the Company or the Project, which may be applicable to the Project or any part thereof. Any such compliance undertaken by the Developer on behalf of and in the name of

the Company, in accordance with the provisions of this Agreement, shall be at the Company's expense. The Developer shall likewise ensure that all agreements between the Company and independent contractors performing work in connection with the Project shall include the agreement of said independent contractors to comply with all such applicable laws;

(ix) Assemble and retain all contracts, agreements and other records and data as may be necessary to carry out the Developer's functions hereunder. Without limiting the foregoing, the Developer will prepare, accumulate and furnish to the Company and the appropriate governmental authorities, as necessary, data and information sufficient to identify the market value of improvements in place as of each real property tax lien date, and will take application for appropriate exclusions from the capital costs of the Project for purposes of real property ad valorem taxes;

(x) Coordinate and administer the design and construction of all interior tenant improvements to the extent required under any leases or other occupancy agreements to be constructed or furnished by the Company with respect to the initial leasing of space in the Project, whether involving building standard or non-building standard work;

(xi) Use its best efforts to accomplish the timely completion of the Project in accordance with the approved plans and specifications and the time schedules for such completion approved by the Company;

(xii) At the direction of the Company, implement any decisions of the Company made in connection with the design, development and construction of the Project or any policies and procedures relating thereto, exclusive of leasing activities; and

(xiii) Perform and administer any and all other services and responsibilities of the Developer which are set forth in any other provisions of this Agreement, or which are requested to be performed by the Company and are within the general scope of the services described herein.

Section 2. Limitations and Restrictions. Notwithstanding any provisions of this Agreement, the Developer shall not take any action, expend any sum, make any decision, give any consent, approval or authorization, or incur any obligation with respect to (i) any matter not related to the construction or construction financing of the Project, including but not limited to the organization of the Company, obtaining permanent financing, obtaining an investor for the Company or leasing up the Project, such matters to be performed or supervised by the Managing Member and (ii) any of the following matters unless and until the same has been approved by the Company:

(a) Approval of all construction and architectural contracts and all architectural plans, specifications and drawings prior to the construction and/or alteration of any improvements contemplated thereby, except for such matters as may be expressly delegated in writing to the Developer by the Company;

(b) Any proposed change in the work of the construction of the Project, or in the plans and specifications therefor as previously approved by the Company, or in the cost thereof, or any other change which would affect the design, cost, value or quality of the Project, except for such matters as may be expressly delegated in writing to the Developer by the Company;

(c) Making any expenditure or incurring any obligation by or on behalf of the Company or the Project involving a sum in excess of \$25,000 or involving a sum of less than \$5,000 where the same relates to a component part of any work, the combined cost of which exceeds \$25,000, except for expenditures made and obligations incurred pursuant to and specifically set forth in a construction budget approved by the Company (the "Construction Budget") or for such matters as may be otherwise expressly delegated to the Developer by the Company;

(d) Making any expenditure or incurring any obligation which, when added to any other expenditure, exceeds the Construction Budget or any line item specified in the Construction Budget, except for such matters as may be otherwise expressly delegated in writing to the Developer by the Company; or

(e) Expending more than what the Developer in good faith believes to be the fair and reasonable market value at the time and place of contracting for any goods purchased or leased or services engaged on behalf of the Company or otherwise in connection with the Project.

Section 3. Accounts and Records.

(a) The Developer on behalf of the Company, shall keep such books of account and other records as may be required and approved by the Company, including, but not limited to, records relating to the costs of construction advances. The Developer shall keep vouchers, statements, receipted bills and invoices and all other records, in the form approved by the Company, covering all collections, if any, disbursements and other data in connection with the Project prior to final completion of construction. All accounts and records relating to the Project, including all correspondence, shall be surrendered to the Company, upon demand without charge therefor.

(b) The Developer shall cooperate with the Management Agent to facilitate the timely preparation by the Management Agent of such reports and financial statements as the Management Agent is required to furnish pursuant to the Management Agreement.

(c) All books and records prepared or maintained by the Developer shall be kept and maintained at all times at the place or places approved by the Company, and shall be available for and subject to audit, inspection and copying by the Management Agent, the Company or any

representative or auditor thereof or supervisory or regulatory authority, at the times and in the manner set forth in the Operating Agreement.

Section 4. Obligation To Complete Construction and to Pay Development Costs.

The Developer shall complete the construction of the Project or cause the same to be completed in a good and workmanlike manner, free and clear of all mechanics', materialmen's or similar liens, and shall equip the Project or cause the same to be equipped with all necessary and appropriate fixtures, equipment and articles of personal property, including refrigerators and ranges, provided for in the Project Documents and the Plans and Specifications. The Developer also shall cause the achievement of Final Closing in accordance with the terms of the Operating Agreement. If the Specified Proceeds as available from time to time are insufficient to cover all Development Costs and achieve Final Closing, the Developer shall advance or cause to be advanced to the Company from time to time as needed all such funds as are required to pay such deficiencies. Any such advances ("Development Advances") shall, to the extent permitted under the Project Documents and any applicable regulations or requirements of any Project Lender or Agency, be reimbursed at or prior to Final Closing only out of Specified Proceeds available from time to time after payment of all Development Costs. Any balance of the amount of each Development Advance not reimbursed through Final Closing shall not be reimbursable, shall not be credited to the Capital Account of any Member, or otherwise change the interest of any Person in the Company, but shall be borne by the Developer under the terms of this Agreement.

Section 5. Development Amount.

Any Development Advances made by the Developer shall be reimbursed from Specified Proceeds as set forth in Section 4. As reimbursement for any additional Development Advances and as a fee for its services in connection with the development of the Project and the supervision of the construction/rehabilitation of the Project, the Developer shall be paid an amount (the "Development Amount") equal to the lesser of (a) Two Million Four Hundred Seventy-One Thousand Three Hundred Four and No/100 Dollars (\$2,471,304); or (b) the maximum amount which conforms to the developer fee standards imposed by the Virginia Housing Development Authority. A portion of the Development Amount in the amount of \$261,821 is being paid to Developer hereunder in consideration of its activities and services relating to the acquisition of the Project. The Development Amount shall be deemed to have been earned as follows:

- (i) Twenty percent (20%) on the date hereof;
- (ii) Eighty percent (80%) upon Substantial Completion of the Project (and, prior to Substantial Completion, a pro rata percentage (based on square footage) of the 80% will be deemed earned as each building of the Project is completed).

The Development Amount shall be paid from and only to the extent of Specified Proceeds as provided in the Operating Agreement, in installments as follows:

- (i) \$50,000 on Initial Closing;
- (ii) \$715,177 upon payment of the Second Capital Contribution;
- (iii) \$250,000 upon payment of the Third Capital Contribution; and
- (iv) \$47,000 upon payment of the Fourth Capital Contribution.

Any installment of the Development Amount not paid when otherwise due hereunder shall be deferred without interest and shall be paid from next available Net Cash Flow in the priority set forth in Section 11.03(b) of the Operating Agreement; provided, however, that any unpaid balance of the Development Amount shall be due and payable in all events on the fifteenth anniversary of placement in service.

Notwithstanding anything else in this Agreement to the contrary, if the Developer fails to complete construction of the Project at a total depreciable cost such that the Project does not satisfy the “50% test” under Code Section 42(h)(4)(B), then the Development Fee shall be reduced on a dollar for dollar basis to the extent the payment of such Development Fee would cause less than 51% 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), to be financed by an obligation described in Code Section 42(h)(4)(A).

Section 6. Applicable Law.

This Agreement, and the application or interpretation hereof, shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

Section 7. Binding Agreement.

This Agreement shall be binding on the parties hereto, their heirs, executors, personal representatives, successors and assigns. As long as the Developer is not in default under this Agreement, the obligation of the Company to pay the Development Amount shall not be affected by any change in the identity of the Managing Member of the Company.

Section 8. Headings.

All section headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any section.

Section 9. Terminology.

All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

For purposes of this Agreement, the following terms have the following meanings:

“Development Costs” means any and all costs and expenses necessary to (i) cause the construction of the Project to be completed, in a good and workmanlike manner, free and clear of all mechanics’, materialmen’s or similar liens, in accordance with the Plans and Specifications, (ii) equip the Project with all necessary and appropriate fixtures, equipment and articles of personal property (including, without limitation, refrigerators and ranges), (iii) obtain all required certificates of occupancy for the apartment units and other space in the Project, (iv) finance the construction of the Project and achieve Final Closing in accordance with the provisions of the Project Documents, (v) discharge all Company liabilities and obligations arising out of any casualty occurring prior to Final Closing generating insurance proceeds for the Company, (vi) fund any Company reserves required hereunder or under any of the Project Documents at or prior to Final Closing, (vii) repay and discharge the construction loan from Community Capital Bank of Virginia, and (viii) pay any other costs or expenses necessary to achieve the Completion Date and Final Closing.

“Specified Proceeds” means (i) the proceeds of all Project Loans, (ii) the net rental income, if any, generated by the Project prior to Final Closing which is permitted by the Project Lenders to be applied to the payment of Development Costs, (iii) the Capital Contributions of the Investor Member, (iv) the Capital Contributions of the Managing Member in the amounts set forth in Section 5.01(a) of the Operating Agreement as of the Initial Closing, and (v) any insurance proceeds arising out of casualties occurring prior to Final Closing.

Section 10. Benefit of Agreement.

The obligations and undertakings of the Developer set forth in this Agreement are made for the benefit of the Company and its Members and shall not inure to the benefit of any creditor of the Company other than a Member, notwithstanding any pledge or assignment by the Company of this Agreement of any rights hereunder.

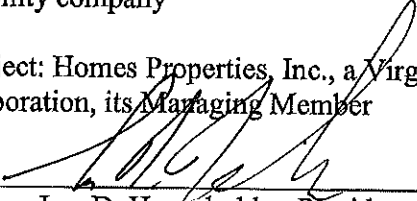
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IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first written above.

COMPANY:

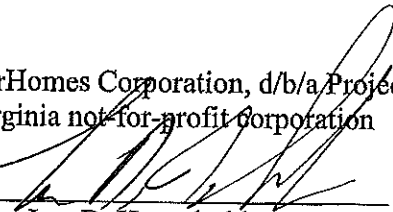
William Byrd Senior Apartments, LLC, a Virginia limited liability company

By: Project: Homes Properties, Inc., a Virginia corporation, its Managing Member

By: 
Lee D. Householder, President

DEVELOPER:

ElderHomes Corporation, d/b/a Project: HOMES, a Virginia not-for-profit corporation

By: 
Lee D. Householder,
Chief Executive Officer

**EXHIBIT B
TO OPERATING AGREEMENT**

INCENTIVE MANAGEMENT FEE AGREEMENT

THIS INCENTIVE MANAGEMENT FEE AGREEMENT (this “Agreement”) made as of November 18, 2015, by and between William Byrd Senior Apartments, LLC, a Virginia limited liability company (the “Company”) and Project: Homes Properties, Inc., a Virginia corporation, as the Managing Member (the “Managing Member”).

Recitals

WHEREAS, Managing Member, Housing Equity Fund of Virginia XVIII, L.L.C. and Housing Equity Fund of Virginia XIX, L.L.C. (collectively, the “Investor Member”), as the Investor Member, VAHM, L.L.C. and VCDC Cardinal Equity Fund, LLC, a Virginia limited liability company, have formed or, simultaneously herewith are forming, the Company pursuant to the Limited Liability Company Act of the Commonwealth of Virginia (the “Act”); and

WHEREAS, the Company has been formed to develop, construct, own, maintain and operate an 104-unit multifamily apartment complex intended for rental to low income individuals and families, to be known as William Byrd Senior Apartments, and to be located in Richmond, Virginia (the “Project”); and

WHEREAS, the Company is governed by its Amended and Restated Operating Agreement of even date herewith (the “Operating Agreement”); and

WHEREAS, the Company desires that the Managing Member provide certain management services with respect to the business of the Company for the period commencing as of the date hereof and continuing throughout the term of the Company.

NOW, THEREFORE, in consideration of the recitals, covenants and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties agree as follows:

1. **Appointment.** The Company hereby appoints the Managing Member to render services in managing and administering the Company during the term of the Company and for as long as the Managing Member is the managing member of the Company as herein contemplated. The appointment of the Managing Member hereunder shall terminate on the earlier of (i) the date the Managing Member withdraws as the managing member of the Company, including, without limitation, its removal as Managing Member, or (ii) the expiration of the term of the Company.

2. **Authority.** In conformity with the provisions of the Operating Agreement, throughout the term of the Company, the Managing Member shall have the authority and the

obligation, which authority and obligation may, subject to the provisions of the Operating Agreement, be exercised by the Managing Member to:

(i) administer, manage and direct the business of the Company, and take such further action as it may deem necessary or desirable to further the interest of the Company in accordance with the provisions of the Operating Agreement;

(ii) monitor the day-to-day operations of the Project and make recommendations with respect thereto;

(iii) investigate and make recommendations with respect to the selection and conduct of relations with consultants and technical advisors (including, without limitation, accountants and other similar advisors, attorneys, corporate fiduciaries, escrow agents, depositories, custodians, agents for collection, insurers, insurance agents and banks) and persons acting in any other capacity in connection with the Company;

(iv) maintain appropriate books and records of the Company in accordance with sound federal income tax accounting principles and in conformity with the requirements of the Project Lenders, including information relating to the sale by the Managing Member or any Affiliate of goods or services to the Company;

(v) be responsible for the safekeeping and use of all funds and assets of the Company, including the maintenance of bank accounts in accordance with Section 4.02(o) of the Operating Agreement;

(vi) provide reports to Members required pursuant to Sections 13.02 and 13.03 of the Operating Agreement;

(vii) furnish or cause to be furnished to the Members copies of any and all financial reports that may be requested by any party(ies) to any of the Project Documents or any governmental agencies having jurisdiction, including copies of any financial statements required by the Project Lenders;

(viii) furnish or cause to be furnished to the Members and/or any party(ies) to any of the Project Documents all such information as they may reasonably request from time to time with respect to the financial and administrative conditions of the Project and the Company; and

(ix) provide office space, support staff and administrative services as required by the Company.

3. Fees. For services to be performed under this Incentive Management Fee Agreement, from and after Breakeven Operations and achievement of 100% Qualified Occupancy,

and beginning in the Sixth Post-PIS Year, the Company shall pay the Managing Member solely from the Net Cash Flow of the Company specifically designated for payment of the Incentive Management Fee pursuant to Section 8.13 and 11.03(b) of the Operating Agreement, an annual, noncumulative Incentive Management Fee of up to forty-nine percent (49%) of the Net Cash Flow remaining after payment of the items described in Section 11.03(b)(i) through (vii) under the Operating Agreement. Prior to the Sixth Post-PIS Year, this fee is not required to be paid.

4. Withholding of Fee Payments. 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 and the Operating Agreement, or (ii) the Managing Member shall have withdrawn or been removed pursuant to Article VI of the Operating Agreement, then such Managing Member shall be in default of this Agreement and the Company shall withhold payment of all or any installment of fees payable to such Managing Member pursuant to Section 3 of this Agreement and Section 8.13 of the Operating Agreement.

All amounts so withheld by the Company under this Section 4 shall be promptly released to the Managing Member, only after the Managing Member has cured the default justifying the withholding, unless the Managing Member shall have been removed pursuant to the Operating Agreement, in which event this Agreement shall terminate in accordance with Section 5 below and all further obligations of the Company hereunder shall cease as of the date of such removal of the Managing Member.

5. Successors and Assigns; Termination. This Agreement shall be binding on the parties hereto, their heirs, successors and assigns. If the membership Interests of a Managing Member, as Managing Member, are transferred pursuant to Section 6.02 of the Operating Agreement, further payment of the Incentive Management Fee from the Company to such Managing Member pursuant to Section 3 above shall be governed by such Section 8.13, provided that such successor has assumed the obligations of the Managing Member hereunder pursuant to an assumption agreement in form acceptable to the Investor Member. The parties hereto may terminate this Agreement upon mutual consent to do so.

6. Defined Terms. Capitalized terms used in this Agreement and not specifically defined herein shall have the same meanings assigned to them as in the Operating Agreement.

7. 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.

8. 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.

9. No Continuing Waiver. The waiver of any party of any breach of this Agreement shall not operate or be construed to be a waiver of any subsequent breach.

10. Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia.

11. Third Party Beneficiary. Investor Member is a third party beneficiary of this Agreement, and the Company and Managing Member hereby expressly agree that any amendment to this Agreement shall not be effective unless and until same is consented to by Investor Member.

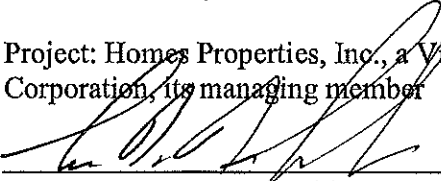
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IN WITNESS WHEREOF, the parties have caused this Incentive Management Fee Agreement to be duly executed as of the date as first written above.

COMPANY:

William Byrd Senior Apartments, LLC, a Virginia limited liability company

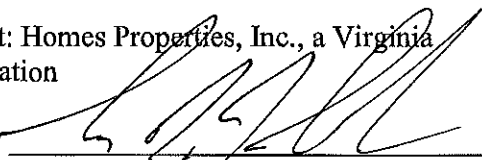
By: Project: Homes Properties, Inc., a Virginia Corporation, its managing member

By: 

Lee D. Householder, President

MANAGING MEMBER:

Project: Homes Properties, Inc., a Virginia corporation

By: 

Lee D. Householder, President

**EXHIBIT C
TO OPERATING AGREEMENT**

DESCRIPTION OF LAND

BEGINNING at a stone found at the southwest corner of W. Broad Street and Davis Avenue, the point of beginning; thence (1) in a southwardly direction along the western line of Davis Avenue, S. 37° 28' 06" W. - 129.00' to an old nail on the northern line of a 20' alley; thence (2) in a westwardly direction along the northern line of said 20' alley, N. 52° 30' 00" W. - 176.62' to an old rod; thence (3) in a northwardly direction, N. 37° 18' 00" E. - 129.00' to an old cross cut on the southern line of W. Broad Street; thence (4) in an eastwardly direction along the southern line of W. Broad Street, S. 52° 30' 00" E. - 177.00' to a stone, the point of beginning. The herein-described parcel of land contains 22,808.5 SF, 0.524 acres.

**EXHIBIT D
TO OPERATING AGREEMENT**

AFFILIATE GUARANTY

THIS GUARANTY AGREEMENT (this “Guaranty Agreement”), made as of November 18, 2015, is by Project: Homes Properties, Inc., a Virginia corporation (the “Managing Member”), and ElderHomes Corporation, d/b/a Project: HOMES, a Virginia not-for-profit corporation (“the Developer”) (jointly and severally sometimes referred to herein as “Guarantor” or collectively “Guarantors”), for the benefit of Housing Equity Fund of Virginia XIX, L.L.C. a Virginia limited liability company (“HEF 19”), Housing Equity Fund of Virginia XVIII, L.L.C., a Virginia limited liability company (“HEF 18”), and VCDC Cardinal Equity Fund, LLC, a Virginia limited liability company (“State Credit Investor”, with HEF 19, HEF 18, and State Credit Investor collectively referred to as the “Investor”).

Recitals

WHEREAS, the Managing Member is the Managing Member of William Byrd Senior Apartments, LLC, a Virginia limited liability company (the “Company”);

WHEREAS, the Company is governed by its Amended and Restated Operating Agreement dated as of November 18, 2015 (the “Operating Agreement”);

WHEREAS, Developer and the Company have entered into that certain Development Agreement dated as of the date hereof (the “Development Agreement”);

WHEREAS, Investor has been requested to enter into the Operating Agreement and the Company with the Managing Member;

WHEREAS, each of the Guarantors is the Managing Member, or an affiliate of the Managing Member, and believes it shall substantially benefit, directly or indirectly, from Investor’s entering into the Operating Agreement and the Company with the Managing Member; and

WHEREAS, as a condition to entering into the Operating Agreement and the Company, Investor has required each of the Guarantors to guarantee to Investor the obligations of the Managing Member under the Operating Agreement and certain other items as herein set forth;

NOW, THEREFORE, in order to induce Investor to enter into the Operating Agreement and the Company in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Guarantors hereby covenant and agree as follows:

1. Each Guarantor irrevocably and unconditionally fully guarantees the due, prompt and complete performance of each and every one of the following obligations: (a) the payment and performance by the Managing Member of each and every obligation of the Managing Member due under the Operating Agreement; and (b) the payment and performance by the Developer of each and every obligation of the Developer under the Development Agreement; and (c) the due, prompt and complete payment of all costs and expenses (including, without limitation, reasonable attorneys' fees) incurred by Investor in collection of the enforcement of this Guaranty Agreement against the Guarantors (the obligations described in this Paragraph 1 are hereinafter collectively referred to as the "Indebtedness"). Notwithstanding the foregoing, certain obligations of the Developer under this Guaranty Agreement are limited as follows: (i) with respect to the obligation to fund Operating Deficits under Section 8.11(b) of the Operating Agreement, from and after the fifth anniversary of the achievement of Breakeven Operations, the obligation of the Developer shall not exceed six months of Operating Expenses (defined below) of the Project (the obligation to fund Operating Deficits prior to the fifth anniversary of the achievement of Breakeven Operations shall remain unlimited); (ii) with respect to the obligation to repay to Investor excess Capital Contributions (as a result of a Downward Capital Adjustment) under Section 5.01(e)(ii) of the Operating Agreement, the obligation of the Developer shall not exceed the sum of the Development Fee (in the amount of \$2,471,304, including any deferred portion), the Incentive Management Fee and any other fee paid or to be paid to the Developer, the Managing Member or an Affiliate with respect to the Project; (iii) with respect to the obligation to pay to Investor the amounts provided under Section 8.11(c) of the Operating Agreement, the obligation of the Developer shall not exceed the sum of the Development Fee (in the amount of \$2,471,304, including any deferred portion), the Incentive Management Fee and any other fee paid or to be paid to the Developer, the Managing Member or an Affiliate with respect to the Project; and (iv) with respect to the obligation to repurchase the Interest of Investor in the Company pursuant to Section 5.05(a) of the Operating Agreement, the Developer shall not be required to pay interest on the sum of the Capital Contributions. As used herein, the term "Operating Expenses" shall mean the sum of (A) operating expenses of the Project, maintenance expenses, required deposits into the Reserve Fund for Replacements or any other reserves required under a Loan Agreement or the Operating Agreement and all other Company obligations or expenditures (excluding debt service and other fees and payments set forth in clause (B) below), for the most recent six months prior to the time that this Guaranty Agreement is enforced by Investor, and (B) the current amount of all debt service on Project Loans, as well as any fees then owed to the Project Lenders and/or any applicable mortgage insurance premium payments, to be paid in the six month period beginning at the time that this Guaranty Agreement is enforced by Investor.

2. Each Guarantor hereby grants to Investor, in the uncontrolled discretion of Investor, and without notice to any Guarantor, the power and authority to deal in any lawful manner with the Indebtedness and the other obligations guaranteed hereby, and without limiting the generality of the foregoing, further power and authority, from time to time:

(a) to renew, compromise, extend, accelerate or otherwise change the time or place of payment of or to otherwise change the terms of the Indebtedness;

(b) to modify or to waive any of the terms of the Operating Agreement, the Development Agreement and/or any other obligations guaranteed hereby;

(c) to take and hold security for the payment of the Indebtedness and/or performance of the other obligations guaranteed hereby and to impair, exhaust, exchange, enforce, waive or release any such security;

(d) to direct the order or manner of sale of any such security as Investor, in its discretion, may determine;

(e) to grant any indulgence, forbearance or waiver with respect to the Indebtedness or any of the other obligations guaranteed hereby;

(f) to release or waive rights against any one or more Guarantors without releasing or waiving any rights against any other Guarantor; and/or

(g) to agree to any valuation by Investor of any collateral securing payment of any of the Indebtedness in any proceedings under the United States Bankruptcy Code concerning Investor or any Guarantor.

The liability of each Guarantor hereunder shall not be affected, impaired or reduced in any way by any action taken by Investor under the foregoing provisions or any other provision hereof, or by any delay, failure or refusal of Investor to exercise any right or remedy it may have against the Managing Member or any other person, firm or corporation, including other guarantors, if any, liable for all or any part of the Indebtedness or any of the other obligations guaranteed hereby.

3. Each Guarantor agrees that if any of the Indebtedness is not fully and timely paid or performed according to the tenor thereof, whether by acceleration or otherwise, the Guarantors shall immediately upon receipt of written demand therefor from Investor pay all of the Indebtedness hereby guaranteed in like manner as if the Indebtedness constituted the direct and primary obligation of the Guarantors. The Guarantors shall not have any right of subrogation as a result of any payment hereunder or any other payment made by the Guarantors on account of the Indebtedness, and each of the Guarantors hereby waives, releases and relinquishes any claim based on any right of subrogation, any claim for unjust enrichment or any other theory that would entitle a Guarantor to a claim against the Managing Member based on any payment made hereunder or otherwise on account of the Indebtedness.

4. This Guaranty Agreement and the obligations of the Guarantors hereunder shall be continuing and irrevocable until the Indebtedness has been satisfied in full. Notwithstanding the foregoing or anything else set forth herein, and in addition thereto, if at any time all or any part of any payment received by Investor from a Guarantor under or with respect to this Guaranty Agreement is or must be rescinded or returned for any reason whatsoever (including, but not limited to, determination that said payment was a voidable preference or fraudulent transfer under

insolvency, bankruptcy or reorganization laws), then Guarantors' obligations hereunder shall, to the extent of the payment rescinded or returned, be deemed to have continued in existence, notwithstanding such previous receipt of payment by Investor, and Guarantors' obligations hereunder shall continue to be effective or be reinstated as to such payment, all as though such previous payment to Investor had never been made. The provisions of the foregoing sentence shall survive termination of this Guaranty Agreement, and shall remain a valid and binding obligation of each Guarantor until satisfied.

5. Each Guarantor hereby waives notice of acceptance of this Guaranty Agreement by Investor and this Guaranty Agreement shall immediately be binding upon each Guarantor. Any Guarantor who executes this Agreement shall be fully bound hereby regardless of whether or not any other Guarantor subsequently executes this Guaranty Agreement.

6. Each Guarantor hereby waives and agrees not to assert or take advantage of:

(a) any right to require the Managing Member to proceed against any other person or to proceed against or exhaust any security held by the Managing Member at any time or to pursue any other remedy in the Managing Member's power before proceeding against any one or more Guarantors hereunder;

(b) any right to require Investor to proceed against the Managing Member or any other person or to proceed against or exhaust any security held by Investor at any time or to pursue any other remedy in Investor's power before proceeding against any Guarantor hereunder;

(c) the defense of the statute of limitations in any action hereunder or in any action for the collection of the Indebtedness or the performance of any other obligations guaranteed hereby;

(d) any defense that may arise by reason of the incapacity, lack of authority, death or disability of any other person or persons or the failure of Investor to file or enforce a claim against the estate (in administration, bankruptcy or any other proceeding) of any other person or persons;

(e) demand, presentment for payment, notice of non-payment, protest, notice of protest and all other notices of any kind, including, without limitation, notice of the existence, creation or incurring of any new or additional indebtedness or obligation or of any action or non-action on the part of Investor or any endorser or creditor of Investor or any Guarantor or on the part of any other person whomsoever under this or any other instrument in connection with any obligation or evidence of indebtedness held by Investor or in connection with the Indebtedness;

(f) any defense based upon an election of remedies by Investor, the right of any Guarantor to proceed against Investor for reimbursement, or both, or if contrary to the express agreement of the parties, Virginia law is deemed not to apply to this Guaranty, any rights or benefits under the bankruptcy or insolvency laws of the Commonwealth of Virginia, or under

Sections 364 and 1111 of the U.S. Bankruptcy Code as same may be amended or replaced from time to time;

(g) any election by Investor to exercise any right or remedy it may have against the Company or any security held by HEF, including, without limitation, the right to foreclose upon any such security by judicial or non-judicial sale, without affecting or impairing in any way the liability of any Guarantor hereunder, except to the extent the indebtedness has been paid, and the Guarantors waive any default arising out of the absence, impairment or loss of any right of reimbursement, contribution or subrogation or any other right or remedy of any Guarantor against the Company or any such security whether resulting from such election by Investor or otherwise. The Guarantors understand that if all or any part of the liability of the Company to Investor for the Indebtedness is secured by real property the Guarantors shall be liable for the full amount of their liability hereunder, notwithstanding foreclosure on such real property by trustee sale or any other reason impairing any Guarantor's right to proceed against the Company; and

(h) all duty or obligation on the part of Investor to perfect, protect, not impair, retain or enforce any security for the payment of the Indebtedness or performance of any of the other obligations guaranteed hereby.

7. All existing and future indebtedness of the Managing Member to the Guarantors or to any person controlled or owned in whole or in part by any of the Guarantors and, the right of any Guarantor to withdraw or to cause or permit any person controlled or owned in whole or in part by any of the Guarantors to withdraw any capital invested by such Guarantor or such person in the Managing Member, is hereby subordinated to the Indebtedness at any time after a default exists under the Indebtedness. Furthermore, without the prior written consent of Investor, such subordinated indebtedness shall not be paid and such capital shall not be withdrawn in whole or in part nor shall any Guarantor accept or cause or permit any person controlled or owned in whole or in part by a Guarantor to accept any payment of or on account of any such subordinated indebtedness or as a withdrawal of capital at any time after a default exists under the Indebtedness. Any payment received by any Guarantor in violation of this Guaranty Agreement shall be received by the person to whom paid in trust for Investor, and such Guarantor shall cause the same to be paid to Investor immediately on account of the Indebtedness. No such payment shall reduce or affect in any manner the liability of the Guarantor under this Guaranty Agreement.

8. The amount of each Guarantor's liability and all rights, powers and remedies of Investor hereunder shall be cumulative and not alternative and such rights, powers and remedies shall be in addition to all rights, powers and remedies given to Investor under the Operating Agreement, any document or agreement relating in any way to the terms and provisions thereof or otherwise by law. With respect to each Guarantor, this Guaranty Agreement is in addition to and exclusive of the guaranty of any other Guarantor executing this Guaranty Agreement or any other person or entity which guarantees the Indebtedness and/or the other obligations guaranteed hereby.

9. The liability of each Guarantor under this Guaranty Agreement shall be an absolute, direct, immediate and unconditional guarantee of payment and not of collectability. The

obligations of each Guarantor hereunder are independent of the obligations of the Managing Member or any other party which may be initially or otherwise responsible for performance or payment of the obligations hereunder guaranteed and each other Guarantor, and, in the event of any default hereunder, a separate action or actions may be brought and prosecuted against any one or more Guarantor, whether or not the Managing Member is joined therein or a separate action or actions are brought against the Managing Member. Investor may maintain successive actions for other defaults. Investor's rights hereunder shall not be exhausted by its exercise of any of its rights or remedies or by any such action or by any number of successive actions until and unless the Indebtedness has been paid in full.

10. Investor, in its sole discretion, may at any time enter into agreements with the Managing Member or with any other person to amend, modify or change the Operating Agreement or any document or agreement relating in any way to the terms and provisions thereof, or may at any time waive or release any provision or provisions thereof and, with reference thereto, may make and enter into all such agreements as Investor may deem proper or desirable, without any notice or further assent from any Guarantor and without in any manner impairing or affecting this Guaranty Agreement or any of the rights of Investor or any Guarantor's obligations hereunder.

11. The Guarantors hereby agree to pay to Investor, upon demand, reasonable attorneys' fees and all costs and other expenses which Investor expends or incurs in collecting or compromising the Indebtedness or in enforcing this Guaranty Agreement against any Guarantor whether or not suit is filed, including, without limitation, all costs, attorneys' fees and expenses incurred by Investor in connection with any insolvency, bankruptcy, reorganization, arrangement or other similar proceedings involving a Guarantor which in any way affect the exercise by Investor of its rights and remedies hereunder. Any and all such costs, attorneys' fees and expenses not so paid shall bear interest at an annual interest rate equal to the lesser of (i) 18%, or (ii) the highest rate permitted by applicable law, from the date incurred by Investor until paid by the Guarantor.

12. Should any one or more provisions of this Guaranty Agreement be determined to be illegal or unenforceable, all other provisions nevertheless shall be effective.

13. No provision of this Guaranty Agreement or right of Investor hereunder can be waived nor can any Guarantor be released from such Guarantor's obligations hereunder except by a writing duly executed by Investor. This Guaranty Agreement may not be modified, amended, revised, revoked, terminated, changed or varied in any way whatsoever except by the express terms of a writing duly executed by Investor.

14. When the context and construction so require, all words used in the singular herein shall be deemed to have been used in the plural, and the masculine shall include the feminine and neuter and vice versa. The word "person" as used herein shall include any individual, partnership, firm, association, limited liability company, corporation, trust or other legal entity of any kind whatsoever.

15. If any or all of the Indebtedness is assigned by Investor, this Guaranty Agreement shall automatically be assigned therewith in whole or in part, as applicable, without the need of any express assignment and when so assigned, each Guarantor shall be bound as set forth herein to the assignee(s) without in any manner affecting any Guarantor's liability hereunder for any part of the Indebtedness retained by such Investor.

16. Each Guarantor is jointly and severally liable with each other Guarantor.

17. This Guaranty Agreement shall inure to the benefit of and bind the heirs, legal representatives, administrators, executors, successors and assigns of Investor and each Guarantor.

18. This Guaranty Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia without regard to principles of conflicts of law, except to the extent that any of such laws may now or hereafter be preempted by Federal law, in which case, such Federal law shall so govern and be controlling. In any action brought under or arising out of this Guaranty Agreement, each Guarantor hereby consents to the jurisdiction of any competent court within the Commonwealth of Virginia and consents to service of process by any means authorized by the laws of such state. Except as provided in any other written agreement now or at any time hereafter in force between Investor and any Guarantor, this Guaranty Agreement shall constitute the entire agreement of the Guarantors with Investor with respect to the subject matter hereof, and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon Investor or any Guarantor unless expressed herein.

19. All notices, demands, requests or other communications to be sent by one party to the other hereunder or required by law shall be in writing and shall be deemed to have been validly given or served by delivery of same in person to the addressee or by depositing same with Federal Express for next business day delivery or by depositing same in the United States mail, postage prepaid, registered or certified mail, return receipt requested, addressed as follows:

If to Investor:

HEF 19: Housing Equity Fund of Virginia XIX, L.L.C.
c/o Housing Capital Corporation of Virginia
1840 West Broad Street, Suite 200
Richmond, Virginia 23220

HEF 18: Housing Equity Fund of Virginia XVIII, L.L.C.
c/o Housing Capital Corporation of Virginia
1840 West Broad Street, Suite 200
Richmond, Virginia 23220

State Credit Investor:
VCDC Cardinal Equity Fund, LLC

1840 West Broad Street, Suite 200
Richmond, Virginia 23220

All with a copy to:

Applegate & Thorne-Thomsen, P.C.
626 West Jackson Boulevard
Suite 400
Chicago, Illinois 60661
Attention: Paul Davis

Guarantor: ElderHomes Corporation
Project: Homes Properties, Inc.
88 Carnation Street
Richmond, VA 23225
Attn: Lee Householder

with a copy to:

Kanady & Quinn, P.C.
9200 Forest Hill Avenue, Suite C
Richmond, VA 23235
Attention: Johnson Kanady

All notices, demands and requests shall be effective upon such personal delivery or upon being deposited with Federal Express or in the United States mail as required above. However, with respect to notices, demands or requests so deposited with Federal Express or in the United States mail, the time period in which a response to any such notice, demand or request must be given shall commence to run from the next business day following any such deposit with Federal Express or, in the case of a deposit in the United States mail as provided above, the date on the return receipt of the notice, demand or request reflecting the date of delivery or rejection of the same by the addressee thereof. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice, demand or request sent. By giving to the other party hereto at least 30 days' written notice thereof in accordance with the provisions hereof, the parties hereto shall have the right from time to time to change their respective addresses and each shall have the right to specify as its address any other address within the United States of America.

20. Each Guarantor hereby agrees that this Guaranty Agreement, the Indebtedness and all other obligations guaranteed hereby, shall remain in full force and effect at all times hereinafter until paid and/or performed in full notwithstanding any action or undertakings by, or against, Investor, any Guarantor, and/or any member of Investor in any proceeding in the United States Bankruptcy Court, including, without limitation, any proceeding relating to valuation of collateral, election or imposition of secured or unsecured claim status upon claims by Investor pursuant to

any Chapter of the Bankruptcy Code or the Rules of Bankruptcy Procedure as same may be applicable from time to time.

21. Any married person who signs this Guaranty hereby agrees that recourse may be had against his or her separate property for all of his or her obligations.

22. This Guaranty Agreement may be executed in any number of counterparts, each of which shall be effective only upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, with the same effect as if all parties hereto had signed the same signature page. Any signature page of this Guaranty Agreement may be detached from any counterpart of this Guaranty Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Guaranty Agreement identical in form hereto but having attached to it one or more additional signature pages. [Execution by any Guarantor shall bind such Guarantor regardless of whether any one or more other Guarantor execute this Guaranty Agreement.]

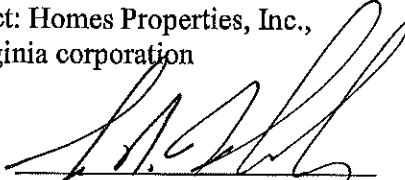
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IN WITNESS WHEREOF, the undersigned Guarantor has executed this Guaranty Agreement as of the day and year first above written.

GUARANTOR:

Project: Homes Properties, Inc.,
a Virginia corporation

By:



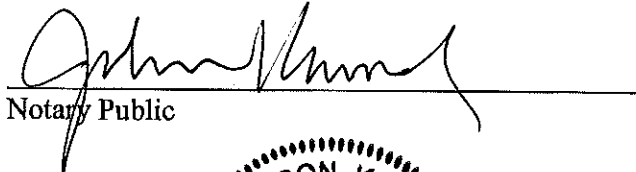
Lee D. Householder, President

COMMONWEALTH OF VIRGINIA)

CITY OF Richmond

) ss.

The foregoing instrument was acknowledged before me this 13th day of November, 2015, by Lee D. Householder, the President of Project: Homes Properties, Inc.



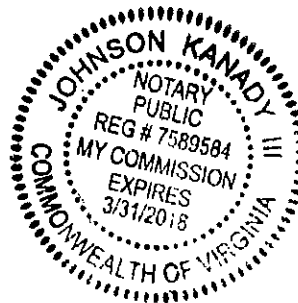
Notary Public

My commission expires:

3/31/2018

Registration Number:

7589584

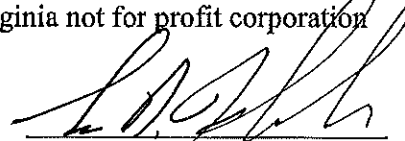


IN WITNESS WHEREOF, the undersigned Guarantor has executed this Guaranty Agreement as of the day and year first above written.

GUARANTOR:

ElderHomes Corporation, dba Project: HOMES,
a Virginia not for profit corporation

By:

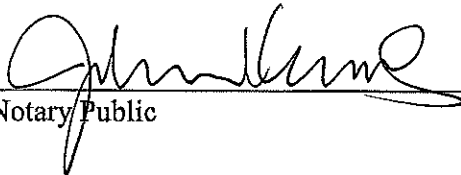


Lee D. Householder
Chief Executive Officer

COMMONWEALTH OF VIRGINIA)

CITY OF Richmond) ss.
)

The foregoing instrument was acknowledged before me this 13th day of November, 2015, by Lee D. Householder, the Chief Executive Officer of ElderHomes Corporation, dba Project: Homes.



Notary Public

My commission expires: 3/31/2018

Registration Number: 7589584

**EXHIBIT E
TO OPERATING AGREEMENT**

PLEDGE AND SECURITY AGREEMENT

THIS PLEDGE AND SECURITY AGREEMENT (this “Agreement”) made as of November 18, 2015, by Project: Homes Properties, Inc., a Virginia corporation (“Pledgor”), having an office at 88 Carnation Street, Richmond, Virginia 23225, for the benefit of Housing Equity Fund of Virginia XIX, L.L.C., a Virginia limited liability company (“HEF 19”), Housing Equity Fund of Virginia XVIII, L.L.C., a Virginia limited liability company (“HEF 18”), and VCDC Cardinal Equity Fund, LLC, a Virginia limited liability company (collectively “Pledgee”), each having an office at 1840 West Broad Street, Suite 200, Richmond, Virginia 23220.

Recitals

WHEREAS, Pledgor is the Managing Member in William Byrd Senior Apartments, LLC (the “Company”), and the Company is governed by its Amended and Restated Operating Agreement dated as of November 18, 2015 (the “Operating Agreement”) (capitalized terms not otherwise defined herein shall have the definitions given them in the Operating Agreement).

WHEREAS, Pledgee is an Investor Member of the Company; and

WHEREAS, in order to secure the full payment and performance by Pledgor of all of Pledgor’s obligations, duties, expenses and liabilities under or in connection with the Operating Agreement as such Operating Agreement may be now or hereafter amended, modified or restated (such obligations, duties, expenses and liabilities under and in connection with the Operating Agreement and all other sums of any kind which may or shall become due thereunder together with all actual fees and costs of collection including attorney’s fees incurred in bankruptcy are collectively referred to herein as the “Obligations”), Pledgor is entering into this Agreement for the benefit of Pledgee.

NOW, THEREFORE, in consideration of the recitals, covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereby agree as follows:

1. **Definitions.**

(a) “Collateral” shall mean:

- (i) All of Pledgor’s right, title and interest in the Company, whether now owned or hereafter acquired, including, without limitation, its Managing Member interest in the Company and any voting rights and right to receive distributions, allocations and payments under the Operating Agreement, as such

Operating Agreement may be modified from time to time with the consent of the Pledgee;

(ii) All fees and charges to be paid by the Company to the Pledgor, whether now owned or hereafter acquired, whether arising under the Operating Agreement or otherwise, including, without limitation, the Incentive Management Fee;

(iii) All indebtedness of the Company to Pledgor of any kind or description, including without limitation, Pledgor's right to receive payment of Operating Deficit Loans or other loans to the Company;

(iv) All products and proceeds, whether cash proceeds or noncash proceeds, and products of any and all of the foregoing.

(b) "Event of Default" shall mean an event of default described in Paragraph 8 herein.

2. Pledge of Collateral and Grant of Security Interest Pledgor does hereby unconditionally and irrevocably assign, pledge, convey, transfer, deliver, set over and grant unto Pledgee, its successors and assigns, as security for Pledgor's complete and timely payment and performance of the Obligations, a continuing security interest under the Uniform Commercial Code of the Commonwealth of Virginia in the Collateral. Pledgor hereby further grants to the Pledgee all rights in the Collateral as are available to a secured party of such collateral under the Uniform Commercial Code of the Commonwealth of Virginia (being the principal place of business of Pledgor and the location of Pledgor's chief executive office) and, concurrently herewith, authorizes Pledgee to file appropriate UCC- 1 Financing Statements in the Commonwealth of Virginia with respect to the Collateral and agrees, upon request, to deliver any other documents which Pledgee may reasonably request with respect thereto. The rights of Pledgee hereunder are subordinate to the pledge made in favor of Community Capital Bank of Virginia to secure its construction loan (the "Senior Pledge").

3. Delivery to Pledgee.

(a) Pledgor agrees to execute and to cause all other necessary parties, and any successors and assigns thereof, to execute and deliver to Pledgee such other agreements, instruments and documentation as Pledgee may reasonably request from time to time to effect the conveyance, transfer, and grant to Pledgee of each and all of Pledgor's right, title and interest in and to the Collateral as security for the Obligations.

(b) Pledgor covenants to execute, if required by Pledgee, an amendment to the Operating Agreement in such form as Pledgee may require to reflect the substitution of the Pledgee in place of Pledgor as a Managing Member in the

Company. Pledgor further agrees to execute and to cause the other members of the Company to execute and deliver to Pledgee such other agreements, instruments and documentation as Pledgee may reasonably request from time to time to effectuate the conveyance, transfer, assignment and grant to Pledgee of all of Pledgor's right, title and interest in and to the Collateral and to evidence the substitution of the Pledgee in place of Pledgor as a Managing Member in the Company.

4. Proceeds and Products of the Collateral.

(a) Unless and until there occurs an Event of Default, Pledgee agrees to forbear in exercising its right to receive all benefits pertaining to the Collateral, and the Pledgor shall be permitted to exercise all rights and to receive all benefits of the Collateral, including, without limitation, the right to exercise all voting, approval, consent and similar rights of Pledgor pertaining to the Collateral, payments due under, proceeds, whether cash proceeds or noncash proceeds, and products of the Collateral and retain and enjoy the same, provided, however, that Pledgor shall not cast any vote or give any approval, consent, waiver or ratification or take any action which would be inconsistent with or violate any provision of this Agreement.

(b) Pledgor acknowledges and agrees with the Pledgee, that unless Pledgee otherwise consents, in Pledgee's sole discretion, Pledgor shall not exercise any voting, approval, consent or other rights with respect to the Collateral at any time (i) after the occurrence of an Event of Default, and (ii) after delivery of notice from the Pledgee instructing Pledgor not to exercise any such voting, approval, consent or other rights with respect to the Collateral; provided, however, that Pledgor shall exercise any such right it may have under the Operating Agreement with respect to the business affairs of the Company as is reasonably necessary to protect and preserve the Collateral.

(c) Upon or at any time after the occurrence of an Event of Default, Pledgee, at its option to be exercised in its sole discretion, may exercise all rights and remedies granted under this Agreement, including, without limitation, the right to require the obligors under the Collateral to make all payments due under and to pay all proceeds, whether cash proceeds or noncash proceeds, and products of the Collateral to Pledgee. Upon the giving of any such notice, the security constituted by this Agreement shall become immediately enforceable by the Pledgee, without any presentment, further demand, protest or other notice of any kind, all of which are hereby expressly and irrevocably waived by Pledgor. Pledgor hereby authorizes and directs each respective obligor under the agreements constituting the Collateral, upon receipt of written notice from Pledgee of an Event of Default by Pledgor hereunder, to assign, set over, transfer, distribute, pay and deliver any and all Collateral or said payments, proceeds or products of the Collateral to Pledgee, at such address as Pledgee may direct, at such time and in such manner as the Collateral and such payments, proceeds and products of the Collateral would

otherwise be distributed, transferred, paid or delivered to Pledgor. The respective obligors under the agreements constituting the Collateral shall be entitled to conclusively rely on such notice and make all such assignments and transfers of the Collateral and all such payments with respect to the Collateral and pay all such proceeds and products of the Collateral to Pledgee and shall have no liability to Pledgor for any loss or damage Pledgor may incur by reason of said reliance.

5. No Assumption. Notwithstanding any of the foregoing, whether or not an Event of Default shall have occurred, and whether or not Pledgee elects to foreclose on its security interest in the Collateral as set forth herein, neither the execution of this Agreement, receipt by Pledgee of any of Pledgor's right, title and interest in and to the Collateral and the payments, proceeds and products of the Collateral, now or hereafter due to Pledgor from any obligor of the Collateral, nor Pledgee's foreclosure of its security interest in the Collateral, shall in any way be deemed to obligate Pledgee to assume any of Pledgor's obligations, duties, expenses or liabilities under the Collateral or any agreements constituting the Collateral, as presently existing or as hereafter amended, or under any and all other agreements now existing or hereafter drafted or executed (collectively, the "Pledgor's Liabilities"), unless Pledgee otherwise agrees to assume any or all of Pledgor's Liabilities in writing. In the event of foreclosure by Pledgee of its security interest in the Collateral, Pledgor shall remain bound and obligated to perform its Pledgor's Liabilities and Pledgee shall not be deemed to have assumed any of Pledgor's Liabilities, except as provided in the preceding sentence. In the event the entity or person acquiring the Collateral at a foreclosure sale elects to assume Pledgor's Liabilities, such assignee shall agree in writing to be bound by the terms and provisions of the applicable agreement.

6. Indemnification. Pledgor hereby agrees to indemnify, defend and hold Pledgee, its successors and assigns harmless from and against any and all damages, losses, claims, costs or expenses (including reasonable attorneys' fees) and any other liabilities whatsoever that Pledgee or its successors or assigns may incur by reason of this Agreement or by reason of any assignment of Pledgor's right, title and interest in and to any or all of the Collateral.

7. Representations, Warranties and Covenants. In addition to the representations made by Pledgor in the Operating Agreement, Pledgor makes the following representations and warranties, which shall be deemed to be continuing representations and warranties in favor of Pledgee, and covenants and agrees to perform all acts necessary to maintain the truth and correctness, in all material respects, of the following:

(a) Pledgor owns the Collateral free and clear of any claim, lien or encumbrance (other than the Senior Pledge).

(b) Pledgor has delivered to Pledgee true and complete copies of the Operating Agreement, the Incentive Management Fee Agreement and any other agreements pertinent to the Collateral, and such agreements are currently in full force and effect and have not been amended or modified except as disclosed to Pledgee in writing.

(c) Pledgor has the full right and title to its interest in the Collateral and has the full power, legal right and authority to pledge, convey, transfer and assign such interest. None of the Collateral is subject to any existing or subsequent assignment, claim, lien, pledge, transfer or other security interest of any character, or to any attachment, levy, garnishment or other judicial process or to any claim for set-off, counterclaim, deduction or discount. Pledgor shall not, without the prior written consent of Pledgee, which consent may be granted or denied in Pledgee's sole discretion, further convey, transfer, set over or pledge to any party any of its interests in the Collateral. Pledgor agrees to (i) warrant and defend its title to the Collateral and the security interest created by this Agreement against all claims of all persons (other than Pledgee and persons claiming through Pledgee), and (ii) maintain and preserve the Collateral and such security interests.

(d) Pledgor's Employer Identification Number is 47-4263990, and its principal place of business is located at 88 Carnation Street, Richmond, Virginia 23225.

(e) Pledgor agrees that it shall not, without at least thirty (30) days' prior written notification to Pledgee, move or otherwise change its principal place of business.

(f) Pledgor shall not exercise any voting rights, or give any approvals, consents, waivers or other ratifications in respect to the Collateral which would result in liquidation of the Company or affect the value of the Collateral or violate or contravene, or which would cause or otherwise authorize Pledgor to violate or contravene, any provision of this Agreement.

8. Event of Default. Each of the following shall constitute an Event of Default hereunder:

(a) An event of default shall have occurred under the Operating Agreement or the Incentive Management Fee Agreement, and such default shall not have been cured within any applicable grace period provided therein; or

(b) Any warranty, representation or statement of the Pledgor in this Agreement proves to have been false in any material respect when made or furnished; or

(c) There occurs the issuance of a writ, order of attachment or garnishment with respect to any of the Collateral and such writ, order of attachment or garnishment is not dismissed and removed within fifteen (15) days thereafter; or

(d) A material breach or violation of any covenant or agreement contained herein shall have occurred, which is not cured within ten (10) days after notice has been given to Pledgor by Pledgee.

Any Event of Default under this Agreement shall be an event of default by Pledgor under the Operating Agreement.

9. Remedies.

(a) Upon the occurrence of an Event of Default, Pledgee may by giving notice of such Event of Default, at its option, do any one or more of the following:

(i) Declare all of the Obligations secured hereby to be immediately due and payable, whereupon all unpaid principal and interest on said Obligations and other amounts declared due and payable shall become immediately due and payable without presentment, demand, protest or notice of any kind; and

(ii) Take possession of all or any of the Collateral, collect, and apply against the Obligations, all payments due, proceeds, whether cash proceeds or noncash proceeds, and products from any obligor under the agreements constituting the Collateral, that would otherwise be paid to the Pledgor; and

(iii) Either personally, or by means of a court appointed receiver, take possession of all or any of the Collateral and exclude therefrom Pledgor and all others claiming under Pledgor, and thereafter exercise all rights and powers of Pledgor with respect to the Collateral or any part thereof. In the event Pledgee demands, or attempts to take possession of any of the Collateral in the exercise of any rights under this Agreement, Pledgor promises and agrees to promptly turn over and deliver complete possession thereof to Pledgee; and

(iv) Without notice to or demand upon Pledgor, make such payments and do such acts as Pledgee may deem necessary to protect its security interest in the Collateral, including, without limitation, paying, purchasing, contesting or compromising any encumbrance, charge or lien which is prior to or superior to the security interest granted hereunder, and in exercising any such powers or authority to pay all expenses incurred in connection therewith; and

(v) Require Pledgor to take all actions necessary to deliver such Collateral to Pledgee, or an agent or representative designated by it. Pledgee, and its agents and representatives, shall have the right to enter upon any or all of Pledgor's premises and property to exercise Pledgee's rights hereunder; and

(vi) Foreclose upon this Agreement as herein provided or in any manner permitted by law, and exercise any and all of the rights and remedies conferred

upon Pledgee by the Operating Agreement, or in any other document executed by Pledgor in connection with the Obligations secured hereby, either concurrently or in such order as Pledgee may determine; and sell or cause to be sold in such order as Pledgee may determine, as a whole or in such parcels as Pledgee may determine, the Collateral, without affecting in any way the rights or remedies to which Pledgee may be entitled under the other such instruments; and

(vii) Sell or otherwise dispose of the Collateral at public sale, without having the Collateral at the place of sale, and upon terms and in such manner as Pledgee may determine. Pledgee may be a purchaser at any sale; and

(viii) Exercise any remedies of a secured party under the Uniform Commercial Code of the Commonwealth of Virginia or any other applicable law; and

(ix) Exercise any remedies available to Pledgee under the Operating Agreement, including, but not limited to, the removal of the Pledgor as a Managing Member of the Company and exercise of any rights of offset in favor of the Pledgee as a Managing Member of the Company; and

(x) Notwithstanding anything to the contrary contained in this Agreement at any time after an Event of Default, the Pledgee may, by delivering written notice to the Company and to the Pledgor, succeed, or designate its nominee or designee to succeed, to all right, title and interest of Pledgor (including, without limitation, the right, if any, to vote on or take any action with respect to Company matters) as a Managing Member of the Company in respect of the Collateral. The Pledgor hereby irrevocably authorizes and directs the Company on receipt of any such notice (a) to deem and treat the Pledgee or such nominee or designee in all respects as a Managing Member (and not merely an assignee of a Managing Member) of the Company, entitled to exercise all the rights, powers and privileges (including the right to vote on or take any action with respect to Company matters pursuant to the Operating Agreement, to receive all distributions, to be credited with the capital account and to have all other rights, powers and privileges appertaining to the Collateral to which Pledgor would have been entitled had the Collateral not been transferred to the Pledgee or such nominee or designee), and (b) to file an amended articles of organization, if required, admitting the Pledgee or such nominee or designee as Managing Member of the Company in place of Pledgor; and

(xi) The rights granted to the Pledgee under this Agreement are of a special, unique, unusual and extraordinary character. The loss of any of such rights cannot reasonably or adequately be compensated by way of damages in any action at law, and any material breach by Pledgor of any of Pledgor's covenants, agreements or obligations under this Agreement will cause the Pledgee irreparable

injury and damage. In the event of any such breach, the Pledgee shall be entitled, as a matter of right, to injunctive relief or other equitable relief in any court of competent jurisdiction to prevent the violation or contravention of any of the provisions of this Agreement or to compel compliance with the terms of this Agreement by Pledgor. The Pledgee is absolutely and irrevocably authorized and empowered by Pledgor to demand specific performance of each of the covenants and agreements of Pledgor in this Agreement. Pledgor hereby irrevocably waives any defense based on the adequacy of any remedy at law that might otherwise be asserted by Pledgor as a bar to the remedy of specific performance in any action brought by the Pledgee against Pledgor to enforce any of the covenants or agreements of Pledgor in this Agreement.

(b) Pledgee shall give Pledgor at least ten (10) days' prior written notice of the time and place of any public sale of the Collateral subject to this Agreement or other intended disposition thereof to be made. Such notice shall be conclusively deemed to have been delivered to Pledgor at the address set forth in paragraph 7(c) of this Agreement, unless Pledgor shall notify Pledgee in writing of its change of its principal place of business and provide Pledgee with the address of its new principal place of business.

(c) The proceeds of any sale under Subparagraphs 9(a)(vi) and (vii) above shall be applied as follows:

(i) To the repayment of the costs and expenses of retaking, holding and preparing for the sale and the selling of the Collateral (including actual legal expenses and attorneys' fees) and the discharge of all assessments, encumbrances, charges or liens, if any, on the Collateral prior to the lien hereof (except any taxes, assessments, encumbrances, charges or liens subject to which such sale shall have been made);

(ii) To the payment of the whole amount then due and unpaid of the Obligations;

(iii) To the payment of all other amounts then secured hereby; and

(iv) The aggregate surplus, if any, shall be paid to Pledgor in a lump sum, without recourse to Pledgee, or as a court or competent jurisdiction may direct.

(d) Pledgee shall have the right to enforce one or more remedies hereunder under this Agreement and under the Operating Agreement, successively or concurrently, and such action shall not operate to estop or prevent Pledgee from pursuing any further remedy which it may have, and any repossession or retaking or sale of the Collateral pursuant to the terms hereof shall not operate to release Pledgor until full payment of any deficiency has been made in cash.

(e) PLEDGOR ACKNOWLEDGES THAT PLEDGEE MAY BE UNABLE TO EFFECT A PUBLIC SALE OF ALL OR ANY PART OF THE COLLATERAL AND MAY BE COMPELLED TO RESORT TO ONE OR MORE PRIVATE SALES TO A RESTRICTED GROUP OF PURCHASERS WHO WILL BE OBLIGATED TO AGREE, AMONG OTHER THINGS, TO ACQUIRE THE COLLATERAL FOR THEIR OWN ACCOUNT, FOR INVESTMENT AND NOT WITH A VIEW TO THE DISTRIBUTION OR RESALE THEREOF. PLEDGOR FURTHER ACKNOWLEDGES THAT ANY SUCH PRIVATE SALES MAY BE AT PRICES AND ON TERMS LESS FAVORABLE THAN THOSE OF PUBLIC SALES, AND AGREES THAT SUCH PRIVATE SALES SHALL BE DEEMED TO HAVE BEEN MADE IN A COMMERCIALY REASONABLE MANNER AND THAT PLEDGEE HAS NO OBLIGATION TO DELAY SALE OF ANY COLLATERAL TO PERMIT THE ISSUER THEREOF TO REGISTER IT FOR PUBLIC SALE UNDER THE SECURITIES ACT OF 1933. PLEDGOR AGREES THAT PLEDGEE SHALL BE PERMITTED TO TAKE SUCH ACTIONS AS PLEDGEE DEEMS REASONABLY NECESSARY IN DISPOSING OF THE COLLATERAL TO AVOID CONDUCTING A PUBLIC DISTRIBUTION OF SECURITIES IN VIOLATION OF THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY STATE, AS NOW ENACTED OR AS THE SAME MAY IN THE FUTURE BE AMENDED, AND ACKNOWLEDGES THAT ANY SUCH ACTIONS SHALL BE COMMERCIALY REASONABLE. IN ADDITION, PLEDGOR AGREES TO EXECUTE, FROM TIME TO TIME, ANY AMENDMENT TO THIS AGREEMENT OR OTHER DOCUMENT AS PLEDGEE MAY REASONABLY REQUIRE TO EVIDENCE THE ACKNOWLEDGMENTS AND CONSENTS OF PLEDGOR SET FORTH IN THIS PARAGRAPH.

10. Attorneys Fees. Pledgor agrees to pay to Pledgee, without demand, reasonable attorneys' fees and all costs and other expenses which Pledgee expends or incurs in collecting any amounts payable by Pledgor hereunder or in enforcing this Agreement against Pledgor whether or not suit is filed.

11. Further Documentation. Pledgor hereby agrees to execute, from time to time, one or more financing statements and such other instruments as may be required to perfect the security interest created hereby, including any continuation or amendments of such financing statements, and pay the cost of filing or recording the same in the public records specified by Pledgee.

12. Waiver and Estoppel. Pledgor represents and acknowledges that it knowingly waives each and every one of the following rights, and agrees that it will be estopped from asserting any argument to the contrary: (a) any promptness in making any claim or demand hereunder; (b) any defense that may arise by reason of the lack of authority of Pledgor or the failure to file or enforce a claim against Pledgor's estate (in administration, bankruptcy or any other proceeding; (c) any defense based upon an election of remedies by Pledgee which destroys or otherwise impairs

any or all of the Collateral; (d) the right of Pledgor to proceed against Pledgee or any other person, for reimbursement; and (e) all duty or obligation of the Pledgee to perfect, protect, retain or enforce any security for the payment of amounts payable by Pledgor hereunder.

TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY TO THIS AGREEMENT SEVERALLY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY AND ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, SUIT OR COUNTERCLAIM BROUGHT BY ANY PARTY TO THIS AGREEMENT ARISING IN CONNECTION WITH, OUT OF OR OTHERWISE RELATING TO THIS AGREEMENT.

No delay or failure on the part of Pledgee in the exercise of any right or remedy against Pledgor or any other party against whom Pledgee may have any rights, shall operate as a waiver of any agreement or obligation contained herein, and no single or partial exercise by Pledgee of any rights or remedies hereunder shall preclude other or further exercise thereof or other exercise of any other right or remedy whether contained in this Agreement or in any of the other documents regarding the Obligations, including without limitation the Operating Agreement. No waiver of the rights of Pledgee hereunder or in connection herewith and no release of Pledgor shall be effective unless in writing executed by Pledgee. No actions of Pledgee permitted under this Agreement shall in any way impair or affect the enforceability of any agreement or obligation contained herein.

13. Independent Obligations. The obligations of Pledgor are independent of the obligations of any other party which may be initially or otherwise responsible for performance or payment of the Obligations, and a separate action or actions for payment, damages or performance may be brought and prosecuted by Pledgee against Pledgor, individually, for the full amount of the Obligations then due and payable, whether or not an action is brought against any other party, whether or not the Pledgee is involved in any proceedings and whether or not the Pledgee or the Pledgor or other person is joined in any action or proceedings.

14. No Offset Rights of Pledgor. No lawful act of commission or omission of any kind or at any time upon the part of Pledgor shall in any way affect or impair the rights of the Pledgee to enforce any right, power or benefit under this Agreement, and no set-off, recoupment, counterclaim, claim, reduction or diminution of any obligation or any defense of any kind or nature which Pledgor has or may have against Pledgee or against any other party shall be available against Pledgee in any suit or action brought by Pledgee to enforce any right, power or benefit under this Agreement.

15. Power of Attorney. Pledgor hereby appoints Pledgee as its attorney-in-fact to execute and file, effective upon the occurrence of an Event of Default, on its behalf any financing statements, continuation statements or other documentation required to perfect or continue the security interest created hereby. This power, being coupled with an interest, shall be irrevocable until all amounts secured hereby have been paid, satisfied and discharged in full. Pledgor

acknowledges and agrees that the exercise by Pledgee of its rights under this Paragraph 15 will not be deemed a satisfaction of any amounts owed Pledgee unless Pledgee so elects.

16. **GOVERNING LAW.** THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF VIRGINIA WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. SUCH PARTIES FURTHER AGREE THAT IN THE EVENT OF DEFAULT, THIS AGREEMENT MAY BE ENFORCED IN ANY COURT OF COMPETENT JURISDICTION IN THE COMMONWEALTH OF VIRGINIA AND THEY DO HEREBY SUBMIT TO THE JURISDICTION OF ANY AND ALL SUCH COURTS REGARDLESS OF THEIR RESIDENCE OR WHERE THIS AGREEMENT MAY BE EXECUTED.

17. Successors and Assigns. All agreements, covenants, conditions and provisions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto.

18. Notices. Whenever any party hereto shall desire to, or be required to, give or serve any notice, demand, request or other communication with respect to this Agreement, each such notice, demand, request or communication shall be in writing and shall be effective only if the same is delivered by personal service (including, without limitation, courier or express service) or mailed certified or registered mail, postage prepaid, return receipt requested, or sent by telegram to the parties at the addresses shown throughout this Agreement or such other addresses which the parties may provide to one another in accordance herewith. If notice is sent to Pledgee, a copy of such notice shall also be given to Paul Davis, Applegate & Thorne-Thomsen, P.C. 626 West Jackson, Suite 400, Chicago, Illinois 60607. If notice is sent to Pledgor, a copy of such notice shall also be given to Kanady & Quinn, P.C., 9200 Forest Hill Avenue, Suite C, Richmond, VA 23235, Attention: Johnson Kanady.

Notices delivered personally will be effective upon delivery to an authorized representative of the party at the designated address; notices sent by mail in accordance with the above paragraph will be effective two days after their deposit in the mail.

19. Consent of Pledgor. Pledgor consents to the exercise by Pledgee of any rights of Pledgor in accordance with the provisions of this Agreement.

20. Severability. Every provision of this Agreement is intended to be severable. In the event any term or provision hereof is declared by a court of competent jurisdiction to be illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the legality or validity of the balance of the terms and provisions hereof, which terms and provisions shall remain binding and enforceable.

21. Amendment. This Agreement may be modified or rescinded only by a writing expressly relating to this Agreement and signed by all of the parties.

22. Termination. This Agreement shall terminate, and shall be of no further force or effect, upon the earlier to occur of the repayment in full of the Obligations of the Pledgor or upon the mutual consent of Pledgor and the Pledgee.

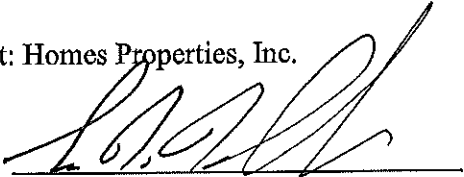
23. Expenses. Pledgor shall pay all reasonable out-of-pocket fees and charges incurred by Pledgee in connection with this Agreement and the transaction contemplated by this Agreement and the documents entered into in connection therewith, including, without limitation, reasonable attorneys' fees incurred by Pledgee.

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

Project: Homes Properties, Inc.

By:



Lee D. Householder, President

**EXHIBIT F
TO OPERATING AGREEMENT**

SUMMARY OF PROJECT LOAN TERMS

Construction Loan

Lender: Virginia Community Capital

Amount: \$2,950,000

Interest Rate: 6.15%

Source: Private funds

Term/Repayment Terms: Interest only monthly payments, with all outstanding amounts due at maturity; 18 month term

Recourse: recourse

Lien Position: Second during Construction

Senior Construction Loan (Gap Loan)

Lender: VHDA

Amount: \$2,000,000

Interest Rate: 2.5%

Source: Tax-Exempt Bonds

Term/Repayment Terms: interest only until maturity; 19 month term

Recourse: Recourse

Lien Position: First during construction

Senior Construction and Permanent Loan

Lender: VHDA

Amount: \$4,900,000 (Standard - \$2,650,000 and REACH/SPARC \$2,250,000)

Interest Rate: 4.02% (blended rate) (Standard is 4.88% and REACH/SPARC is 2.95%)

Source: Tax-Exempt Bonds

Term/Repayment Terms: thirty year term and amortization, which period begins 19 months after closing

Recourse: Non-Recourse

Lien Position: First during construction and permanent term

Evidenced by: A single note in the amount of \$4,900,000, bearing interest at 4.02%

Sponsor Loan (Seller Financing)

Lender: William Byrd Hotel Associates, L.P.

Amount: \$1,623,859

Interest Rate: 2.74%

Source: Seller financing

Term/Repayment Terms: 30 year term, paid from Net Cash Flow prior to maturity

Recourse: Recourse

Lien Position: Fourth

Sponsor Loan

Lender: ElderHomes Corporation

Amount: \$500,000

Interest Rate: 2.0%

Source: Loan of HOME funds from DHCD to Lender (15 year term, the note from DHCD to Lender is forgivable in DHCD discretion at end of term)

Term/Repayment Terms: interest only until maturity, 30 year term

Recourse: Recourse

Lien Position: Third

Sponsor Loan

Lender: ElderHomes Corporation

Amount: \$165,000

Interest Rate: 0.0%

Source: Grant of City of Richmond Housing Trust Fund

Term/Repayment Terms: 30 year term, balloon payment at maturity

Recourse: Recourse

Lien Position: Fifth

**EXHIBIT G
TO OPERATING AGREEMENT**

PROPERTY MANAGEMENT AGREEMENT

HOUSING MANAGEMENT AGREEMENT

THIS AGREEMENT is made this 1st day of July, 2015, between William Byrd Senior Apartments, LLC (the "Owner"), and Epoch Properties, Inc. (the "Agent"). In consideration of the mutual covenants hereinafter set forth, the Parties agree as follows:

ARTICLE I

SCOPE

Section 1.01 Appointment and Acceptance. The Owner appoints the Agent as exclusive agent for the management of the Property described in Section 1.02 of this Agreement, and the Agent accepts the appointment, on the basis of the terms and conditions set forth herein.

Section 1.02 Description of Property. The property to be managed by the Agent under this Agreement is a housing development identified as William Byrd Apartment Homes (the "Development"), consisting of land, one or more buildings, and other improvements.

Section 1.03 Rights of VHDA.

- (a) It is hereby recognized and agreed by the Owner and the Agent that the Development is to be financed by a mortgage loan (the "Mortgage Loan") from the Virginia Housing Development Authority ("VHDA") and that the Owner is a party to a certain Regulatory Agreement ("Regulatory Agreement") executed by and between the Owner and VHDA. Nothing herein contained shall in any way be construed as limiting the rights of VHDA or the obligations of the Owner as set forth in the aforementioned Regulatory Agreement, and the provisions of this Agreement are hereby made subject to the Regulatory Agreement to the effect that at all times the Agent shall comply with all the terms of the applicable provisions of the Regulatory Agreement.
- (b) For the purpose of protecting its interests as lender under its enabling act, VHDA has been granted certain rights hereunder. Furthermore, in order to assure compliance with the covenants and provisions herein and to protect its interests as aforesaid, VHDA shall have the right (but shall not be obligated) in the event of any breach hereunder by one of the parties hereto to exercise any and all of the rights and remedies which the other party may have hereunder or in law or at equity. In addition, in the event that VHDA determines that there exists an identity of interest between the parties hereto, VHDA may (but shall not be obligated to) at any time thereafter and upon written notice to the Owner and Agent assume

the rights, duties and functions of the Owner with respect to any or all provisions of this Agreement for the purpose of ensuring performance thereof.

- (c) In the event of a default by the Owner under the Deed of Trust securing the Mortgage Loan, VHDA may (but shall not be obligated to) take possession of the Development and/or otherwise pursue its rights and remedies thereunder. In such event, the Agent shall, at the election of VHDA, continue to be bound by the terms of this Agreement, and all rights, privileges and benefits of the Owner hereunder shall accrue to VHDA.

ARTICLE II

GENERAL FUNCTIONS OF AGENT

Section 2.01 Management Functions During VHDA Processing. If the closing of the Mortgage Loan has not been held as of the date hereof, the Agent shall advise and assist the Owner with respect to management during VHDA processing of the Mortgage Loan application. The Agent's specific tasks include the following:

- (a) Preparation and submission to the Owner and VHDA of a recommended stabilized Operating Budget for the Development;
- (b) Certification as to the manageability and marketability of the Development; and
- (c) If the Mortgage Loan is hereafter to finance the construction or rehabilitation of the Development, participation in preoccupancy conferences with VHDA officials, including one or more site inspections.

Section 2.02 Management and Tenant Selection Plan.

- (a) Incorporated herein by reference is the Management and Tenant Selection Plan for the Development which provides a comprehensive and detailed description of the policies and procedures to be followed in the day to day management of the Development (if the Owner has submitted to VHDA a separate Management Plan and a separate Tenant Selection Plan, such Plans shall, collectively, be deemed to constitute the Management and Tenant Selection Plan). In many of its provisions, this

Agreement briefly defines the nature of the Agent's obligations with the intention that reference be made to the Management and Tenant Selection Plan for more detailed policies and procedures. Accordingly, the Owner and the Agent will comply with all applicable provisions of the Management and Tenant Selection Plan, regardless of whether specific reference is made thereto in any particular provision of this Agreement.

- (b) The Agent will make a copy of the Management and Tenant Selection Plan available to appropriate on-site and, if applicable, off-site staff for their use as an operating manual and to provide guidance on management policies and/or procedures. Continued review of and revision to the Management and Tenant Selection Plan will be made by the Agent as appropriate to address changing needs and conditions, as well as VHDA's recommendations for revisions. The initial Management and Tenant Selection Plan and any revisions thereto are subject to prior review by VHDA.

Section 2.03 Liaison with Architect and General Contractor. If the Mortgage Loan is hereafter to finance the construction or rehabilitation of the Development, the Agent shall, during the design and construction phases of the Development (a) advise the Owner with respect to design and construction of the Development from the perspective of long-term management and (b) recommend such changes as may be desirable to enhance the efficient operation of the Development and enable it to provide a wholesome living environment; and the Agent shall establish and maintain a working relationship with the architect and general contractor to facilitate satisfactory completion of the Development.

Section 2.04 Structure and Warranties (Permanent Financing). The Agent shall thoroughly familiarize itself with the character, location, construction, layout, plan and operation of the Development and especially of the electrical, heating, plumbing, air conditioning, and ventilating systems, and all other mechanical equipment.

Section 2.05 Community/Resident Services. The Agent shall be responsible to the Owner for carrying out the community/resident services as described in the Management and Tenant Selection Plan. The Agent shall use its best efforts to maintain amicable relations with the residents of the Development.

Section 2.06 On-Site Management. If provided for in the Operating Budget, the Agent shall maintain a management office in the Development and, if required by VHDA, the Resident Manager shall reside in the Development.

Compensation, including but not limited to usual and customary fringe benefits, payable to the Resident Manager will be considered an Operating Expense of the Development.

Section 2.07 Insurance.

- (a) The Owner will inform the Agent of insurance to be carried with respect to the Development and its operations and the Agent will use its best efforts to cause such insurance to be placed and kept in effect at all times with such companies, on such terms and conditions, in such amounts, and with such beneficial interest appearing thereon as shall be acceptable to or required by the Owner and VHDA. Said insurance shall include, without limitation, worker's compensation, "all risk" property coverage, public liability, general liability, boiler explosion (if appropriate), flood (if applicable), payroll hold-up, and burglary and theft insurance coverage, with the Agent designated as one of the insured.
- (b) Premiums shall be treated as Operating Expenses and, unless otherwise required by VHDA, shall be paid out of the Project Account (see Section 4.01 (b) of this Agreement).
- (c) The Agent shall investigate all accidents, claims, and potential claims for damages relating to the Development and shall cooperate with the Owner, VHDA and the insurers in connection therewith.

Section 2.08 Non-Discrimination in Employment.

- (a) The Agent will not discriminate against any employee or applicant for employment because of race, religion, color, sex or national origin, except where religion, sex or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the Agent. The Agent agrees to post in conspicuous places, available to employees and applicants for employees, notices setting forth the provisions of this subsection (a).
- (b) The Agent will, in all solicitations or advertisements for employees placed by or on behalf of the Agent, state that the Agent is an equal opportunity employer.
- (c) Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of subsections (a) and (b) of this Section 2.08.
- (d) The Agent shall comply with the provisions of all applicable federal, state and local laws and ordinances prohibiting discrimination in employment on the grounds of race, color, religion, sex, national origin, age, disability or other basis, all applicable regulations and orders issued pursuant thereto and any applicable amendments

and superseding legislation, ordinances, regulations or orders. The requirements of this subsection (d) shall be in addition to, and shall not in any way limit or be limited by, the requirements set forth in subsections (a), (b) and (c) of this Section 2.08.

- (e) The Agent will include the provisions of subsections (a), (b), (c) and (d) of this Section 2.08 in every subcontract or purchase order in excess of \$10,000 so that the provisions thereof will be binding upon each such subcontractor or vendor.

Section 2.09 Non-Discrimination in Housing. The Agent shall comply with the provisions of all applicable federal, state and local laws prohibiting discrimination in housing on the grounds of race, color, creed, national origin, sex, age, disability, familial status or other basis, all applicable regulations and orders issued pursuant thereto and any applicable amendments and superseding legislation, regulations or orders.

ARTICLE III

RENTALS

Section 3.01 Rentals.

- (a) The Agent shall use its best efforts to rent the dwelling units and, if appropriate and so agreed, parking spaces, commercial areas, and other facilities and concessions, in the Development and thereafter to keep the same fully rented.
- (b) If the Mortgage Loan is hereafter to finance the construction or rehabilitation of the Development, the Agent shall prepare for initial rent-up as described in the Management and Tenant Selection Plan and shall commence diligent marketing activity prior to the anticipated date of availability for occupancy of the first dwelling unit of the Development.

Section 3.02 Tenant Selection Policy.

- (a) The Agent shall show the premises to prospective residents and shall follow the Agent's resident selection policies as provided to VHDA.
- (b) Admission to the Development shall be limited to persons and families whose incomes do not exceed the limits prescribed in Section 3.07 hereof.

- (c) The Agent shall develop and maintain tenant selection criteria acceptable to the Owner and VHDA. The selection of residents shall be in a manner that is consistent with that criteria.

Section 3.03 Applications.

- (a) The Agent shall receive and process applications for occupancy. If an application is rejected, the applicant shall be notified in writing of the reason for rejection and his right to have the rejection decision reviewed in the manner required by VHDA. The application (with the reason for rejection noted thereon) shall be kept on file for a period of not less than one year. The Agent shall maintain a current waiting list of prospective residents.
- (b) Unless approved in writing by VHDA, no fees or funds will be required of prospective residents other than for security deposits.

Section 3.04 Lease Forms. The Agent shall prepare all leases for dwelling units and, if appropriate, leases for commercial facilities, permits for parking spaces, and licenses or other agreements with concessionaires. If required by VHDA, the leases shall be in such form and/or shall include such addendum as is prescribed or approved by VHDA. The Agent shall execute such leases in its name, identified as Agent of the Owner.

Section 3.05 Rent Schedules; Resident Eligibility.

- (a) The Owner shall furnish the Agent and the Agent shall comply with the schedule of rents for dwelling units and charges for facilities and services as from time to time are established by Owner. No other rents or charges shall be made of the residents for dwelling units, facilities or services unless they are approved in advance by the Owner.
- (b) The Agent shall advise all prospective residents regarding eligibility pursuant to VHDA criteria.
- (c) The Agent shall prepare and verify eligibility certifications and recertifications on the basis specified by VHDA. The Agent shall obtain written evidence substantiating information given on residents' certifications and recertifications of income. Such information shall be retained for a period of not less than two years.
- (d) Subject to VHDA and Owner prior approval, the Agent shall negotiate commercial leases and concession agreements, and

shall execute the same in its name, identified thereon as Agent for the Owner.

Section 3.06 Tenant Selection; Outreach. In selecting tenants, the Agent shall comply in all respects with the Owner's Management and Tenant Selection Plan submitted to VHDA. In addition, brochures and other promotional material shall be distributed, as appropriate, in the market area to emphasize the availability of the Development as desirable housing for low and moderate income families.

Section 3.07 Compliance with Certain Provisions of the Regulatory Agreement (Taxable Financing). The criteria, procedures and requirements with respect to tenant eligibility and occupancy of the Development shall be as set forth in and in accordance with VHDA's Act and Rules and Regulations, the Regulatory Agreement, and the Owner's Management and Tenant Selection Plan described above, and this Agreement, and no person or family has been approved or shall be approved for occupancy, or shall be permitted to occupy any dwelling unit in the Development or any portion thereof, unless such person or family satisfies said criteria, procedures and requirements. VHDA may, at its option, require its approval of each such person or family prior to his or their initial occupancy of any unit in the Development. The Agent shall provide the Owner and VHDA with such documents and information as either of them may require to determine compliance with said criteria, procedures and requirements. Such documents and information shall be submitted to VHDA and the Owner in such form or forms and at such time or times (whether before or after occupancy by such person or family of the unit) as VHDA shall specify. The Agent shall comply in all respects with the aforesaid Management and Tenant Selection Plan. In the event that the Agent shall not be in compliance with such Management and Tenant Selection Plan, VHDA shall have the right (in addition to any and all other rights of VHDA under the Regulatory Agreement, the Deed of Trust and other documents relating to the Mortgage Loan) to require that no further applications be accepted or acted upon by or on behalf of the Agent until and unless strict compliance with said Management and Tenant Selection Plan shall have been instituted. In accordance with the Regulatory Agreement, the Agent further agrees as follows:

- (a) The units in the Development will be occupied or held available for occupancy by individuals and families whose adjusted family incomes, as determined in accordance the VHDA's Rules and Regulations in effect on the date of such determination, do not exceed as of the date of their initial occupancy of such units one hundred fifty percent (150%) of the area median gross income as then determined by VHDA (without adjustments for family size).
- (b) The incomes of the individuals and families occupying the Development shall be subject to re-examination and redetermination as provided in the Regulatory Agreement and in

VHDA's Rules and Regulations in effect as of the date of such redetermination and, if the adjusted family income (as determined in accordance with VHDA's Rules and Regulations in effect on the date of such determination) of any such individual or family exceeds one hundred fifty percent (150%) of the area median gross income as then determined by VHDA (without adjustments for family size), such individual or family may be required by VHDA to pay a rental surcharge prescribed by VHDA or the tenancy of such individual or family may be terminated, all in accordance with VHDA's Rules and Regulations.

- (c) The Agent shall not, without the prior consent of the Owner and without determining that the sublessee or assignee is eligible under this Section 3.07, allow the subleasing of any unit in the Development or the assignment of any lease. VHDA may, at its option, require its consent prior to any such subleasing or assignment.

ARTICLE IV

COLLECTION AND DEPOSIT OF RENTS

Section 4.01 Project Account.

- (a) The Agent shall collect when due all rents, fees, and other charges receivable in connection with the management and operation of the Development.
- (b) Such receipts (except for residents' security deposits) shall be deposited in an account, separate from all other accounts and funds, with a bank whose deposits are insured by the Federal Deposit Insurance Corporation. This account shall be carried in the Agent's name and shall be designated of record as being the Project Account for the Development.

Section 4.02 Security Deposit Account.

- (a) The Agent shall collect, deposit, and disburse residents' security deposits in accordance with the terms of the respective leases, the Regulatory Agreement and state law; provided, that no such deposit shall exceed fifty percent (50%) of a resident's monthly rent, unless waived by VHDA.
- (b) Residents' security deposits shall be deposited by the Agent in an interest bearing account, separate from all other accounts and funds, with a bank or other financial institution whose deposits are insured by an agency of the United States Government, and

interest due on said security deposit shall be reimbursed to each resident to the extent required by state law.

- (c) This account shall be carried in the Agent's name and shall be designated of record as being the Security Deposit Account of the Development.
- (d) The Agent shall cause the amount of the Security Deposit Account to equal or exceed at all times the aggregate of all outstanding obligations by the Owner with respect to security deposits.

Section 4.03 Enforcement of Lease.

- (a) The Agent shall secure full compliance by each resident with the terms of the lease.
- (b) Voluntary compliance shall be emphasized, and, if appropriate under the circumstances, the Agent shall counsel residents and make referrals to community agencies in cases of financial hardship or under other circumstances deemed appropriate by the Agent, so that involuntary termination of tenancies may be avoided to the maximum extent consistent with sound management of the Development. The Agent will not, however, tolerate willful evasion of payment of rent.
- (c) Subject to the terms of the respective lease agreement, the Agent may lawfully terminate any tenancy when, in the Agent's judgment, sufficient cause occurs.
- (d) The Agent is authorized to consult with legal counsel designated by the Owner, to bring actions for eviction, and to execute notices to vacate and commence appropriate judicial proceedings; provided, however, that the Agent shall keep the Owner informed of such actions and shall follow such instructions as the Owner prescribes.
- (e) Subject to the Owner's approval, costs incurred in connection with such actions shall be paid out of the Project Account as Development expenses.
- (f) The Agent shall see that all residents are informed with respect to such rules, regulations, and notices as may be promulgated by the Owner or Agent.
- (g) In order to minimize losses due to vacancy, the Agent shall use its best efforts to renew leases with those residents who have complied in all respects with their leases.

ARTICLE V

MAINTENANCE AND REPAIRS

Section 5.01 Agent's Responsibilities.

- (a) The Agent shall cause the Development to be maintained in accordance with the Regulatory Agreement, VHDA standards and local codes and in a condition at all times acceptable to the Owner and VHDA, including but not limited to cleaning, painting, decorating, plumbing, heating, roofing, carpentry, grounds care, and such other maintenance and repair work as may be necessary.
- (b) Special attention shall be given to preventive maintenance.

Section 5.02 Residents' Service Requests. The Agent shall systematically and promptly receive and investigate all service requests, and take such action thereon as may be justified, and shall keep records of the same. Emergency requests shall be responded to as promptly as possible but, in all cases, within twenty-four hours. Complaints of a serious nature will be reported to the Owner after investigation.

Section 5.03 Agent's Authority.

- (a) Subject to the provisions of Paragraph (b) below and Section 7.06 (d) hereof, the Agent is authorized to purchase all materials, equipment, tools, appliances, supplies, and services necessary for proper maintenance and repair of the buildings, equipment, and grounds.
- (b) Notwithstanding the foregoing provision, the prior approval of the Owner is required for any expenditure which exceeds \$1,000 in any one instance for labor, materials, or otherwise, in connection with the maintenance and repair of the Development except for recurring expenses within the limits of the Operating Budget, emergency repairs involving manifest danger to persons or property, or repairs required to avoid suspension of any necessary service to the Development. In the latter events, the Agent shall inform the Owner of the facts as soon as possible.
- (c) The Agent shall use all available techniques to ensure the most economical purchase of goods and services on behalf of the Development, including bulk purchasing. All portions of bulk purchases of goods and services to be charged to the account of the Development shall be documented by a copy of the original invoice along with a statement by the Agent of the basis for allocating any portions of such costs to the accounts of the

Development. All goods and services purchased by the Agent for the Development shall be limited solely for use at or for the Development. No charges shall be made to the account of the Development for goods and services other than for the Development, even on a reimbursable basis.

Section 5.04 Compliance with Government Orders. The Agent shall take such action as may be necessary to comply promptly with all statutes, ordinances, regulations, orders, or other requirements affecting the Development; provided, however, that the Agent will take no action so long as the Owner is contesting or has affirmed its intention to contest the same. The Agent shall notify the Owner in writing of any and all notices of such requirements within 72 hours after receipt.

Section 5.05 Utilities and Services. In accordance with the Operating Budget, the Agent shall make arrangements for water, electricity, gas, fuel oil, sewage and trash disposal, vermin extermination, decorating, laundry facilities, telephone, and other utilities and services. Subject to Owner's prior approval, the Agent shall make such contracts as may be necessary to secure appropriate utilities and services. The Agent and any person or entity having an interest in Agent or subject to Agent's control shall not engage in any business activity or concession for the Development, for which the Agent or such person or entity receives compensation outside of that provided by this Agreement, without first obtaining the approval of the Owner and VHDA.

Section 5.06 Bids and Discount. The Agent shall obtain contracts, materials, supplies, utilities, and services on the most advantageous terms, and shall solicit bids, either formal or informal, for such items and credit to the Owner all discounts, rebates, or commissions obtainable with respect to purchases, service contracts, and all other transactions on the Owner's behalf.

Section 5.07 Safety and Health Regulations.

- (a) The Agent shall take such action as may be necessary to assure that the Owner and the Agent are at all times in compliance with wage, hour, health, safety, and other federal, state, and local laws, ordinances, regulations, notices and orders of courts or other administrative bodies relating to the Owner's and Agent's employees who furnish service in connection with the Development.
- (b) The Agent agrees to indemnify and hold harmless the Owner and VHDA with respect to any losses or fines which may be incurred by reason of alleged noncompliance with any of the foregoing.

ARTICLE VI

EMPLOYEES

Section 6.01 Employees of the Agent All employees shall be employees of the Agent; and the Agent shall be responsible for hiring, supervising and discharging such employees.

Section 6.02 Employment Policies. To the greatest extent feasible, the services of regular maintenance and repair employees shall be used in the Development. However, subject to the Owner's prior approval, the Agent shall contract with qualified independent contractors for exterminating service, maintenance and repair of air-conditioning systems and elevators, and extraordinary repairs beyond the capability of regular maintenance employees.

Section 6.03 Fidelity Bond. The Agent shall furnish, at its own expense, a fidelity bond to protect the Owner against misapplication of funds of the Development by the Agent and its employees. Said bond will be in a principal sum prescribed by VHDA. Other terms and conditions of the bond, and the surety thereon, shall also be subject to the approval of the Owner and VHDA.

ARTICLE VII

DISBURSEMENTS FROM PROJECT ACCOUNT

Section 7.01 Payments Due VHDA. Unless otherwise specified by VHDA, the Agent shall make, from the Project Account, the aggregate monthly payment due to VHDA, including the amounts required to be paid under the mortgage for principal, interest, mortgage insurance premium, ground rents, taxes and assessments, fire and other hazard insurance premiums, and the amount specified in the Regulatory Agreement for allocation to the Reserve for Replacements.

Section 7.02 Agents Compensation.

- (a) The Agent shall be compensated for its services under this Agreement by monthly fees to be paid out of the Project Account as expenses of the Development.
- (b) Each monthly fee shall be in an amount equal to five percent (5%) of gross rent collections received during the current month as determined by VHDA. Owner has agreed to pay to the Agent a bookkeeping fee of \$2.50 per unit per month.

Section 7.03 Other Project Expenses. Subject to Section 7.06 (d) hereof, the Agent shall pay from the Project Account all other Operating Expenses of the Development to the extent provided in the Operating Budget

including insurance premiums, advertising and other direct renting expenses, maintenance and repair services and materials furnished by independent contractors, utilities, fuel, licenses, permits, auditors' fees, and eviction expenses.

Section 7.04 Owner's Directions. Except for the items described in Sections 7.01 through 7.03 hereof, funds shall be disbursed or transferred from the Project Account only as the Owner and VHDA may direct in writing.

Section 7.05 Transmittal of Monthly Balance. After disbursement as herein specified, any balance remaining in the Project Account may be disbursed or transferred but only as specifically directed by the Owner and VHDA in writing; however, any retained balance may not at any time exceed the limits of the Agent's fidelity bond.

Section 7.06 Operating Budget.

- (a) An annual Operating Budget for the Development shall be prepared by the Agent, and a copy of same shall be provided the Owner and VHDA at least sixty days (60) before the beginning of each fiscal year.
- (b) The proposed Operating Budget shall set forth the anticipated development income from all sources and a detailed estimate of expenses.
- (c) The Agent shall keep the Owner and VHDA informed of any deviation from the receipts or disbursements stated in the approved Operating Budget.
- (d) Notwithstanding anything to the contrary herein, without the prior approval of the Owner, funds shall not be expended for any operating expense which is in excess of \$1,000 and which is not included in the Operating Budget.
- (e) Upon the written direction of VHDA and without the approval of the Owner, the Agent shall incur and pay, on behalf of the Owner, from the income of the Development any operating expenses (whether or not included in the annual operating budget) which are determined by VHDA to be necessary to comply with the requirements of the Regulatory Agreement or otherwise to provide for the proper maintenance and operation of the Development.

ARTICLE VIII

RECORDS AND REPORTS

Section 8.01 Books of Account

- (a) The Agent shall at all times keep and maintain complete and accurate books, records, and accounts in a manner satisfactory to the Owner and VHDA, which records shall be subject to examination by their authorized representatives at all reasonable hours.
- (b) Unless otherwise specified, the Agent shall have the responsibility for maintaining and safeguarding the management and operating records of the Development such as repair records and supporting documents for receipts and disbursements. Such records shall not be destroyed without the prior written permission of the Owner and VHDA.
- (c) The Agent shall maintain adequate controls to ensure against losses or improper recording of transactions.

Section 8.02 Reports. In addition to requirements specified in other provisions of this Agreement, the Agent shall prepare and deliver to the Owner and VHDA any and all information, in a format acceptable to them, as may be requested by the Owner or VHDA from time to time with respect to the overall financial, physical, or operational condition of the Development.

Section 8.03 Annual Financial Statement.

- (a) The Agent shall deliver to the Owner and VHDA, within ninety (90) days after the end of the Development's fiscal year, an annual financial statement, prepared by a certified public accountant or other person acceptable to the Owner and VHDA. Such statement shall include, without limitation, the information required by the "VHDA Development Audit Guide."
- (b) The cost of such audit shall be paid out of the Project Account as an expense of the Development.

Section 8.04 Tax Returns. The Agent shall assist in the preparation of all income and other tax returns of the Development and shall ensure that all such returns, approved and executed by the Owner, are filed in a timely manner.

Section 8.05 Bank Accounts. Subject to the prior written approval of VHDA, the Agent shall establish and maintain such Development

bank accounts (in addition to the Project Account and the Security Deposit Account) as shall be designated by the Owner in financial institutions whose deposits are insured by an agency of the United States Government.

Section 8.06 Owner's and VHDA's Right to Reallocate Functions.
If the Owner or VHDA determines that the books of account of the Development are not being maintained in accordance with acceptable standards or that reporting timetables or standards have not been met or are not likely to be met, the Owner or VHDA may, at the expense of the Agent, cause such functions to be performed by personnel selected by the Owner or VHDA.

Section 8.07 Auditors. Auditors of the Development's financial statements shall be selected by the Owner, with prior written approval of VHDA. If VHDA is dissatisfied with the work of the auditors, the auditors may be replaced by VHDA without concurrence of the Agent or Owner.

Section 8.08 Fringe Benefit Forms. The Agent shall prepare for execution and filing by the Owner, all forms, reports, and returns in connection with unemployment insurance, workmen's compensation insurance, disability benefits, Social Security, and all other federal, state, and local taxes and requirements relating to employees of the Agent hired under this Agreement.

Section 8.09 Agent's Overhead. Except as otherwise provided in this agreement, all bookkeeping, clerical, and other management and overhead expenses of the Agent's home office (including, but not limited to, costs of office supplies and equipment, data processing services, postage, transportation for managerial personnel, and telephone services) will be borne by the Agent out of its own funds and will not be treated as a Development expense.

ARTICLE IX

TERM OF AGREEMENT

Section 9.01 Initial Term (Permanent Financing). This agreement shall be in effect for an initial term of three years from the date hereof.

Section 9.02 Extension. This Agreement shall continue in force after the expiration of the initial term, upon the same conditions, for a successive term or terms, no one of which shall exceed one year, unless the Owner (acting with the prior written consent of VHDA) or the Agent gives notice of cancellation to the other and to VHDA not less than 30 days prior to the date of expiration of such successive term.

Section 9.03 Termination by the Parties. This Agreement may be terminated by the Owner or by the mutual consent of the Parties as of the end of any calendar month; provided that not less than 30 days advance written notice is given to VHDA and that VHDA consents to such termination. This Agreement

may also be terminated by either party, with the prior written consent of VHDA, for a breach of the terms hereof upon five (5) days written notice to the other party and to VHDA.

Section 9.04 Termination by VHDA.

- (a) This Agreement may be terminated by VHDA immediately upon the mailing of notice thereof to the Owner and Agent, if the Owner is in default under the Deed of Trust securing the Mortgage Loan.
- (b) This Agreement may also be terminated by VHDA on thirty (30) days written notice to the Owner and the Agent in the event that VHDA determines that a breach of the terms hereof has occurred or that there has occurred other just cause for termination.
- (c) VHDA shall not be subject to liability for any loss, expense, or damage caused by termination by it of this Agreement.

Section 9.05 Termination on Sale. This Agreement may be terminated by the Owner on 30 days written notice to the Agent in the event of a bona fide agreement of sale of the Development.

Section 9.06 Obligations After Termination.

- (a) Upon termination of the Agreement for any reason, the Agent shall:
 - (i) remit to the Owner (or in the case of a termination under Section 9.04 (a), to VHDA), within twenty-four hours after such termination, all monies due the Owner, including monies in the Project Account and Security Deposit Account; (ii) notify all residents to make future rent payments to the Owner or the Owner's designee (or, in the case of a termination under Section 9.04 (a), to VHDA), and (iii) submit to the Owner and VHDA any financial statements, records, titles or documents required by either of them.
- (b) After the Parties have accounted to each other with respect to all matters outstanding as of the date of termination, the Owner shall furnish the Agent with adequate security against any obligations or liabilities which the Agent may properly have incurred on behalf of the Owner.
- (c) The provisions of this Section shall survive the termination of this Agreement.

ARTICLE X

ADDITIONAL PROVISIONS

Section 10.01 Successors. Any reference in this Agreement, by name or number, to a government agency, statute, program or form shall include any successor agency, statute, program, or form.

Section 10.02 Notices. Any notice, demand, or request required or permitted to be given or made hereunder shall be in writing and shall be deemed given or made when delivered or sent by certified or registered mail, return receipt requested, at the last business address known to him who gives the notice.

Section 10.03 Titles and Captions. All articles or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend, or describe the scope or intent of any provisions hereof.

Section 10.04 Further Action. The Parties shall execute and deliver all documents, provide all information, and take or forebear from all such action as may be necessary or appropriate to achieve the purpose of this Agreement.

Section 10.05 Applicable Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Virginia.

Section 10.06 Amendment. This Agreement may be modified or amended only with the written approval of both parties and VHDA.

Section 10.07 Assignment. This Agreement, and the rights and obligations herein set forth, shall not be assigned by either party without prior written consent of VHDA.

Section 10.08 Waiver. No failure by either party to insist upon the strict performance of any covenant, duty, agreement, or condition of the Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant, agreement, term, or condition. Either party, by notice to the other and with the prior written approval of VHDA, may waive any of its rights or any conditions to its obligations hereunder, or any duty, obligation, or covenant of the other party. No waiver shall affect or alter the remainder of this Agreement, but each and every covenant, agreement, term and condition of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach thereof.

Section 10.09 Third Parties. It is understood and agreed that the covenants and terms of this Agreement are not intended, and shall not be

construed, to benefit or protect any person or entity, other than the parties hereto, VHDA and their successors and assigns, or to provide any such person or entity with any rights or remedies against the parties hereto. It is further understood and agreed that no such person or entity shall be entitled to rely on the implementation or enforcement of any term or provision of this Agreement by the parties hereto.

Section 10.10 Separability. Any provision of the Regulatory Agreement or any applicable law which supersedes any provision hereof shall not affect the validity of the balance of this Agreement, and the remaining provisions shall be enforced as if the invalid provisions were deleted.

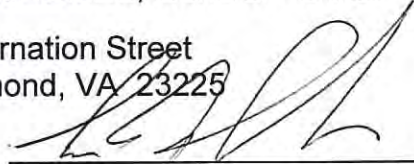
Section 10.11 Counterparts. This Agreement may be executed in counterparts and shall constitute one Agreement binding on all the Parties notwithstanding that all the Parties are not signatories to the original or the same counterpart. Each Party shall become bound by this Agreement immediately upon affixing its signature hereto, independently of the signature of any other Party.

IN WITNESS WHEREOF, the Parties (by their duly authorized officers) have executed this Agreement on the 28th day of September, 2014.

OWNER: William Byrd Senior Apartments, LLC
By: project:HOMES, General Partner

ADDRESS: 88 Carnation Street
Richmond, VA 23225

BY:



Lee Householder

TITLE: Executive Director

AGENT: Epoch Properties, Inc.

ADDRESS: 611 Research Road, Suite C
Richmond, VA 23236

BY:



William J. DeWorken, GPM

TITLE: President

EXHIBIT 7
ADDENDUM TO PROPERTY
MANAGEMENT AGREEMENT

This Addendum is attached to and made a part of the Management Agreement between Epoch Properties, Inc., a Virginia corporation ("Agent") and William Byrd Senior Apartments, LLC ("Owner"), a Virginia limited liability company, dated July 1st, 2015 (the "Agreement"), relating to the Property described therein.

In consideration of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and the prior verbal understandings of the parties as to the matters covered herein, and the undersigned Owner's continued reliance on the undersigned Agent to lease and manage the Property under the Agreement, and to induce Owner's Investor Member to contribute equity capital to Owner for the development and operation of the Property, the parties further agree as follows:

A. Low-Income Housing

1. Tax Credit Requirements. Agent acknowledges that Owner is required under its operating agreement to use best efforts to lease one hundred percent (100%) of the units in the Apartment Complex (the "Credit Units") to tenants whose income and rent levels qualify such apartments for inclusion in determining federal low-income housing tax credits (the "Credits") for the Property, and that the Credits will have substantial economic value to Owner and its members. Owner shall furnish Agent with written descriptions of such requirements as they relate to Agent's leasing and management duties hereunder.
2. Tenant Certification. For all Credit Units, Agent shall require each prospective tenant to complete, execute, and deliver the forms of Low-Income Lease Addendum and Tenant Income Certification, and shall obtain from each prospective tenant's employer the completed and executed form of Employer Verification, all attached hereto as Exhibit A, subject to the updating and revision of maximum allowable household income amounts as described hereinbelow, in order to provide necessary certification and verification of the amount of such tenant's annual family income, family size, and any other information reasonably requested by Owner in writing in connection with the Credits. Agent shall require tenants to certify in writing as to such matters on an annual basis, prior to such time as the information is required for reporting purposes. Owner shall give Agent advance written notice of such requirements. Prior to executing each Lease of any of the Credit Units, Agent shall deliver copies of the applicable Lease, rider, certification, and verification for each such Credit Unit to Owner and to Owner's Investor Member, and Agent shall not execute any Lease with respect to any of the Credit Units without having received the prior written consent of Owner with respect to each such Lease, rider, certification, and verification.
3. Maximum Income. Owner shall from time to time furnish Agent with an updated and revised schedule of maximum allowable household income to qualify for the Credits,

and Agent shall update and revise the form of Low-Income Lease Rider attached hereto as Exhibit A accordingly, as and when changes in such income levels are announced.

4. **Maximum Rent.** Owner shall from time to time furnish Agent with a written schedule of maximum allowable rents for the apartments to qualify for the Credits, depending on family size, as and when changes in such rent levels are announced. Without Owner's express prior written consent, Agent shall not enter into any lease on behalf of owner at a rental amount exceeding the applicable maximum.

5. **Record Keeping.** Agent shall maintain and preserve all written records of tenant family income and size, and any other information reasonably requested by Owner in writing in connection with the Credits, throughout the term of the Agreement, and shall turn all such records over to Owner upon the termination or expiration of the Agreement.

6. **Report Preparation.** If requested by owner in writing, Agent shall prepare reports of low-income leasing and occupancy in form suitable for submission in connection with the Credits.

7. **HUD Requirements.** Agent shall be responsible for or shall assist Owner in the certification and recertification of tenants covered by any Housing Assistance Payments Contract that may be applicable to the Property with respect to federal Section 8 rent subsidies, following procedures required by the U.S. Department of Housing and Urban Development ("HUD"). [Agent shall also be responsible for or shall assist Owner in assuring compliance with the HOME Regulations promulgated at 24 CFR 92, as amended, for any Credit Units that are subject to such regulations.]

8. **Local Code Compliance.** Agent shall cause the Project to be maintained in compliance with all local health, safety, and building codes to the extent of available funds, and shall promptly give written notice to Owner and to Owner's Investor Member if Agent receives notice of any such code violation relating to the Property.

B. Other Provisions

1. **Records System.** Agent shall establish and maintain a comprehensive system of records, books, and accounts, including computerized systems, in accordance with the Plan and in a manner satisfactory to Owner. All records, books, and accounts shall be subject to examination at reasonable hours by any authorized representative of Owner, or of Owner's Investor Member.

2. **Monthly Reports.** Agent shall prepare all monthly reports required pursuant to Section 13.02(b) of Owner's Amended and Restated Operating Agreement, a copy of which Agent has received.

3. **Additional Information.** Agent shall promptly furnish such additional information (including monthly occupancy reports) as may be requested from time to time by Owner

or Owner's Investor Member with respect to the renting and financial, physical, or operational condition of the Property.

4. Fidelity Bond. Agent shall furnish and maintain, at the expense of the Property, for the duration of the Agreement and any extensions thereof, plus thirty (30) days after the expiration or termination thereof, a commercial blanket bond in favor of Owner, in an amount not less than the sum of (a) six (6) months, potential maximum gross rents for the Property plus (b) aggregate tenant security deposits held from time to time, both in amounts as determined by Owner, and in a form and with a company acceptable to Owner, which commercial blanket bond shall cover Agent and all employees hired by Agent in connection with the Agreement. Such fidelity bond shall cover losses discovered by Owner within two (2) years after the occurrence of such losses. Such fidelity bond shall contain a written provision that owner shall be given at least ten (10) days, prior written notice of cancellation.

5. Insurance. Agent shall at all times keep its employees and contractors insured for statutory workers' compensation and other employee benefits required by all applicable laws, and Agent shall maintain employer's liability insurance for an amount not less than \$1,000,000.00 covering claims and suits by or on behalf of employees and others, not otherwise covered by statutory workers' compensation insurance. Owner and its members shall be protected in all such insurance by specific inclusion of owner under an additional insured or alternate employer rider. Agent shall provide Owner with a certificate of insurance evidencing that workers' compensation and employer's liability insurance is in force and providing not less than ten (10) days, notice to Owner prior to cancellation.

6. Indemnity. To the extent permitted by law, Agent agrees to defend, indemnify, and save harmless Owner and its members from all claims, investigations, and suits, or from actions or failures to act of Agent, with respect to any alleged or actual violation of state or federal labor or other laws pertaining to employees, it being expressly agreed and understood that as between owner and Agent, all persons employed in connection with the premises are employees of Agent, not Owner.

7. Reserves and Escrow. To the extent funds are available, Agent shall make all deposits into the replacement reserve for the Property and any other necessary or advisable reserves or escrows for the Property, as specified in Owner's operating agreement.

8. Compliance with Laws. In the performance of its obligations under the Agreement, Agent shall comply with applicable local, state, and federal laws and regulations.

9. Termination of Agreement. The Agreement shall be subject to the following additional conditions:

(a) In the event Agent fails to perform any of its duties under the Agreement hereunder or to comply with any of the provisions thereof or hereof, Owner shall notify Agent in writing and Agent shall have ten (10) days thereafter within which to cure such default to the reasonable satisfaction of Owner. Notwithstanding the

foregoing, if the default cannot be cured within such ten (10) day period, Agent shall have such additional time as may be reasonably necessary to cure the same provided that Agent demonstrates to the continuing satisfaction of Owner that it is diligently pursuing all necessary actions to cure such default and that the same will be cured within a reasonable time without damage or expense to Owner. Failure to cure the default within the permitted time to cure shall constitute grounds for immediate termination of the Agreement by the Owner without further notice to the Agent.

(b) In the event a petition in bankruptcy is filed by or against Owner or Agent, or in the event owner or Agent makes an assignment for the benefit of creditors or takes advantage of any insolvency act, Owner or Agent may terminate this Agreement without notice to the other.

(c) In the event (i) Agent for any reason fails to be actively involved in the management of the Property for any period of more than thirty (30) days, or (ii) a majority of the shares of stock of Agent, measured by number of shares, monetary value, or voting control, are transferred to any person or entity other than the current shareholders owning the greatest interests in Agent as determined by any of the measures described above, (iii) any affiliate of Agent is a managing member of Owner and such affiliate withdraws or is removed as such managing member, or (iv) any affiliate of Agent is a managing member of Owner and such affiliate (or an affiliate thereof) is in material breach of or material noncompliance with any provision of the Owner's operating agreement.

(d) Owner will terminate this Agreement if HUD or the Virginia Housing Development Authority direct the Owner to do so.

(e) The Agreement may be canceled by the Owner upon thirty (30) days' prior notice.

(f) Within five (5) days after the termination of the Agreement, Agent shall close all accounts and pay the balances or assign all certificates of deposit regarding the Property to Owner. Within ten (10) days after the termination of the Agreement, Agent shall deliver to Owner all plans and surveys of the Property in its possession and all books and records concerning the Property.

(g) Within thirty (30) days after the termination of the Agreement, Agent shall submit to Owner all reports required under paragraph 2 above to the date of such termination, and Agent and Owner shall account to each other with respect to all matters outstanding as of the date of termination.

10. Compliance with Regulatory Agreements. Agent agrees that it shall lease all units in compliance with the income restrictions, rent restrictions and unit mix information set forth in [the all Deeds of Trust (including the forthcoming deed of trust to be recorded by the Owner in favor of the Virginia Housing Development Authority),] any [other]

regulatory agreement and the Extended Use Agreement, as amended, that encumber the Property. The Owner will provide copies of the recorded deeds of trusts and Extended Use Agreement to the Agent upon their availability. Drafts of available documents will be provided prior to execution of this document, the agent is familiar with the restrictions and other requirements set forth in those documents.

11. Term. The Agreement shall have an initial term of two (2) years, and shall be renewed automatically thereafter for successive additional terms of two (2) years each, provided, however, that either party shall have the right to terminate the Agreement upon thirty (30) days written notice.

12. Compensation. In accordance with Section 8.15 of the Operating Agreement, if and to the extent necessary at any time to prevent a default by the Owner under the terms of any Project Loan (as defined in the Operating Agreement) between Owner and any lender relating to the Project, Manager agrees to subordinate payment of its Management Fee to the payment of required debt service under the Project Loans and hereby agrees to defer receipt of payment of the Management Fee from Owner under such circumstances. Payment of the Management Fee shall be cumulative to the extent it is not paid in full in any month due to such a deferral. Owner shall endeavor to provide Manager with thirty days notice of any need for the Manager to defer receipt of payment of the Management Fee as provided herein.

C. Miscellaneous

1. Agreement. References herein to the Agreement mean the Agreement as amended by this Addendum.

2. Notices. Copies of all notices or other communications required or desired to be given under the Agreement shall be concurrently mailed to Owner's Investor Member at the following address: Housing Equity Fund of Virginia XIX, L.L.C., 1840 West Broad Street, Suite 200, Richmond, Virginia 23220, Attention: Bob Newman. In the event of a change of such mailing address, Owner's Investor Member may give notice of a new or forwarding address within seven (7) days of the effective date of said change, whereupon subsequent notices shall be addressed to such new or forwarding address.

3. Amendment. No amendment or modification of the Agreement shall be valid or enforceable without the prior written consent of Owner's Investor Member.

4. Enforceability. The invalidity of any clause, part, or provision of the Agreement shall not affect the validity of the remaining portions thereof. Owner's remedies under the Agreement shall be cumulative, and the exercise of one remedy shall not be deemed an election of remedies nor foreclose the exercise of Owner's other remedies. No waiver by owner of any breach of the Agreement shall be deemed to be a waiver of any other or subsequent breach. Owner or Agent may apply to any court, state or federal, for specific performance of the Agreement, for an injunction against any violation of the Agreement, or for such other relief as may be appropriate, since the injury arising from a default under

any of the terms of the Agreement would be irreparable and the amount of damage would be difficult to ascertain.

5. Regulatory Provisions. Notwithstanding anything to the contrary in this Addendum, any provision hereof that is or whose performance would be in violation of (a) any agreement between the Owner or the Agent and HUD, (b) any HUD or any state or local housing or other regulatory authority requirements concerning the Property, or (c) any applicable HUD or state or local regulatory authority regulations, shall be void and have no force or effect. The foregoing shall not, however, affect the enforceability of any other provisions of this Addendum.

6. Conflicts. Except as provided in paragraph 5 above, those provisions which impose more stringent obligations upon the Agent or provide greater benefits to the Owner or Owner's Investor Member shall prevail and control.

7. Successors and Assigns. The Agreement shall inure to the benefit of and constitute a binding obligation upon Owner and Agent and their respective successors and assigns; provided, however, that Agent shall not assign the Agreement, or any of its duties thereunder, without the prior written consent of Owner. In the event Owner's managing member described below or any managing member of Owner is removed as managing member in accordance with Owner's operating agreement, any successor managing member selected in accordance with such operating agreement shall have authority to act hereunder on behalf of Owner, and until such successor is selected Owner's Investor Member shall have temporary authority, if it elects to exercise such right, to act hereunder on behalf of Owner.

[Remainder of Page Intentionally Left Blank]

In Witness Whereof, the parties have executed this Addendum to the Management Agreement as of the date first written above.

OWNER

William Byrd Senior Apartments, LLC, a liability company

By: project:HOMES, its Managing Member

By: 

Name: Lee Householder

Title: Executive Director

AGENT

Epoch Properties, Inc., a Virginia corporation

By: 

Name: William J. DeWorken

Title: President

EXHIBIT TO ADDENDUM TO PROPERTY MANAGEMENT AGREEMENT

EXHIBIT A
LOW-INCOME LEASE ADDENDUM

LEASE ADDENDUM

FEDERAL LOW INCOME HOUSING TAX CREDIT PROGRAM

The following provisions shall be incorporated into and made a part of the Lease Agreement dated _____ for address _____, _____, Virginia _____ (ZIP) (the "Apartment."). These provisions are agreed to by _____ and _____ ("Resident") and _____ ("Landlord.")

1. Resident acknowledges that Resident's household income and composition and other matters relating to Resident's eligibility for occupancy of the Apartment are material to this Lease.
2. Persons who intentionally mistake household size, income, student status, or otherwise attempt to mislead the owner as to their qualifications to occupy a low-income unit will be evicted.
3. Any change in a unit's household composition must be reported to the property management staff and reflected in the resident's file.
4. Resident agrees to inform management of any change in the student status of any household member. If all members of the household become full-time students not meeting any of the allowable exceptions, the household agrees to move out of the unit within thirty (30) days.
5. Resident agrees to comply with all requests hereafter made by the Landlord or the Virginia Housing Development Authority for information, documents, and certifications concerning Resident's eligibility for occupancy of the Apartment. Resident shall furnish all such information, documentation or certifications on or before the date specified in such request, which date shall not be earlier than ten (10) days from the date of receipt by Resident of such request. Such information, documents and certifications shall in all respects be true, accurate and complete. Failure by the resident to provide required information or documentation is a substantial violation of the lease and is cause for eviction.
6. The owner, owner's representative, and staff of the Virginia Housing Development Authority, accompanied by the owner's representative, reserve the right to enter the unit to inspect the physical condition of such unit.

7. Subletting/assignment is not allowed.

Resident:

Landlord:

**EXHIBIT H
TO OPERATING AGREEMENT**

DEVELOPMENT BUDGET

William Byrd Apartments

PROJECT ASSUMPTIONS

Project Sponsor	Project HOMES
Community	Richmond, VA

OPERATING ASSUMPTIONS

PROJECT TIMING		
Closing		15-Oct-15
Construction Start		15-Nov-15
Construction Completion		31-Dec-16
Full Qualified Occupancy		30-Sep-17
Closing Month of the Year		9
Operating Months Year		1
Ave. Qual. Occupancy Mo. Year		11.08

Credit Allocation	326,734
(Insert - 0 - if prior to allocation)	
Credit Calculated	326,734
Credit Used	326,734

PROJECT OPERATING ASSUMPTIONS											
GENERAL											
Management Fee	5.04%	Replacement Reserve \$/Unit		300							
Vacancy Rate	5.00%	25.00%									
Inflation Income	2.00%	3.00% Operating Cost/Unit		6419							
Inflation Expenses	3.00%										
Initial Company Admin. Fee				\$11,525							
Year 1 Building Expenses				\$580,672 (W/O REP.RES.,MGMT.)							
<p style="color: red;">11 units at 50% incomes and rents 10.58%</p> <p>93 units at 60% income and rents 89.42%</p>											
<p style="color: red;">Income Assumptions include rent from antennae farm of @40k annually</p>											
PROJECT INCOME ASSUMPTIONS											
Unit Type	# Units	Net \$/Mo.	Gross Pot Ann Inc.								
1 BR/1 BA (50%)	684	11	684.00	90,288							
1 BR/1 BA (60%)	821	93	810.00	903,960							
		0	0.00	0							
		0	0.00	0							
Other Income (laundry , misc fees &)	1	1250.00	15,000								
			0								
			0								
Beauty/Barber Shop/Antennae		6500.00	78,000								
Total Apartment Units	104		1,087,248								
				PROPERTY RENTAL INCOME ANALYSIS							
All utilities included in rent											
Unit Type	Tenant Pd	Utilities	Sq. Ft.	Net \$/Mo.	Utility Allow	Adjusted Rent	Program Maximum	Dollars Below	FMR	Dollars Below	Lo/Hi HOME
1 BR/1 BA (50%)		None	690	684.00	0.00	684.00	684.00	0.00	830.00	146.00	709/836
1 BR/1 BA (60%)		None	690	810.00	0.00	810.00	821.00	11.00	830.00	20.00	709/836
0				0.00		0.00		0.00		0.00	0
0				0.00		0.00		0.00		0.00	0
Other Income (laundry , misc fees & charges)				1250.00		1250.00		-1250.00		-1250.00	
0				0.00		0.00		0.00		0.00	
0				0.00		0.00		0.00		0.00	
Beauty/Barber Shop/Antennae			0	6500.00							0
491											

William Byrd Apartments

OPERATING EXPENSES

		Annual Expense	\$/Unit	
ADMINISTRATIVE				
Advertising/Marketing		10,000	96	
Office Salaries		15,000	144	
Office supplies		750	7	
Office/Model Apartment		0	0	
Management Fee	5.04% EGI 52057	52,057	501	
Manager Salaries		45,000	433	
Staff units			0	
Legal		1,200	12	
Audit		0	0	
Bookkeeping/Accounting		4,000	38	
Telephone		1,200	12	
VHDA Monitoring		3,640	35	
Other Administrative and resident activities		13,500	130	
TOTAL ADMINISTRATIVE			146,347	1,407
UTILITIES				
Generator Fuel		2,500	24	
Electricity		103,000	990	
Water		23,000	221	
Sewer		48,000	462	
Gas		32,000	308	
TOTAL UTILITIES			208,500	2,005
OPERATING / MAINTENANCE				
Janitor/Cleaning Payroll		55,000	529	
Janitor/Cleaning Supplies		2,000	19	
Janitor/Cleaning/Cleaning Contract		0	0	
Exterminating		6,000	58	
Trash Removal		3,000	29	
Security/Payroll		9,222	89	
Grounds Payroll		0	0	
Grounds Supplies		1,800	17	
Grounds Contract		0	0	
Maintenance/Repairs Payroll		52,000	500	
Repairs Material		6,000	58	
Repair Contract		4,000	38	
Heating Cooling Repairs and Maintenance		4,000	38	
Elevator Maintenance		14,300	138	
Snow Removal		2,600	25	
Decorating/Payroll/Contract		0	0	
Decorating Supplies		2,000	19	
Miscellaneous -		7,500	72	
TOTAL OPERATING / MAINTENANCE			169,422	1,629

EXPENSE ANALYSIS	Annual Expense	\$/Unit
Administrative W/O Mgmt, Audit, KHC	90,650	872
Utilities	208,500	2,005
Maintenance	169,422	1,629
Real Estate Taxes	58,000	558
Insurance	16,000	154
Other Taxes / Insurance	38,100	366
TOTAL Building Expense	580,672	5,583
Replacement Res.	31,200	300
Management	52,057	501
VHDA Monitoring	3,640	35
Total Operating Expense	667,569	6,419
Partnership Management/Audit	11,525	111
Total Annual Expenses	679,094	6,565

		Annual Expense	\$/Unit	
TAXES AND INSURANCE				
Real Estate Taxes		58,000	558	
Payroll Taxes		18,000	173	
Miscellaneous Taxes / Linceses / Permits		1,800	17	
Property and Liability Insurance		16,000	154	
Fidelity Bond		0	0	
Workman's Compensation		3,000	29	
Health Insurance and Employee Benefits		12,000	115	
Other Insurance		3,300	32	
TOTAL TAXES AND INSURANCE			112,100	1,078
Replacement Reserves	300 \$/Unit/Yr		31,200	300
TOTAL OPERATING EXPENSES			667,569	6,419

William Byrd Apartments

Operating and Replacement Reserve Account Analysis

OPERATING RESERVE	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Beginning Balance	475,000	475,099	476,287	477,477	478,671	479,868	481,067	482,270	483,476	484,684	485,896	487,111	488,329	489,550	490,773	492,000	493,230	
Reserve interest	0	99	1,188	1,191	1,194	1,197	1,200	1,203	1,206	1,209	1,212	1,215	1,218	1,221	1,224	1,227	1,230	1,233
Distributable Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less: Incentive Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred To Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ENDING BALANCE	475,099	476,287	477,477	478,671	479,868	481,067	482,270	483,476	484,684	485,896	487,111	488,329	489,550	490,773	492,000	493,230	494,463	
Deferred Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
REPLACEMENT RESERVE																		
Beginning Balance	0	2,601	33,892	65,340	96,946	128,710	44,504	76,005	107,664	42,341	73,832	105,480	42,117	73,606	105,253	42,094	73,583	
Interest Income	1	91	248	406	564	433	301	459	375	290	448	369	289	447	368	289	447	
Reserve Deposits	2,600	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	
Capital Expenditures						115,839			96,898			94,932			94,728			
ENDING BALANCE	2,601	33,892	65,340	96,946	128,710	44,504	76,005	107,664	42,341	73,832	105,480	42,117	73,606	105,253	42,094	73,583	105,230	

William Byrd Apartments

USES OF FUNDS

USES OF FUNDS	Total	Sub Tot	% OF Tot.	Sub Tot	\$/unit	Sub Tot	COMMENTS
Purchase of land	1,500,000		10.17%		14,423		0.32967033 0 1500000
Purchase Building	3,050,000	4,550,000	20.69%	30.86%	29,327	43,750	*@3% is allocable to commercial space" 0.6703297 0 3050000
Off Site Improvements	0		0.00%		0		
Site Improvements	0		0.00%		0		
Unit Structures (Commercial)	0		0.00%		0		
Unit Structures (Rehab)	4,302,103		29.18%		41,366		
Elevator Contract	345,650		2.34%		3,324		
General Conditions, Overhead, Profit	579,195		3.93%		5,569		
Bonding Fee	57,285		0.39%		551		
Blinds and Appliances	130,910	5,415,143	0.29%	36.73%	1,259	52,069	
Building Permit	43,000		0.29%		413		8.50 per 1000 plus assorted charges and fees for inspections
A&E Fees (Design and Supervision)	167,000		1.13%		1,606		
Mortgage Banker	69,000		0.47%		663		
Historic Consultant	14,800		0.10%		142		
Construction/Bridge Loan/LoC Fee	35,375		0.24%		340		18000 for letter of credit
Construction Interest	240,000		1.63%		2,308		includes 60k of interest post PIS
Bridge Interest During Const.	0.5	0	0.00%		0		
Taxes During Construction	75,000		0.51%		721		
Insurance During construction	30,000		0.20%		288		
Cost Certification	12,000		0.08%		115		
Legal Fees Permanent	40,000		0.27%		385		
Legal Fees Construction	60,000		0.41%		577		
Legal Fees Partnership	32,000		0.22%		308		
Legal Fees Syndication	18,000		0.12%		173		
Title/Recording/Survey	57,050		0.39%		549		
Building Carrying Costs	150,000		1.02%		1,442		
Permanent Loan Fees	126,750		0.86%		1,219		
PCA and Structural Study	15,000		0.10%		144		
Environmental Study	20,671		0.14%		199		
Earthcraft/Energy Audit Fees	46,057		0.31%		443		
Appraisal Fee	12,500		0.08%		120		
Market Study	3,500		0.02%		34		
Tax Credit Fee	23,621		0.16%		227		
Contingency	339,350		2.30%		3,263		
Replacement Reserve	0		0.00%		0		
Lease Up	50,000	1,124,324	0.34%		481		
Operating Reserve	475,000	2,155,674	3.22%	14.62%	4,567	20,728	Include \$100k in contributed cash from the GP
Developer's Fees	2,471,304		16.76%		23,763		
Relocation	150,000		1.02%		1,442		
PROJECT TOTAL	14,742,121		100.00%		141,751		

14,742,121

William Byrd Apartments

SOURCES OF FUNDS

PROJECT SOURCES OF FUNDS	Amount	% of Tot.	Rate	Term	Ann. D/S	D/S Cover
Financing						
VHDA Tax Exmpt Bond Loan	4,900,000	33.24%	4.02%	30	281491	1.27
VHDA SPARC	0	0.00%	2.95%	30	0	1.27**
Sponsor Loan (DHCD HOME)	500,000	3.39%	2.00%	30	10000	1.22
Sponsor Loan (Seller Note)	1,623,859	11.02%	2.74%	30	0	
Sponsor Loan (City of Richmond Housing Trust Fund)	165,000	1.12%	0.00%	30	0	cash flow only
Accrued Interest on Seller Note	59,171	0.40%			0	
GP Deferred Developer Fee	1,408,731	9.56%	0.00%	30	0	Only from available cash flow
TOTAL FINANCING	8,656,761	58.72%				
Purchased Reserves	0					
State Credit Investment	1,536,722	0				
GP Contribution	100,000	0.68%				
Grants	0					
Project Investment	4,448,639	30.18%				
Construction-Period Cash Flow		0.00%				
TOTAL FINANCING	14,742,121	100.00%				
PROJECT GAP	0	0.00%				
TOTAL PROJECT COST	14,742,121	100.00%				

short term bonds 2000000 short term TE Bond
 50% Test 4,900,000 TE Bond (Permanent) 6,900,000
 13,700,312 Qualified Basis + land
 50.36%

Investor Payout - Wells F 575,000
 Investor Payout - Butch B 70,000
 Mortgage 1 844,434
 Mortgage 2 488,951
 VHDA 947,757
Total 2,926,141

#NUM!	EQUAL PAYMENT FORMULA
0	INTEREST ONLY FORMULA

90.00%

current debt service payment 253,164 from 2013 audit
 proposed debt service after re 291491

State Tax Credit	Historic	Housing
State Tax Credit	2048962	0
State Benefit	1331825	0
Est. State Credit Equity		1145370

Per diems
 137.7831
 70.4938
 187.4884

appraised value: 4550000
 - debt + investors payout: 2,926,141
 Remainder 1,623,859

William Byrd Apartments

USES OF FUNDS BY TAX CATEGORY

USES OF FUNDS	TOTAL	0	4%	CREDIT 9%	AMORT.	NO CREDIT DEP.	EXP.	NON- DEP.	TOTAL
Purchase of land	1,500,000							1,500,000	1,500,000
Purchase Building	3,050,000		2,958,500			91,500			3,050,000
Off Site Improvements	0							0	0
Site Improvements	0		0			0		0	0
Unit Structures (Commercial)	0		0						0
Unit Structures (Rehab)	4,302,103			4,302,103					4,302,103
Elevator Contract	345,650			345,650					345,650
General Conditions, Overhead, Profit	579,195			579,195					579,195
Bonding Fee	57,285			57,285					57,285
Blinds and Appliances	130,910			130,910					130,910
Building Permit	43,000			43,000					43,000
A&E Fees (Design and Supervision)	167,000			167,000					167,000
Mortgage Banker	69,000			0	69,000				69,000
Historic Consultant	14,800			14,800		0			14,800
Construction/Bridge Loan/LoC Fee	35,375			35,375					35,375
Construction Interest	240,000			180,000			60,000		240,000
Bridge Interest During Const.	0								0
Taxes During Construction	75,000			75,000					75,000
Insurance During construction	30,000			30,000					30,000
Cost Certification	12,000				12,000				12,000
Legal Fees Permanent	40,000				40,000				40,000
Legal Fees Construction	60,000			60,000					60,000
Legal Fees Partnership	32,000				27,000		5,000		32,000
Legal Fees Syndication	18,000							18,000	18,000
Title/Recording/Survey	57,050			57,050					57,050
Building Carrying Costs	150,000				142,719	7,281			150,000
Permanent Loan Fees	126,750				119,469	7,281			126,750
PCA and Structural Study	15,000			15,000	0				15,000
Environmental Study	20,671			20,671					20,671
Earthcraft/Energy Audit Fees	46,057			46,057					46,057
Appraisal Fee	12,500			12,500	0				12,500
Market Study	3,500			3,500	0				3,500
Tax Credit Fee	23,621				23,621				23,621
Contingency	339,350			339,350					339,350
Replacement Reserve	0						0		0
Lease Up	50,000						50,000		50,000
Operating Reserve	475,000							475,000	475,000
Developer's Fees	2,471,304		532,371	1,677,112				261,821	2,471,304
Relocation	150,000			150,000					150,000
PROJECT TOTAL	14,742,121		3,490,871	8,341,558	433,809	106,062	115,000	2,254,821	14,742,121
Development Advisory Fee	0			0					0
OVERALL TOTAL	14,742,121		3,490,871	8,341,558					

Historic Basis	Historic Percentage
100.00%	Historic Percentage
0	
0	
0	
0	
4,302,103	
345,650	
579,195	
57,285	
0	
43,000	
167,000	
0	
0	
35,375	
180,000	
0	
75,000	
30,000	
0	
0	
60,000	
0	
0	
57,050	
0	
0	
15,000	
20,671	
46,057	
12,500	
3,500	
0	
0	
0	
0	
0	
1,677,112	
150,000	
0	
0	
8,195,849	

William Byrd Apartments

Depreciation and Amortization Schedules

ANNUAL AMORTIZATION		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Expense Category	Total																		
Permanent Legal	40,000	111	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	
Legal Partnership	27,000	150	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,650		
Permanent Loan Fees	119,469	332	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	
Cost Certification	12,000	67	800	800	800	800	800	800	800	800	800	800	800	800	800	800	800	733	
Tax Credit Fee	23,621	131	1,575	1,575	1,575	1,575	1,575	1,575	1,575	1,575	1,575	1,575	1,575	1,575	1,575	1,575	1,575	1,444	
Mortgage Broker	69,000	192	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	
Building Carrying Costs	142,719	396	4,757	4,757	4,757	4,757	4,757	4,757	4,757	4,757	4,757	4,757	4,757	4,757	4,757	4,757	4,757	4,757	
Total	433,809	1,379	16,548	16,548	16,548	16,548	16,548	16,548	16,548	16,548	16,548	16,548	16,548	16,548	16,548	16,548	20,759	14,550	
Tot. From Sched.		433809.356																	
ANNUAL DEPRECIATION		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Housing Building	27.5	10,578	371,549	371,549	371,549	371,549	375,761	375,761	375,761	379,284	379,284	379,284	382,737	382,737	382,737	386,181	386,181	386,181	
Commercial Building	27.5	172	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069	
FF&E			26,182	41,891	25,135	15,081	15,081	11,677											
Site Work		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total		10,751	399,799	415,508	398,752	388,698	392,910	389,507	377,830	381,353	381,353	381,353	384,805	384,805	384,805	388,250	388,250	388,250	

Depreciable Basis Calculation	
4% Aquisition	3,490,871
9% Basis	8,341,558
No Credit Depreciable	106,062
Total Housing Building	11,938,491
Site Work	0
FF&E	130,910
Commercial	106,062
Housing Historic	1,589,995
Commercial Historic	49,175
Commercial Dep. Basis	56,887
Housing Building	10,217,586
15 year property	0

TAX CREDIT ASSUMPTIONS	
Tax Credit Rates:	
Acquisition	3.19%
Rehabilitation	3.19%
Annual Tax Credit	326,734
Credit Allocated to Project	326,734
Credit Calculated for Project	326,734
Credit Calc Net of Exchange	326,734
Applicable Percentage	100.00%
Qualified Census Tracts	0.00%

Credit calculation			
Basis (from Page 7)	8,341,558	Aquisition Basis	3,490,871
Applicable Percentage	100%	Applicable %	100%
Adjustments	1,589,995	Adjustments	
Basis Boost	0	Basis Boost	0
Credit Basis	6,751,563	Credit Basis	3490871
Credit Rate	0	Credit Rate	3.19%
Calculated Rehab Credit	215,375	Calc. Aquisit Credit	111359
Total		326734	

Basis Adjustments	
Historic Credit	1589995
Grants	0
Federal Financing	0
Other	0
TOTAL	1589995

2940602.89
 1508036.22 3044757.904
 1536721.69
 5985360.79
 0.338988212

HISTORIC TAX CREDITS			
Historic Credit Basis	8195849	Housing Percent	97.00%
Federal Historic Credit	1639170	Housing Portion	1589995
State Historic Credit	2048962	25.00%	
State historic benefit	1331825		

William Byrd Apartments

PROJECT FINANCING

Exmpt Bond Loan		VHDA SPARC		Sponsor Loan (DHCD HOME)													
Principal Balance	4,900,000	Principal Balance	0	Principal Balance	500000												
Interest Rate	4.02%	Interest Rate	2.95%	Interest Rate	2.00%												
Term	30	Term	30	Term	30												
Annual Debt Serv.	281491	Annual Debt Serv.	0	Annual Debt Serv.	10000												
MORTGAGE AMORTIZATION																	
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
VHDA Tax Exmpt Bond Loan																	
Payment	0	0	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491
Interest	0	0	195,381	191,846	188,166	184,334	180,346	176,194	171,871	167,371	162,686	157,808	152,731	147,445	141,942	136,213	130,249
Principal	0	0	86,110	89,645	93,325	97,156	101,145	105,297	109,620	114,120	118,805	123,682	128,760	134,046	139,549	145,277	151,242
Year End Bal.	4,900,000	4,900,000	4,813,890	4,724,245	4,630,920	4,533,764	4,432,619	4,327,322	4,217,703	4,103,583	3,984,778	3,861,095	3,732,336	3,598,290	3,458,741	3,313,464	3,162,222
VHDA SPARC																	
Payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Principal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Year End Bal.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sponsor Loan (DHCD HOME)																	
Payment	0	1,667	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Interest	0	1,667	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Principal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Year End Bal.	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Sponsor Loan (Seller Note)																	
Principal I Balance	1623858.625																
Interest Rate	2.74%																
Term	30																
Annual Debt Service	0																
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	3716	45215	46471	47762	49089	50453	51854	53295	54775	56297	57861	59468	61121	62818	64564	66357	68201
Principal	-3716	-45215	-46471	-47762	-49089	-50453	-51854	-53295	-54775	-56297	-57861	-59468	-61121	-62818	-64564	-66357	-68201
Year End Bal.	1627575	1672790	1719261	1767023	1816112	1866565	1918419	1971714	2026489	2082786	2140647	2200116	2261236	2324055	2388618	2454976	2523176
Sponsor Loan (City of Richmond Housing Trust Fund)																	
Principal I Balance	165,000																
Interest Rate	0.00%																
Term	30																
Annual Debt Service	0																
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Principal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Year End Bal.	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000
Accrued Interest on Seller Note																	
Principal I Balance	59171																
Interest Rate	0.00%																
Term	0																
Annual Debt Service	0																
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Principal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Year End Bal.	59171	59171	59171	59171	59171	59171	59171	59171	59171	59171	59171	59171	59171	59171	59171	59171	59171
GP Deferred Developer Fee																	
Principal I Balance	1408731																
Interest Rate	0.00%																
Term	30																
Annual Debt Service	Only from available cash flow																
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Payment	76,246	154,872	52,881	54,861	56,715	58,435	60,014	61,443	62,714	63,817	64,745	65,487	66,034	66,375	66,501	66,398	66,058
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Principal	76,246	154,872	52,881	54,861	56,715	58,435	60,014	61,443	62,714	63,817	64,745	65,487	66,034	66,375	66,501	66,398	66,058
Year End Bal.	1,332,485	1,177,612	1,124,732	1,069,871	1,013,156	954,720	894,706	833,264	770,550	706,733	641,987	576,500	510,466	444,091	377,590	311,192	245,134

0 GP Capital Contribution

William Byrd Apartments

Equity Investment Page

Installment Number	1	2	3	4	5	6	Total			
Projected Date	15-Oct-15	15-Mar-15	01-Aug-15	15-Jan-17	15-Jul-17	15-Dec-17				
								Budget	Difference	
LIHTC and Federal Historic	2,550,000	0	0	1,898,639	0	0	4,448,639	4,448,639	0	LIHTC/Fed Hist
State Equity Contribution	500,000			364,722	250,000	422,000	1,536,722	1,536,722	0	State Historic
Other	0	0	0	0	0	0	0			
Project Development	1,000,000	0	0	1,497,788	0	0	2,497,788			
Developers' Fee (cash)	50,000	0	0	715,573	250,000	47,000	1,062,573	1,062,573	0	
Operating Reserve	0	0	0	0	0	375,000	375,000	475,000	0	100000 PoC
Lease Up Reserve	0	0	0	50,000	0	0	50,000	50,000	0	
Replacement Reserve	0	0	0	0	0	0	0	0	0	
TOTAL	1,050,000	0	0	2,263,361	250,000	422,000	3,985,361			
	Closing	50%	75% C of O	Breakeven/	6 months Breakeven					

William Byrd Apartments

CAPITAL ACCOUNT ANALYSIS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Project Investment		2550000	1,898,639	0	0	0	0	0	0	0	0							
Dev Advisory Fee	0																	
Exchange	0																	
Capital Investment		2550000	1898639	0	0	0	0	0	0	0	0							
Project Profits	0	61831	-351990	1180607	-280013	-265880	-266030	-258739	-243081	-242583	-238663	-234538	-234064	-230246	-226239	-225883	-226328	-216382
Historic Tax Credits				317999	317999	317999	317999	317999										
Annual Capital Change	0	2611831	1228650	862608	-598012	-583879	-584028	-258739	-243081	-242583	-238663	-234538	-234064	-230246	-226239	-225883	-226328	-216382
Capital Acc. Balance	0	2611831	3840481	4703089	4105077	3521198	2937170	2678431	2435350	2192767	1954104	1719566	1485503	1255256	1029018	803134	576806	360424

Minimum Gain

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Project Basis																		
Begin Bal (inc. land) + Rep Res Imp	13,438,491	13,427,740	13,027,941	12,612,433	12,213,681	11,940,821	11,547,911	11,158,404	10,877,473	10,496,120	10,114,767	9,828,346	9,443,541	9,058,735	8,768,658	8,380,408	7,992,159	
Depreciation	10,751	399,799	415,508	398,752	388,698	392,910	389,507	377,830	381,353	381,353	381,353	384,805	384,805	384,805	388,250	388,250	388,250	
Ending Balance	13,427,740	13,027,941	12,612,433	12,213,681	11,824,983	11,547,911	11,158,404	10,780,575	10,496,120	10,114,767	9,733,414	9,443,541	9,058,735	8,673,930	8,380,408	7,992,159	7,603,909	
Nonrecourse Debt																		
VHDA Tax Exmpt Bond Loan	Non-rec = 1	4,900,000	4,900,000	4,813,890	4,724,245	4,630,920	4,533,764	4,432,619	4,327,322	4,217,703	4,103,583	3,984,778	3,861,095	3,732,336	3,598,290	3,458,741	3,313,464	3,162,222
VHDA SPARC	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sponsor Loan (DHCD HOME)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sponsor Loan (Seller Note)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sponsor Loan (City of Richmond Housing Trust)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Accrued Interest on Seller Note	1	59,171	59,171	59,171	59,171	59,171	59,171	59,171	59,171	59,171	59,171	59,171	59,171	59,171	59,171	59,171	59,171	
GP Deferred Developer Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		4,959,171	4,959,171	4,873,061	4,783,416	4,690,091	4,592,935	4,491,790	4,386,493	4,276,874	4,162,754	4,043,949	3,920,266	3,791,507	3,657,461	3,517,912	3,372,635	3,221,393
Building Basis		13,427,740	13,027,941	12,612,433	12,213,681	11,824,983	11,547,911	11,158,404	10,780,575	10,496,120	10,114,767	9,733,414	9,443,541	9,058,735	8,673,930	8,380,408	7,992,159	7,603,909
Reserves Pledged																		
Operating Reserve	Pledged = 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Replacement Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Minimum Gain		-8,468,569	-8,068,770	-7,739,371	-7,430,264	-7,134,891	-6,954,976	-6,666,614	-6,394,081	-6,219,246	-5,952,013	-5,689,465	-5,523,274	-5,267,229	-5,016,469	-4,862,496	-4,619,524	-4,382,516

William Byrd Apartments

Seller's Exit Tax Liability and Net Benefit

EXIT TAX LIABILITY		
Outstanding Loans		
VHDA Tax Exmpt Bond Loan	3,162,222	
Accrued Interest on Seller Note	59,171	
Sponsor Loan (DHCD HOME)	500,000	
Sponsor Loan (Seller Note)	2,523,176	
Sponsor Loan (City of Richmond Housing Trust f	165,000	
GP Deferred Developer Fee	245,134	
TOTAL OUTSTANDING LOANS	6,654,703	
Construction Period Cash Flow	0	
GP Capital Account	100,000	
Exit tax Liability	0	
Cash on Hand	-599,693	
GROSS SALE PROCEEDS	6,155,010	
Total Development Costs	14,742,121	10%
Capital Improvements from Replacement Res	402,397	
Less:		
Historic Credit	1,639,170	
Total Depreciation	6,236,979	
Total Amortization	268,355	
Expensed	110,000	
Initial Replacement Reserve	0	
Initial Lease Up Reserve	0	
Initial Operating Reserve	475,000	
REMAINING BASIS	6,415,014	
Capital Gain FromSale	-260,004	
Tax on gain	35.00%	-91,002

NET BENEFIT (LIABILITY) ON SALE	
Unallocated Cash on Hand	0
Payment for Exit Tax Liability	0
Less: Tax on Gain	-91,002
Potential Net Benefit	91,002

Capital Account Check	
Original Capital Contributions	4,448,639
Exchange	0
Total Passive Losses	2,549,465
Historic Rehab Credit	1,639,170
Cash Distribution of Incentive Fee	0
Cash Distribution at Sale (Exit Tax)	0
Unamortized Bridge Interest	0
Estimated Reserves Expended During Operation	0
Development Financing (Surplus) Deficit	0
Capital Account Balance	260,005
Gain/(Loss) On sale	-260,004
Variance	0

cap dif
360424 -100419

Cash On Hand	
Operating Reserve Account	494,463
Replacement Reserve Account	105,230
TOTAL CASH ON HAND	599,693

Construction Completion & Lease-Up Schedule

	2016 Units Completed	Units Leased	Unit Months
Previous Year	0	0	0
January	0	0	0
February	0	0	0
March	0	0	0
April	0	0	0
May	0	0	0
June	0	0	0
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	0	0
December	104	80	80
	104	80	80

2016	
Total Units in Project	104
Percent of Unit Months Occupied	6.41%
Unit Months Occupied	0.77
First Year Credits (Yes/No)?	No
Annual Credits	0

	2017 Units Completed	Units Leased	Unit Months
Previous Year	0	80	960
January	0	2	24
February	0	2	22
March	0	2	20
April	0	4	36
May	0	4	32
June	0	4	28
July	0	2	12
August	0	2	10
September	0	2	8
October	0	0	0
November	0	0	0
December	0	0	0
Total	0	24	1152
Previous Yr Total	104	80	
Grand Total	104	104	

2017	
Total Units in Project	104
Percent of Unit Months Occupied	92.31%
Unit Months Occupied	11.0769
First Year Credits (Yes/No)?	Yes
Annual Credits	301600

William Byrd Apartments

PROJECT ASSUMPTIONS

Project Sponsor Community	Project HOMES Richmond, VA
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OPERATING ASSUMPTIONS

PROJECT TIMING		
Closing		15-Oct-15
Construction Start		15-Nov-15
Construction Completion		31-Dec-16
Full Qualified Occupancy		30-Sep-17
Closing Month of the Year		9
Operating Months Year		1
Ave. Qual. Occupancy Mo. Year		11.08

Credit Allocation	326,734
(Insert - 0 - if prior to allocation)	
Credit Calculated	326,734
Credit Used	326,734

PROJECT OPERATING ASSUMPTIONS														
GENERAL														
Management Fee	5.04%	Replacement Reserve \$/Unit	300											
Vacancy Rate	5.00%	25.00%												
Inflation Income	3.00%	3.00% Operating Cost/Unit	6419											
Inflation Expenses	3.00%													
Initial Company Admin. Fee		\$11,525												
Year 1 Building Expenses		\$580,672 (W/O REP.RES.,MGMT.)												
11 units at 50% incomes and rents	10.58%													
93 units at 60% income and rents	89.42%													
Income Assumptions include rent from antennae farm of @40k annually														
PROJECT INCOME ASSUMPTIONS				PROPERTY RENTAL INCOME ANALYSIS										
Unit Type	# Units	Net \$/Mo.	Gross Pot Ann Inc.	Tenant Pd	Utilities	Sq. Ft.	Net \$/Mo.	Utility Allow	Adjusted Rent	Program Maximum	Dollars Below	FMR	Dollars Below	Lo/Hi HOME
1 BR/1 BA (50%)	684	11	684.00	None	690	684.00	0.00	684.00	684.00	0.00	830.00	146.00	709/836	
1 BR/1 BA (60%)	821	93	810.00	None	690	810.00	0.00	810.00	821.00	11.00	830.00	20.00	709/836	
		0	0.00			0.00		0.00		0.00		0.00		
		0	0.00			0.00		0.00		0.00		0.00		
Other Income (laundry , misc fees & charges)	1	1250.00	15,000			1250.00		1250.00		-1250.00		-1250.00		
		0	0			0.00		0.00		0.00		0.00		
		0	0			0.00		0.00		0.00		0.00		
Beauty/Barber Shop/Antennae		6500.00	78,000			6500.00		6500.00						
Total Apartment Units	104		1,087,248			0								

William Byrd Apartments

OPERATING EXPENSES

		Annual Expense	\$/Unit	
ADMINISTRATIVE				
Advertising/Marketing		10,000	96	
Office Salaries		15,000	144	
Office supplies		750	7	
Office/Model Apartment		0	0	
Management Fee	5.04% EGI 52057	52,057	501	
Manager Salaries		45,000	433	
Staff units			0	
Legal		1,200	12	
Audit		0	0	
Bookkeeping/Accounting		4,000	38	
Telephone		1,200	12	
VHDA Monitoring		3,640	35	
Other Administrative and resident activities		13,500	130	
TOTAL ADMINISTRATIVE			146,347	1,407
UTILITIES				
Generator Fuel		2,500	24	
Electricity		103,000	990	
Water		23,000	221	
Sewer		48,000	462	
Gas		32,000	308	
TOTAL UTILITIES			208,500	2,005
OPERATING / MAINTENANCE				
Janitor/Cleaning Payroll		55,000	529	
Janitor/Cleaning Supplies		2,000	19	
Janitor/Cleaning/Cleaning Contract		0	0	
Exterminating		6,000	58	
Trash Removal		3,000	29	
Security/Payroll		9,222	89	
Grounds Payroll		0	0	
Grounds Supplies		1,800	17	
Grounds Contract		0	0	
Maintenance/Repairs Payroll		52,000	500	
Repairs Material		6,000	58	
Repair Contract		4,000	38	
Heating Cooling Repairs and Maintenance		4,000	38	
Elevator Maintenance		14,300	138	
Snow Removal		2,600	25	
Decorating/Payroll/Contract		0	0	
Decorating Supplies		2,000	19	
Miscellaneous -		7,500	72	
TOTAL OPERATING / MAINTENANCE			169,422	1,629

EXPENSE ANALYSIS	Annual Expense	\$/Unit
Administrative W/O Mgmt, Audit, KHC	90,650	872
Utilities	208,500	2,005
Maintenance	169,422	1,629
Real Estate Taxes	58,000	558
Insurance	16,000	154
Other Taxes / Insurance	38,100	366
TOTAL Building Expense	580,672	5,583
Replacement Res.	31,200	300
Management	52,057	501
VHDA Monitoring	3,640	35
Total Operating Expense	667,569	6,419
Partnership Management/Audit	11,525	111
Total Annual Expenses	679,094	6,565

		Annual Expense	\$/Unit	
TAXES AND INSURANCE				
Real Estate Taxes		58,000	558	
Payroll Taxes		18,000	173	
Miscellaneous Taxes / Linceses / Permits		1,800	17	
Property and Liability Insurance		16,000	154	
Fidelity Bond		0	0	
Workman's Compensation		3,000	29	
Health Insurance and Employee Benefits		12,000	115	
Other Insurance		3,300	32	
TOTAL TAXES AND INSURANCE			112,100	1,078
Replacement Reserves	300 \$/Unit/Yr		31,200	300
TOTAL OPERATING EXPENSES			667,569	6,419

William Byrd Apartments

CASH FLOW STATEMENT/RESERVE ACCOUNT BALANCE																		
Operating Pro-Forma	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
GROSS RENT																		
1 BR/1 BA (50%)	36,115	72,230	92,997	95,787	98,660	101,620	104,669	107,809	111,043	114,374	117,805	121,340	124,980	128,729	132,591	136,569	140,666	
1 BR/1 BA (60%)	361,584	723,168	931,079	959,011	987,781	1,017,415	1,047,937	1,079,376	1,111,757	1,145,109	1,179,463	1,214,847	1,251,292	1,288,831	1,327,496	1,367,321	1,408,340	
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other Income (laundry , misc fees & charges)	6,000	12,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	19,572	20,159	20,764	21,386	22,028	22,689	23,370	
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Beauty/Barber Shop/Antennae	39,000	78,000	80,340	82,750	85,233	87,790	90,423	93,136	95,930	98,808	101,772	104,825	107,970	111,209	114,546	117,982	121,521	
TOTAL	442,699	885,398	1,119,865	1,153,461	1,188,065	1,223,707	1,260,418	1,298,231	1,337,178	1,377,293	1,418,612	1,461,170	1,505,006	1,550,156	1,596,660	1,644,560	1,693,897	
VACANCY	20,185	59,870	72,061	74,223	76,450	78,743	81,106	83,539	86,045	88,626	91,285	94,024	96,844	99,750	102,742	105,824	108,999	
Legal, Marketing and Construction Interest p.	5,000																	
EFFECTIVE GROSS INCOME	417,514	825,528	1,047,804	1,079,238	1,111,615	1,144,964	1,179,313	1,214,692	1,251,133	1,288,667	1,327,327	1,367,147	1,408,161	1,450,406	1,493,918	1,538,736	1,584,898	
OPERATING EXPENSES																		
Building Expenses, Audit, Marketing	313,115	584,312	598,092	616,035	634,516	653,551	673,158	693,353	714,153	735,578	757,645	780,375	803,786	827,899	852,736	878,319	904,668	
Management fee	14,028	41,607	52,809	54,394	56,025	57,706	59,437	61,220	63,057	64,949	66,897	68,904	70,971	73,100	75,293	77,552	79,879	
Replacement Reserve	2,600	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	
Real Estate Tax Abatement	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL OPERATING EXP.	329,743	657,119	682,101	701,629	721,741	742,458	763,795	785,773	808,410	831,727	855,743	880,479	905,957	932,200	959,230	987,071	1,015,747	
NET OPERATING INCOME	87,771	168,410	365,703	377,610	389,874	402,506	415,517	428,919	442,723	456,940	471,584	486,668	502,204	518,206	534,688	551,665	569,151	
DEBT SERVICE																		
VHDA Tax Exmpt Bond Loan	0	0	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491	
VHDA SPARC	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sponsor Loan (DHCD HOME)	0	1,667	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	
Sponsor Loan (Seller Note)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sponsor Loan (City of Richmond)	90.00%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Accrued Interest on Seller Note	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
GP Deferred Developer Fee	100%	76246	154872	61985	73525	85412	97655	110265	123254	136632	150412	164605	179224	194282	209791	225765	242219	259166
OPERATING CASH FLOW	11,525	11,871	12,227	12,594	12,971	13,361	13,761	14,174	14,600	15,038	15,489	15,953	16,432	16,925	17,433	17,956	18,494	
ADJUSTMENTS																		
Less: Ptnrshp Admin fee	11,525	11,871	12,227	12,594	12,971	13,361	13,761	14,174	14,600	15,038	15,489	15,953	16,432	16,925	17,433	17,956	18,494	
Distributable Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Incentive Mgmt Fee	49.0%	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Plus: Opr Reserve Int.	0.50%	99	1,188	1,191	1,194	1,197	1,200	1,203	1,206	1,209	1,212	1,215	1,218	1,221	1,224	1,227	1,230	1,233
Rep Reserve int	1	91	248	406	564	433	301	459	375	290	448	369	289	447	368	289	447	
ADJUSTED CASH FLOW	100	1,279	1,439	1,599	1,761	1,633	1,504	1,665	1,584	1,502	1,663	1,587	1,510	1,671	1,595	1,519	1,680	
		1.99	1.23	1.23	1.25	1.28	1.30	1.32	1.34	1.36	1.38	1.40	1.42	1.44	1.45	1.47	1.49	

William Byrd Apartments

Operating and Replacement Reserve Account Analysis

OPERATING RESERVE	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Beginning Balance	475,000	475,099	476,287	477,477	478,671	479,868	481,067	482,270	483,476	484,684	485,896	487,111	488,329	489,550	490,773	492,000	493,230	
Reserve interest	0	99	1,188	1,191	1,194	1,197	1,200	1,203	1,206	1,209	1,212	1,215	1,218	1,221	1,224	1,227	1,230	1,233
Distributable Cash Flow	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less: Incentive Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Deferred To Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
ENDING BALANCE	475,099	476,287	477,477	478,671	479,868	481,067	482,270	483,476	484,684	485,896	487,111	488,329	489,550	490,773	492,000	493,230	494,463	
Deferred Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
REPLACEMENT RESERVE																		
Beginning Balance	0	2,601	33,892	65,340	96,946	128,710	44,504	76,005	107,664	42,341	73,832	105,480	42,117	73,606	105,253	42,094	73,583	
Interest Income	1	91	248	406	564	433	301	459	375	290	448	369	289	447	368	289	447	
Reserve Deposits	2,600	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	31,200	
Capital Expenditures						115,839			96,898			94,932			94,728			
ENDING BALANCE	2,601	33,892	65,340	96,946	128,710	44,504	76,005	107,664	42,341	73,832	105,480	42,117	73,606	105,253	42,094	73,583	105,230	

William Byrd Apartments

USES OF FUNDS

USES OF FUNDS	Total	Sub Tot	% OF Tot.	Sub Tot	\$/unit	Sub Tot	COMMENTS
Purchase of land	1,500,000		10.17%		14,423		0.32967033 0 1500000
Purchase Building	3,050,000	4,550,000	20.69%	30.86%	29,327	43,750	*@3% is allocable to commercial space" 0.6703297 0 3050000
Off Site Improvements	0		0.00%		0		
Site Improvements	0		0.00%		0		
Unit Structures (Commercial)	0		0.00%		0		
Unit Structures (Rehab)	4,302,103		29.18%		41,366		
Elevator Contract	345,650		2.34%		3,324		
General Conditions, Overhead, Profit	579,195		3.93%		5,569		
Bonding Fee	57,285		0.39%		551		
Blinds and Appliances	130,910	5,415,143	0.29%	36.73%	1,259	52,069	
Building Permit	43,000		0.29%		413		8.50 per 1000 plus assorted charges and fees for inspections
A&E Fees (Design and Supervision)	167,000		1.13%		1,606		
Mortgage Banker	69,000		0.47%		663		
Historic Consultant	14,800		0.10%		142		
Construction/Bridge Loan/LoC Fee	35,375		0.24%		340		18000 for letter of credit
Construction Interest	240,000		1.63%		2,308		includes 60k of interest post PIS
Bridge Interest During Const.	0.5	0	0.00%		0		
Taxes During Construction	75,000		0.51%		721		
Insurance During construction	30,000		0.20%		288		
Cost Certification	12,000		0.08%		115		
Legal Fees Permanent	40,000		0.27%		385		
Legal Fees Construction	60,000		0.41%		577		
Legal Fees Partnership	32,000		0.22%		308		
Legal Fees Syndication	18,000		0.12%		173		
Title/Recording/Survey	57,050		0.39%		549		
Building Carrying Costs	150,000		1.02%		1,442		
Permanent Loan Fees	126,750		0.86%		1,219		
PCA and Structural Study	15,000		0.10%		144		
Environmental Study	20,671		0.14%		199		
Earthcraft/Energy Audit Fees	46,057		0.31%		443		
Appraisal Fee	12,500		0.08%		120		
Market Study	3,500		0.02%		34		
Tax Credit Fee	23,621		0.16%		227		
Contingency	339,350		2.30%		3,263		
Replacement Reserve	0		0.00%		0		
Lease Up	50,000	1,124,324	0.34%		481		
Operating Reserve	475,000	2,155,674	3.22%	14.62%	4,567	20,728	Include \$100k in contributed cash from the GP
Developer's Fees	2,471,304		16.76%		23,763		
Relocation	150,000		1.02%		1,442		
PROJECT TOTAL	14,742,121		100.00%		141,751		

14,742,121

William Byrd Apartments

SOURCES OF FUNDS

PROJECT SOURCES OF FUNDS	Amount	% of Tot.	Rate	Term	Ann. D/S	D/S Cover
Financing						
VHDA Tax Exmpt Bond Loan	4,900,000	33.24%	4.02%	30	281491	1.30
VHDA SPARC	0	0.00%	2.95%	30	0	1.30**
Sponsor Loan (DHCD HOME)	500,000	3.39%	2.00%	30	10000	1.25
Sponsor Loan (Seller Note)	1,623,859	11.02%	2.74%	30	0	
Sponsor Loan (City of Richmond Housing Trust Fund)	165,000	1.12%	0.00%	30	0	cash flow only
Accrued Interest on Seller Note	59,171	0.40%			0	
GP Deferred Developer Fee	1,408,731	9.56%	0.00%	30	0	Only from available cash flow
TOTAL FINANCING	8,656,761	58.72%				
Purchased Reserves	0					
State Credit Investment	1,536,722	0				
GP Contribution	100,000	0.68%				
Grants	0					
Project Investment	4,448,639	30.18%				
Construction-Period Cash Flow		0.00%				
TOTAL FINANCING	14,742,121	100.00%				
PROJECT GAP	0	0.00%				
TOTAL PROJECT COST	14,742,121	100.00%				

short term bonds 2000000 short term TE Bond
 50% Test 4,900,000 TE Bond (Permanent) 6,900,000
 13,700,312 Qualified Basis + land
 50.36%

Investor Payout - Wells F 575,000
 Investor Payout - Butch B 70,000
 Mortgage 1 844,434
 Mortgage 2 488,951
 VHDA 947,757
Total 2,926,141

#NUM!	EQUAL PAYMENT FORMULA
0	INTEREST ONLY FORMULA

current debt service payment 253,164 from 2013 audit
 proposed debt service after re 291491

State Tax Credit	Historic	Housing
State Tax Credit	2048962	0
State Benefit	1331825	0
Est. State Credit Equity		1145370

Per diems
 137.7831
 70.4938
 187.4884

appraised value: 4550000
 - debt + investors payout: 2,926,141
 Remainder 1,623,859

William Byrd Apartments

USES OF FUNDS BY TAX CATEGORY

USES OF FUNDS	TOTAL	0	4%	CREDIT 9%	AMORT.	NO CREDIT DEP.	EXP.	NON- DEP.	TOTAL
Purchase of land	1,500,000							1,500,000	1,500,000
Purchase Building	3,050,000		2,958,500			91,500			3,050,000
Off Site Improvements	0							0	0
Site Improvements	0		0			0		0	0
Unit Structures (Commercial)	0		0						0
Unit Structures (Rehab)	4,302,103			4,302,103					4,302,103
Elevator Contract	345,650			345,650					345,650
General Conditions, Overhead, Profit	579,195			579,195					579,195
Bonding Fee	57,285			57,285					57,285
Blinds and Appliances	130,910			130,910					130,910
Building Permit	43,000			43,000					43,000
A&E Fees (Design and Supervision)	167,000			167,000					167,000
Mortgage Banker	69,000			0	69,000				69,000
Historic Consultant	14,800			14,800		0			14,800
Construction/Bridge Loan/LoC Fee	35,375			35,375					35,375
Construction Interest	240,000			180,000			60,000		240,000
Bridge Interest During Const.	0								0
Taxes During Construction	75,000			75,000					75,000
Insurance During construction	30,000			30,000					30,000
Cost Certification	12,000				12,000				12,000
Legal Fees Permanent	40,000				40,000				40,000
Legal Fees Construction	60,000			60,000					60,000
Legal Fees Partnership	32,000				27,000		5,000		32,000
Legal Fees Syndication	18,000							18,000	18,000
Title/Recording/Survey	57,050			57,050					57,050
Building Carrying Costs	150,000				142,719	7,281			150,000
Permanent Loan Fees	126,750				119,469	7,281			126,750
PCA and Structural Study	15,000			15,000	0				15,000
Environmental Study	20,671			20,671					20,671
Earthcraft/Energy Audit Fees	46,057			46,057					46,057
Appraisal Fee	12,500			12,500	0				12,500
Market Study	3,500			3,500	0				3,500
Tax Credit Fee	23,621				23,621				23,621
Contingency	339,350			339,350					339,350
Replacement Reserve	0						0		0
Lease Up	50,000						50,000		50,000
Operating Reserve	475,000							475,000	475,000
Developer's Fees	2,471,304		532,371	1,677,112				261,821	2,471,304
Relocation	150,000			150,000					150,000
PROJECT TOTAL	14,742,121		3,490,871	8,341,558	433,809	106,062	115,000	2,254,821	14,742,121
Development Advisory Fee	0			0					0
OVERALL TOTAL	14,742,121		3,490,871	8,341,558					

Historic Basis	Historic Percentage
100.00%	Historic Percentage
0	
0	
0	
0	
4,302,103	
345,650	
579,195	
57,285	
0	
43,000	
167,000	
0	
0	
35,375	
180,000	
0	
75,000	
30,000	
0	
0	
60,000	
0	
0	
57,050	
0	
0	
15,000	
20,671	
46,057	
12,500	
3,500	
0	
0	
0	
0	
0	
1,677,112	
150,000	
0	
0	
8,195,849	

William Byrd Apartments

Depreciation and Amortization Schedules

ANNUAL AMORTIZATION		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Expense Category	Total																	
Permanent Legal	40,000	111	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333	1,333
Legal Partnership	27,000	150	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,800	1,650	
Permanent Loan Fees	119,469	332	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982	3,982
Cost Certification	12,000	67	800	800	800	800	800	800	800	800	800	800	800	800	800	800	800	733
Tax Credit Fee	23,621	131	1,575	1,575	1,575	1,575	1,575	1,575	1,575	1,575	1,575	1,575	1,575	1,575	1,575	1,575	1,575	1,444
Mortgage Broker	69,000	192	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300	2,300
Building Carrying Costs	142,719	396	4,757	4,757	4,757	4,757	4,757	4,757	4,757	4,757	4,757	4,757	4,757	4,757	4,757	4,757	9,118	4,757
Total	433,809	1,379	16,548	16,548	16,548	16,548	16,548	16,548	16,548	16,548	16,548	16,548	16,548	16,548	16,548	16,548	20,759	14,550
Tot. From Sched.		433809.356																
ANNUAL DEPRECIATION		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Housing Building	27.5	10,578	371,549	371,549	371,549	371,549	375,761	375,761	375,761	379,284	379,284	379,284	382,737	382,737	382,737	386,181	386,181	386,181
Commercial Building	27.5	172	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069	2,069
FF&E			26,182	41,891	25,135	15,081	15,081	11,677										
Site Work		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total		10,751	399,799	415,508	398,752	388,698	392,910	389,507	377,830	381,353	381,353	381,353	384,805	384,805	384,805	388,250	388,250	388,250

Depreciable Basis Calculation	
4% Aquisition	3,490,871
9% Basis	8,341,558
No Credit Depreciable	106,062
Total Housing Building	11,938,491
Site Work	0
FF&E	130,910
Commercial	106,062
Housing Historic	1,589,995
Commercial Historic	49,175
Commercial Dep. Basis	56,887
Housing Building	10,217,586
15 year property	0

TAX CREDIT ASSUMPTIONS	
Tax Credit Rates:	
Acquisition	3.19%
Rehabilitation	3.19%
Annual Tax Credit	326,734
Credit Allocated to Project	326,734
Credit Calculated for Project	326,734
Credit Calc Net of Exchange	326,734
Applicable Percentage	100.00%
Qualified Census Tracts	0.00%

Credit calculation			
Basis (from Page 7)	8,341,558	Aquisition Basis	3,490,871
Applicable Percentage	100%	Applicable %	100%
Adjustments	1,589,995	Adjustments	
Basis Boost	0	Basis Boost	0
Credit Basis	6,751,563	Credit Basis	3490871
Credit Rate	0	Credit Rate	3.19%
Calculated Rehab Credit	215,375	Calc. Aquisit Credit	111359
Total		326734	

Basis Adjustments	
Historic Credit	1589995
Grants	0
Federal Financing	0
Other	0
TOTAL	1589995

2940602.89
 1508036.22 3044757.904
 1536721.69
 5985360.79
 0.338988212

HISTORIC TAX CREDITS			
Historic Credit Basis	8195849	Housing Percent	97.00%
Federal Historic Credit	1639170	Housing Portion	1589995
State Historic Credit	2048962	25.00%	
State historic benefit	1331825		

William Byrd Apartments

PROJECT FINANCING

Exmpt Bond Loan		VHDA SPARC					Sponsor Loan (DHCD HOME)										
Principal Balance	4,900,000	Principal Balance	0				Principal Balance	500000									
Interest Rate	4.02%	Interest Rate	2.95%				Interest Rate	2.00%				0.0274					
Term	30	Term	30				Term	30									
Annual Debt Serv.	281491	Annual Debt Serv.	0				Annual Debt Serv.	10000									
MORTGAGE AMORTIZATION																	
VHDA Tax Exmpt Bond Loan																	
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Payment	0	0	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491	281,491
Interest	0	0	195,381	191,846	188,166	184,334	180,346	176,194	171,871	167,371	162,686	157,808	152,731	147,445	141,942	136,213	130,249
Principal	0	0	86,110	89,645	93,325	97,156	101,145	105,297	109,620	114,120	118,805	123,682	128,760	134,046	139,549	145,277	151,242
Year End Bal.	4,900,000	4,900,000	4,813,890	4,724,245	4,630,920	4,533,764	4,432,619	4,327,322	4,217,703	4,103,583	3,984,778	3,861,095	3,732,336	3,598,290	3,458,741	3,313,464	3,162,222
VHDA SPARC																	
Payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Principal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Year End Bal.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sponsor Loan (DHCD HOME)																	
Payment	0	1,667	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Interest	0	1,667	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Principal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Year End Bal.	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Sponsor Loan (Seller Note)																	
Principal I Balance	1623858.625																
Interest Rate	2.74%																
Term	30																
Annual Debt Service	0																
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	3716	45215	46471	47762	49089	50453	51854	53295	54775	56297	57861	59468	61121	62818	64564	66357	68201
Principal	-3716	-45215	-46471	-47762	-49089	-50453	-51854	-53295	-54775	-56297	-57861	-59468	-61121	-62818	-64564	-66357	-68201
Year End Bal.	1627575	1672790	1719261	1767023	1816112	1866565	1918419	1971714	2026489	2082786	2140647	2200116	2261236	2324055	2388618	2454976	2523176
Sponsor Loan (City of Richmond Housing Trust Fund)																	
Principal I Balance	165,000																
Interest Rate	0.00%																
Term	30																
Annual Debt Service	0																
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Principal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Year End Bal.	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000	165,000
Accrued Interest on Seller Note																	
Principal I Balance	59171																
Interest Rate	0.00%																
Term	0																
Annual Debt Service	0																
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Payment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Principal	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Year End Bal.	59171	59171	59171	59171	59171	59171	59171	59171	59171	59171	59171	59171	59171	59171	59171	59171	59171
GP Deferred Developer Fee																	
Principal I Balance	1408731																
Interest Rate	0.00%																
Term	30																
Annual Debt Service	Only from available cash flow																
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Payment	76,246	154,872	61,985	73,525	85,412	97,655	110,265	123,254	136,632	150,412	164,605	173,865	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Principal	76,246	154,872	61,985	73,525	85,412	97,655	110,265	123,254	136,632	150,412	164,605	173,865	0	0	0	0	0
Year End Bal.	1,332,485	1,177,612	1,115,627	1,042,102	956,690	859,035	748,769	625,515	488,883	338,471	173,865	0	0	0	0	0	0

0 GP Capital Contribution

William Byrd Apartments

Equity Investment Page

Installment Number	1	2	3	4	5	6	Total			
Projected Date	15-Oct-15	15-Mar-15	01-Aug-15	15-Jan-17	15-Jul-17	15-Dec-17				
							Budget	Difference		
LIHTC and Federal Historic	2,550,000	0	0	1,898,639	0	0	4,448,639	4,448,639	0	LIHTC/Fed Hist
State Equity Contribution	500,000			364,722	250,000	422,000	1,536,722	1,536,722	0	State Historic
Other	0	0	0	0	0	0	0			
Project Development	1,000,000	0	0	1,497,788	0	0	2,497,788			
Developers' Fee (cash)	50,000	0	0	715,573	250,000	47,000	1,062,573	1,062,573	0	
Operating Reserve	0	0	0	0	0	375,000	375,000	475,000	0	100000 PoC
Lease Up Reserve	0	0	0	50,000	0	0	50,000	50,000	0	
Replacement Reserve	0	0	0	0	0	0	0	0	0	
TOTAL	1,050,000	0	0	2,263,361	250,000	422,000	3,985,361			
	Closing	50%	75% C of O	Breakeven/	6 months Breakeven					

William Byrd Apartments

CAPITAL ACCOUNT ANALYSIS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Project Investment		2550000	1,898,639	0	0	0	0	0	0	0	0							
Dev Advisory Fee	0																	
Exchange	0																	
Capital Investment		2550000	1898639	0	0	0	0	0	0	0	0							
Project Profits	0	61831	-351990	1189529	-261723	-237760	-227598	-209497	-182512	-170150	-153809	-136685	-127864	-294953	-291280	-291047	-291392	-281112
Historic Tax Credits				317999	317999	317999	317999	317999										
Annual Capital Change	0	2611831	1228650	871530	-579722	-555759	-545597	-209497	-182512	-170150	-153809	-136685	-127864	-294953	-291280	-291047	-291392	-281112
Capital Acc. Balance	0	2611831	3840481	4712011	4132288	3576529	3030932	2821435	2638923	2468773	2314964	2178279	2050415	1755462	1464182	1173135	881743	600631

Minimum Gain

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	
Project Basis																		
Begin Bal (inc. land) + Rep Res Imp	13,438,491	13,427,740	13,027,941	12,612,433	12,213,681	11,940,821	11,547,911	11,158,404	10,877,473	10,496,120	10,114,767	9,828,346	9,443,541	9,058,735	8,768,658	8,380,408	7,992,159	
Depreciation	10,751	399,799	415,508	398,752	388,698	392,910	389,507	377,830	381,353	381,353	381,353	384,805	384,805	384,805	388,250	388,250	388,250	
Ending Balance	13,427,740	13,027,941	12,612,433	12,213,681	11,824,983	11,547,911	11,158,404	10,780,575	10,496,120	10,114,767	9,733,414	9,443,541	9,058,735	8,673,930	8,380,408	7,992,159	7,603,909	
Nonrecourse Debt																		
VHDA Tax Exmpt Bond Loan	Non-rec = 1	4,900,000	4,900,000	4,813,890	4,724,245	4,630,920	4,533,764	4,432,619	4,327,322	4,217,703	4,103,583	3,984,778	3,861,095	3,732,336	3,598,290	3,458,741	3,313,464	3,162,222
VHDA SPARC	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sponsor Loan (DHCD HOME)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sponsor Loan (Seller Note)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sponsor Loan (City of Richmond Housing Trust)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Accrued Interest on Seller Note	1	59,171	59,171	59,171	59,171	59,171	59,171	59,171	59,171	59,171	59,171	59,171	59,171	59,171	59,171	59,171	59,171	59,171
GP Deferred Developer Fee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
		4,959,171	4,959,171	4,873,061	4,783,416	4,690,091	4,592,935	4,491,790	4,386,493	4,276,874	4,162,754	4,043,949	3,920,266	3,791,507	3,657,461	3,517,912	3,372,635	3,221,393
Building Basis		13,427,740	13,027,941	12,612,433	12,213,681	11,824,983	11,547,911	11,158,404	10,780,575	10,496,120	10,114,767	9,733,414	9,443,541	9,058,735	8,673,930	8,380,408	7,992,159	7,603,909
Reserves Pledged																		
Operating Reserve	Pledged = 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Replacement Reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Minimum Gain		-8,468,569	-8,068,770	-7,739,371	-7,430,264	-7,134,891	-6,954,976	-6,666,614	-6,394,081	-6,219,246	-5,952,013	-5,689,465	-5,523,274	-5,267,229	-5,016,469	-4,862,496	-4,619,524	-4,382,516

William Byrd Apartments

Seller's Exit Tax Liability and Net Benefit

EXIT TAX LIABILITY		
Outstanding Loans		
VHDA Tax Exmpt Bond Loan	3,162,222	
Accrued Interest on Seller Note	59,171	
Sponsor Loan (DHCD HOME)	500,000	
Sponsor Loan (Seller Note)	2,523,176	
Sponsor Loan (City of Richmond Housing Trust f	165,000	
GP Deferred Developer Fee	0	
TOTAL OUTSTANDING LOANS		6,409,570
Construction Period Cash Flow		0
GP Capital Account		100,000
Exit tax Liability		0
Cash on Hand		-599,693
GROSS SALE PROCEEDS		5,909,876
Total Development Costs	14,742,121	
Capital Improvements from Replacement Res	402,397	
Less:		
Historic Credit	1,639,170	
Total Depreciation	6,236,979	
Total Amortization	268,355	
Expensed	110,000	
Initial Replacement Reserve	0	
Initial Lease Up Reserve	0	
Initial Operating Reserve	475,000	
REMAINING BASIS		6,415,014
Capital Gain FromSale		-505,138
Tax on gain	35.00%	-176,798

10%

NET BENEFIT (LIABILITY) ON SALE	
Unallocated Cash on Hand	0
Payment for Exit Tax Liability	0
Less: Tax on Gain	-176,798
Potential Net Benefit	176,798

Capital Account Check	
Original Capital Contributions	4,448,639
Exchange	0
Total Passive Losses	2,304,331
Historic Rehab Credit	1,639,170
Cash Distribution of Incentive Fee	0
Cash Distribution at Sale (Exit Tax)	0
Unamortized Bridge Interest	0
Estimated Reserves Expended During Operation	0
Development Financing (Surplus) Deficit	0
Capital Account Balance	505,138
Gain/(Loss) On sale	-505,138
Variance	0

cap	dif
600631	-95492

Cash On Hand	
Operating Reserve Account	494,463
Replacement Reserve Account	105,230
TOTAL CASH ON HAND	599,693

Construction Completion & Lease-Up Schedule

	2016 Units Completed	Units Leased	Unit Months
Previous Year	0	0	0
January	0	0	0
February	0	0	0
March	0	0	0
April	0	0	0
May	0	0	0
June	0	0	0
July	0	0	0
August	0	0	0
September	0	0	0
October	0	0	0
November	0	0	0
December	104	80	80
	104	80	80

2016	
Total Units in Project	104
Percent of Unit Months Occupied	6.41%
Unit Months Occupied	0.77
First Year Credits (Yes/No)?	No
Annual Credits	0

	2017 Units Completed	Units Leased	Unit Months
Previous Year	0	80	960
January	0	2	24
February	0	2	22
March	0	2	20
April	0	4	36
May	0	4	32
June	0	4	28
July	0	2	12
August	0	2	10
September	0	2	8
October	0	0	0
November	0	0	0
December	0	0	0
Total	0	24	1152
Previous Yr Total	104	80	
Grand Total	104	104	

2017	
Total Units in Project	104
Percent of Unit Months Occupied	92.31%
Unit Months Occupied	11.0769
First Year Credits (Yes/No)?	Yes
Annual Credits	301600

EXHIBIT I
TO OPERATING AGREEMENT
INSURANCE REQUIREMENTS

I. Immediately upon, or prior to, the admission of the Investor Member (or Limited Partner), and throughout the term of this Agreement, Managing Member (or General Partner) shall obtain, and maintain in full force and effect, the following policies of insurance:

- Commercial General Liability insurance, insuring for legal liability of the Company (or LP), and caused by bodily injury, property damage, personal injury or advertising injury, arising out of the ownership or management of the Project and including the costs to defend such actions brought against the Company (or LP). The policy shall include endorsements adding the Investor Member (or Limited Partner) and Special Member (or Special Limited Partner) as additional insureds and certificate holders, and shall be primary coverage for the additional insureds and certificate holders, without contribution from other valid insurance policies which may be carried directly by the additional insureds and certificate holders. The policy shall also include a Notice of Cancellation endorsement. Limits of the policy shall be at least \$1 million per occurrence and \$2 million in the aggregate. The Investor Member (or Limited Partner) prefers to have a separate policy for each project however, if the policy is written on a blanket basis, and includes other properties, the aggregate limits must be written on a “per project basis.” After construction Commercial General Liability shall include products and completed operations insurance. The policy may not contain exclusions for loss or damage caused by mold, fungus, moisture, microbial contamination or pathogenic organisms in connection with another covered peril (e.g. mold in connection with water damage caused by storm or fire, unless the Investor Member (or Limited Partner) determines that such insurance is unavailable and that the potential risk for loss or damage is minimal. The following coverages are required as endorsements to the policy:
 - Automobile Liability insurance, insuring for legal liability of the Company (or LP), and caused by bodily injury, property damage, or personal injury arising out of the ownership or use of motor vehicles, including vehicles not owned by the Company (or LP), including uninsured motorist liability, and including the costs to defend such actions brought against the Company (or LP). The policy shall include endorsements adding the Investor Member (or Limited Partner) and Special Member (or Special Limited Partner) as additional insureds, and shall be primary coverage for the additional insureds, without contribution from other valid insurance policies which may be carried directly by the additional insureds. Limits of the policy shall be at least \$1 million combined single limits per accident.

- In the event that the Company (or LP) has an employee(s), Worker's Compensation insurance, insuring for occupational disease or injury and employer's liability, and covering the Company's (or LP's) full liability for statutory compensation to any person or persons who perform work for the Company (or LP) or perform duties on the site of the Project, and liability to the dependents of such persons. The policy will be in a form which complies with the worker's compensation acts and safety laws of the state in which the Project is located. Worker's Compensation limits shall be statutory; Employer's Liability limits shall be at least \$1 million per occurrence.

II. Prior to the commencement of any construction of the Project, Managing Member or General Partner shall obtain and keep in force until the Final Closing:

- Builder's Risk insurance, insuring for all risks of physical loss of or damage (excluding the perils of earthquake and flood, unless specifically required by the Investor Member (or Limited Partner) or Special Member (or Special Limited Partner)) to the real property comprising or intended to comprise the Project construction, and personal property of the Company (or LP) used to maintain or service the Project construction, whether located at the site or elsewhere, including while in-transit. Coverage and limits shall be extended to include the loss of anticipated rents sustained due to an insured loss, for a period of at least twelve months from the date of such loss. The Policy shall provide for claims to be paid based upon replacement cost of the lost or damaged property without deduction for depreciation and for any additional architectural or engineering fees incurred as a result of an insured loss and any other soft costs (see attached worksheet); loss payment shall be to the Company. Limits of policy will be at least the estimated replacement value of the completed Project. The policy shall have a deductible of no greater than \$10,000 per occurrence. The Investor Member (or) will consider higher deductibles based on the financial standing of the Guarantor. The policy shall carry no coinsurance provisions. The policy shall include an endorsement naming the Investor Member (or Limited Partner) and Special Member (or Special Limited Partner) as Loss Payees and Certificate Holders, as their interests may appear, and as additional insureds, and shall allow the Investor Member (or Limited Partner) and Special Member (or Special Limited Partner) to be associated in the adjustment of any claim. The policy shall also include a Notice of Cancellation endorsement.
- Other forms or types of insurance which the Investor Member (or Limited Partner) or Special Member (or Special Limited Partner) may now or hereafter require, including without limitation, earthquake, flood, windstorm, pollution, sinkhole/mine subsidence, ordinance and law coverage and other special hazards.

III. Prior to the commencement of any construction of the Project, Managing Member (or General Partner) shall cause to be obtained by the General Contractor and keep in force until the Final Closing:

- Evidence from the Contractor of Worker's Compensation insurance, insuring for occupational disease or injury and employer's liability, and covering the Contractor's full liability for statutory compensation to any person or persons who perform work in, on, or about the Project construction, including the employees of sub-contractors of any tier, and liability to the dependents of such persons. The policy will be in a form which complies with the worker's compensation acts and safety laws of the state in which the Project is located. Worker's Compensation limits shall be statutory; Employer's Liability Limits shall be at least \$1 million per occurrence.
- Comprehensive General Liability and Property Damage Insurance (including limited contractual liability and completed operations) in the amount of not less than \$1 million per occurrence and \$2 million in the aggregate covering personal injury, bodily injury and property damage, and covering products and completed operations for a minimum of three years following completion of construction. The policy shall include an endorsement naming the Company (or LP), Investor Member (or Limited Partner), and Special Member (or Special Limited Partner) as additional insureds and certificate holders, and shall also include a Notice of Cancellation endorsement..
- Comprehensive Automobile Liability Insurance, including hired and non-owned vehicles, if any, in the amount of not less than \$1 million covering personal injury, bodily injury and property damage.

IV. Managing Member (or General Partner) shall cause to be provided by the architect for the renovation/construction of the Project, and keep in force until Final Closing:

- Architect's professional liability insurance in the amount of not less than \$1 million (including contractual liability coverage with all coverage retroactive to the earlier of the date of this Agreement or the commencement of the Architects' services in relation to the Project) covering personal injury, bodily injury and property damages. The policy shall include an endorsement naming the Company (or LP), Investor Member (or Limited Partner), and Special Member (or Special Limited Partner) as Certificate Holders, and shall also include a Notice of Cancellation endorsement..
- Comprehensive General Liability Insurance (including limited contractual liability and completed operations) in the amount of not less than \$1 million covering personal injury, bodily injury and property damage. The policy shall include an endorsement naming the Company (or LP), Investor Member (or Limited Partner), and Special Member (or Special

Limited Partner) as additional insureds and Certificate Holders, and shall also include a Notice of Cancellation endorsement..

V. Management Agent shall furnish and maintain, at the expense of the Property, for the duration of the Agreement and any extensions thereof, plus thirty (30) days after the expiration or termination thereof:

- Commercial blanket bond in favor of Company (or LP), in an amount not less than the sum of (a) six (6) months, potential maximum gross rents for the Property plus (b) aggregate tenant security deposits held from time to time, both in amounts as determined by Company (or LP), and in a form and with a company acceptable to Company (or LP), which commercial blanket bond shall cover Agent and all employees hired by Agent in connection with the Agreement. Such fidelity bond shall cover losses discovered by Company within two (2) years after the occurrence of such losses. Such fidelity bond shall contain a written provision that Company (or LP) shall be given at least ten (10) days, prior written notice of cancellation.
- Statutory workers compensation and other employee benefits required by all applicable laws, and shall maintain employer's liability insurance for an amount not less than \$1 million covering claims and suits by or on behalf of employees and others, not otherwise covered by statutory workers' compensation insurance. Company (or LP), Investor Member (or Limited Partner), and Special Member (or Special Limited Partner) shall be protected in all such insurance by specific inclusion of Company (or LP) under an additional insured or alternate employer rider. Agent shall provide Company (or LP) with a certificate of insurance evidencing that workers, compensation and employer's liability insurance is in force and providing not less than ten (10) days notice to Company (or LP) prior to cancellation.
- Comprehensive General Liability Insurance in the amount of not less than one million dollars (\$1,000,000.00) covering personal injury, bodily injury and property damage.

In some cases the Property Manager may also be asked to furnish and maintain, at the expense of the Property, for the duration of the Agreement and any extensions thereof, plus thirty (30) days after the expiration or termination thereof:

- Comprehensive Automobile Liability Insurance, including hired and non-owned vehicles, if any, in the amount of not less than \$1 million covering personal injury, bodily injury and property damage.

VI. Prior to any occupancy of the Project, Managing Member (or General Partner) shall obtain, on behalf of the Company (or LP) and shall maintain in full force and effect throughout the term of this Agreement, the following policies of insurance:

- Property Damage insurance, insuring for all risks of physical loss of or damage (excluding the perils of earthquake and flood, unless specifically required by the Investor Member (or Limited Partner) to the real property comprising the Project, personal property of the Company (or LP) used to maintain or service the Project, and new construction, additions, alterations and repairs to structures. The Policy shall provide for claims to be paid based upon replacement cost of the lost or damaged property without deduction for depreciation; loss payment shall be to the Company (or LP). Limits of policy will be at least the replacement value of the Project (excluding from the value of the Project, site utilities, foundations and architectural and engineering expenses). The policy shall have a deductible of no greater than \$10,000 per occurrence. The Investor Member (or Limited Partner) will consider higher deductibles based on the financial standing of the Guarantor. The policy shall carry no coinsurance provisions. Coverage and limits shall be extended to include the actual loss of rents sustained due to an insured loss, for a period of at least twelve months from the date of such loss. Coverage shall be further extended to include debris removal, outdoor trees, shrubs, plants and lawns, and Ordinance or Law coverage for the increased costs of construction caused by the enforcement of building, zoning or Project use law. The policy shall include an endorsement naming the Investor Member (or Limited Partner) and Special Member (or Special Limited Partner) as Loss Payees and Certificate Holders, as their interests may appear, and as additional insureds, and shall allow the Investor Member (or Limited Partner) and Special Member (or Special Limited Partner) to be associated in the adjustment of any claim. The policy shall also include a Notice of Cancellation endorsement.

VII. In cases where the Company or LP contracts directly with any contractor (other than as described in III), the Managing Member (or General Partner) shall obtain, on behalf of the Company (or LP) and shall maintain in full force and effect throughout the term of this Agreement, the following policies of insurance:

- Evidence of Worker's Compensation insurance from any contractor performing work for the Company (or LP), insuring for occupational disease or injury and employer's liability, and covering the Contractor's full liability for statutory compensation to any person or persons who perform work in, on, or about the Project, including the employees of sub-contractors of any tier, and liability to the dependents of such persons. The policy will be in a form which complies with the worker's compensation acts and safety laws of the state in which the Project is located. Worker's Compensation limits shall be statutory; Employer's Liability limits shall be at least \$1 million per occurrence.
- If applicable, boiler and machinery insurance written on a comprehensive form basis.

- [Rental Interruption insurance in amounts required by all lenders, but not less than the equivalent of actual loss sustained or twelve months' gross rental income].

All such policies (in I-VII) shall be underwritten by companies licensed to write such insurance in the state in which the Project is located, and shall be rated in the latest A.M. Best's Insurance Rating Guide with a rating of at least A, and be in a financial category of at least X. Each policy must be for a term of not less than one year. The Managing Member (or General Partner) shall furnish to the Investor Member (or Limited Partner) and Special Member (or Special Limited Partner) a complete copy of each such policy of insurance. If the policy is not available prior to the Final Closing, then certificates of insurance detailing the policy terms and conditions as noted above shall be provided, but the policies must then be provided within sixty days. All such policies shall include endorsements requiring at least 30 days prior written notice to the Investor Member (or Limited Partner) and Special Member (or Special Limited Partner) of any cancellation, termination or reduction of coverage therein. Notice of the renewal of any policy shall be made at least 10 days prior to the scheduled date of such renewal, and shall be in the form of endorsement to the policy. Notice to the Investor Member (or Limited Partner) and Special Member (or Special Limited Partner) of any replacement of any policy shall be made at least 10 days prior to such replacement, and shall be in the form of a copy of the replacement policy, or by certificate, as noted above.

The Managing Member (or General Partner) hereby releases and relieves the Investor Member (or Limited Partner) and Special Member (or Special Limited Partner) for any and all liability, and waives its entire right of recovery against them, with respect to any loss or damage of property or for property damage, bodily injury or personal injury to third-parties arising out of or incident to any loss or peril insured against under any for the foregoing policies, and any other perils for which the Managing Member (or General Partner) has arranged insurance.

ATTACHMENT

Builder's Risk Construction Period Insurance Coverage

Hard Costs		
Building Shell		\$
Direct Construction Costs		\$
	TOTAL	\$
Soft Costs		
Construction Period Interest		\$
Taxes		\$
Insurance		\$
A&E		\$
Developer's Fees		\$
Financing Fees		\$
Lease Up		\$
Marketing		\$
Rent Loss		\$
Historic Credits		\$
	TOTAL	\$
	TOTAL	\$ [builder's risk coverage amount]

EXHIBIT J

FORM OF AGREEMENT TO PROVIDE ACCOUNTING AND REPORTING SERVICES

THIS AGREEMENT TO PROVIDE ACCOUNTING AND REPORTING SERVICES (“Agreement”) made as of November 18, 2015 by and between William Byrd Senior Apartments, LLC, a Virginia limited liability company (the “Company”) and Virginia Housing Capital Corporation (“VHCC”).

RECITALS

1. The Company was formed to acquire, construct, rehabilitate, develop, improve, maintain, own, operate, lease, dispose of and otherwise deal with an apartment project to be known as William Byrd Senior Apartments, located in Richmond, Virginia (the “Project”).

2. The Company is governed by the terms of that certain Amended and Restated Operating Agreement dated November 18, 2015 (“Operating Agreement”) by, among others, Project: Homes Properties, Inc. as Managing Member, Housing Equity Fund of Virginia XIX, L.L.C. and Housing Equity Fund of Virginia XVIII, L.L.C., as Investor Member and VCDC Cardinal Equity Fund, LLC, as State Credit Investor.

3. The Project, following the completion of rehabilitation, is expected to constitute a “qualified low-income housing project” (as defined in Section 42(g)(1) of the Code).

4. The Company desires to engage the services of VHCC in connection with certain accounting and reporting matters of the Company, and VHCC desires to perform such services on the terms and conditions more fully set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Section 1. Definitions.

Unless indicated to the contrary herein, capitalized terms used herein shall have the same meaning as set forth in the Operating Agreement.

Section 2. Reports.

(a) Within 120 days after the end of each fiscal year of the Company, VHCC shall cause to be delivered to the Members with respect to such fiscal year the following financial statements:

(i) Audited financial statements for the Company (consisting of a balance sheet, income statement and statement of cash flows) prepared in accordance with generally accepted accounting principles, consistently applied;

(ii) A statement and reconciliation of each Member's Capital Account;

(iii) A statement of the tax basis for the computation of the Tax Credits and depreciation deductions;

(iv) A cash flow statement for such year, which includes a detailed itemization of all Company receipts and expenses, including the amount of fees, expenses and other compensation paid by the Company to the Managing Member and its Affiliates; and

(v) A narrative report summarizing the status of the Company's operations.

(b) Within 45 days after the end of each fiscal year of the Company, VHCC shall deliver or cause to be delivered to the Members with respect to such fiscal year a statement showing all items of income, gain, loss, deduction and credit of the Company for federal income tax purposes and each Member's allocable share thereof. The Members shall have a period of 10 days after their receipt of the aforementioned tax statement to review the same and give any comments thereon to VHCC; it being the express understanding of the parties hereto that VHCC will in no event file or cause any tax returns or reports of the Company to be filed prior to the expiration of the aforementioned 10-day period. After the expiration of the aforementioned 10-day period (and any longer period of time which shall be necessary to respond to the changes thereto requested by a Member), but in no event later than the date prescribed by law therefor, VHCC shall cause all tax returns and reports required to be filed by the Company to be prepared and timely filed with the appropriate authorities and shall furnish to the Members such tax returns and reports, and all information necessary for the preparation by the Members, and their partners, members, and shareholders, of their federal, state and local, if any, income tax returns. The Managing Member shall retain such tax returns and reports for the Company for as long as is required by applicable law, but not less than five years.

(c) The obligations of VHCC hereunder are conditioned upon the Managing Member promptly providing to VHCC any information concerning Company affairs related to, or required for, the performance of such obligations.

Section 3. Accounting Services Fee

As a fee for its services performed hereunder, VHCC shall be paid a fee equal to \$11,525 for each calendar year (or portion thereof), increasing annually at the rate of three percent (3.0%) per annum.

Section 4. Applicable Law.

This Agreement, and the application or interpretation hereof, shall be governed by and construed in accordance with the laws of the Commonwealth of Virginia.

Section 5. Binding Agreement.

This Agreement shall be binding on the parties hereto, their heirs, executors, personal representatives, successors and assigns. As long as VHCC is not in default under this Agreement, the obligation of the Company to pay the Accounting Services Fee (described in Section 3 hereof) shall not be affected by any change in the identity of the Managing Member of the Company.

Section 6. Headings.

All section headings in this Agreement are for convenience of reference only and are not intended to qualify the meaning of any section.

Section 7. Terminology.

All personal pronouns used in this Agreement, whether used in the masculine, feminine or neuter gender, shall include all other genders, the singular shall include the plural, and vice versa as the context may require.

Section 8. Benefit of Agreement.

The obligations and undertakings of VHCC set forth in this Agreement are made for the benefit of the Company and its Members and shall not inure to the benefit of any creditor of the Company other than a Member, notwithstanding any pledge or assignment by the Company of this Agreement of any rights hereunder.

Section 9. Termination.

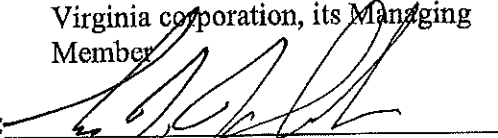
VHCC shall have the right to terminate this Agreement upon providing ninety (90) days written notice to the Company, at the following address: 88 Carnation Street, Richmond, Virginia 23225, Attention: Lee Householder.

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

COMPANY:

William Byrd Senior Apartments, LLC, a
Virginia limited liability company

By: Project:Homes Properties, Inc., a
Virginia corporation, its Managing
Member

By: 
Lee D. Householder, President

VHCC:

Virginia Housing Capital Corporation, a
Virginia not-for-profit corporation

By: _____
Arild O. Trent, Vice President

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

COMPANY:

William Byrd Senior Apartments, LLC, a Virginia limited liability company

By: Project:Homes Properties, Inc., a Virginia corporation, its Managing Member

By: _____
Lee D. Householder, President

VHCC:

Virginia Housing Capital Corporation, a Virginia not-for-profit corporation

By: Arild O. Trent
Arild O. Trent, Vice President

EXHIBIT K

POST CLOSING OBLIGATIONS

November 18, 2015

William Byrd Senior Apartments, LLC
88 Carnation Street
Richmond, VA 23225
Attention: Lee Householder

Re: Due Diligence Post-Closing Letter for
William Byrd Senior Apartments, LLC (the “Company”)

Dear Mr. Householder:

As a condition to the equity closing of the Amended and Restated Operating Agreement of William Byrd Senior Apartments, LLC (the “Operating Agreement”) with Housing Equity Fund of Virginia XIX, L.L.C. and Housing Equity Fund of Virginia XVIII, L.L.C. (“Investor Member”) and VCDC Cardinal Equity Fund, LLC (“State Credit Investor”), Project: Homes Properties, Inc. (the “Managing Member has agreed, on behalf of itself and the Company, to sign this post-closing letter which details certain due diligence items which were to have been delivered prior to closing, but which will now be delivered to Investor Member and State Credit Investor by the Managing Member at a later date. Investor Member and State Credit Investor have agreed to the later delivery of these items as an accommodation to the Managing Member in order to expedite the closing. The delivery of these items is a condition to the funding by Investor Member and State Credit Investor of any additional capital contributions by it under the Operating Agreement.

To that end, the Managing Member agrees to deliver (in form and substance reasonably satisfactory to Investor Member and State Credit Investor), the items set forth on the attached list, by the date indicated.

The Managing Member understands that its execution of this Post-Closing Letter was a material inducement to the Investor Member and State Credit Investor to enter into the Operating Agreement. The Managing Member also understands and agrees to cooperate with Investor Member and State Credit Investor in connection with any reasonable additional information requests that any investor of Investor Member may have in connection with this Project. If the above listed items are not delivered as required and Investor Member and State Credit Investor provide Managing Member written notice of same, and Managing Member fails to materially cure such default within ten (10) days of receipt of such notice, Investor Member and State Credit Investor may elect, at its sole option, by written notice to you, to declare a default under the

Operating Agreement, or at its election, provide notice that it desires to terminate the Company, and the Managing Member agrees to immediately take such action as may be necessary to either terminate the Company or repurchase the interest of Investor Member, as provided in the Operating Agreement.

Except as expressly provided herein, the terms and conditions set forth in the Operating Agreement shall remain in full force and effect. All defined terms used herein, shall have the meaning set forth in the Operating Agreement.

Very truly yours,

HOUSING EQUITY FUND OF VIRGINIA XIX,
L.L.C., a Virginia limited liability company

By: Virginia Housing Capital Corporation, its
managing member

By: Arild O. Trent
Arild O. Trent, Vice President

HOUSING EQUITY FUND OF VIRGINIA XVIII,
L.L.C., a Virginia limited liability company

By: Virginia Housing Capital Corporation, its
managing member

By: Arild O. Trent
Arild O. Trent, Vice President

VCDC Cardinal Equity Fund, LLC, a Virginia limited liability company

By: Virginia Housing Capital Corporation, its
managing member

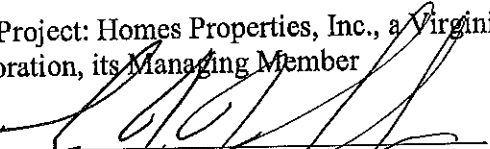
By: Arild O. Trent
Arild O. Trent, Vice President

Agreed to as of the day written above:

COMPANY:

William Byrd Senior Apartments, LLC, a Virginia limited liability company

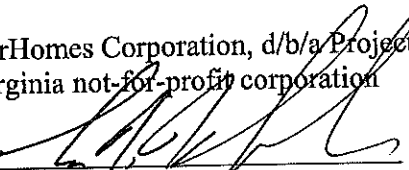
By: Project: Homes Properties, Inc., a Virginia corporation, its Managing Member

By: 
Lee D. Householder, President

The undersigned Affiliate Guarantor acknowledges the foregoing Post Closing requirements as of the day written above.

AFFILIATE GUARANTOR:

ElderHomes Corporation, d/b/a Project: HOMES
a Virginia not-for-profit corporation

By: 
Lee D. Householder,
Chief Executive Officer

POST-CLOSING LIST

As of November 18, 2015

To be provided and approved by VCDC as specifically provided below:

Item		Due Date
1.	Executed originals of Closing Items	November 30, 2015
2.	Final Owner's Title Policy, including copies of all documents recorded as of the closing date	December 20, 2015
3.	Evidence that the General Partner has made a 168(h) election	Upon the timely filing of its first tax return, expected in April 2016
4.		
5.		
6.		
7.		

EXHIBIT L

AMENDED AND RESTATED **PURCHASE OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT**

This Amended and Restated Purchase Option and Right of First Refusal Agreement (“Purchase Agreement”) is made as of the 18th day of November, 2015, by and between William Byrd Senior Apartments, LLC, a Virginia limited liability company (the “Company”), ElderHomes Corporation, a Virginia not for profit corporation (“Grantee”), and Project: Homes Properties, Inc., a Virginia corporation (the “Managing Member”), and is consented to hereinbelow by Housing Equity Fund of Virginia XIX, L.L.C., Housing Equity Fund of Virginia XVIII, and VCDC Cardinal Equity Fund, LLC, a Virginia limited liability company (the “Consenting Investor Member”).

Whereas, the Managing Member and one or more other parties, concurrently with the execution and delivery of this Purchase Agreement, are entering into a certain Amended and Restated Operating Agreement dated as of the date hereof (the “Agreement”) continuing the Company by amending and restating a prior Operating Agreement; and

Whereas, the Managing Member is wholly owned and controlled by Grantee; and

Whereas, Grantee has been instrumental in the development of the Project Property, as described in the Agreement, and will act as guarantor of the obligations of the Managing Member in the continuation of the Company for the further development of the Project Property; and

Whereas, the Project Property is or will be subject to one or more governmental agency regulatory agreements (collectively, the “Regulatory Agreement”) restricting its use to low-income housing and may become subject to a low-income use restriction (the “Special Covenant”) pursuant to the terms and conditions of this Agreement (such use restrictions under the Regulatory Agreement and any Special Covenant being referred to collectively herein as the “Use Restrictions”); and

Whereas, Grantee and the Managing Member desire to provide for the continuation of the Project Property as low-income housing upon termination of the Company by Grantee purchasing the Project Property at the applicable price determined under this Purchase Agreement and operating the Project Property in accordance with the Use Restrictions; and

Whereas, as a condition precedent to the formation or continuation of the Company pursuant to the Agreement, Grantee and the Managing Member have negotiated and required that the Company shall execute and deliver this Purchase Agreement in order to provide for such low-income housing, and the Consenting Investor Member has consented to this Agreement in order to induce the Managing Member to execute and deliver this Purchase Agreement and to induce Grantee to guarantee the Managing Member’s obligations thereunder;

Now, Therefore, in consideration of the execution and delivery of the Agreement and the payment by the Grantee to the Company of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. **Grant of Option.** The Company hereby grants to Grantee an option (the “Option”) to purchase the real estate, fixtures, and personal property comprising the Project Property or associated with the physical operation thereof, owned by the Company at the time of purchase (the “Property”), after the close of the fifteen (15) year compliance period for the low-income housing tax credit for the Project Property (the “Compliance Period”) as determined under Section 42(i)(1) of the Internal Revenue Code of 1986, as amended (the “Code”), on the terms and conditions set forth in this Purchase Agreement and subject to the conditions precedent to exercise of the Option specified herein. The Project Property real estate is legally described in Exhibit A attached hereto and made a part hereof. The Regulatory Agreement containing the Use Restrictions to which the Project Property real estate will remain subject under Section 9 hereof is described in Exhibit B attached hereto and made a part hereof.

2. **Grant of Refusal Right.** In the event that the Company receives a bona fide offer to purchase the Project Property, which offer the Company intends to accept, Grantee shall have a right of first refusal to purchase the Property (the “Refusal Right”) after the close of the Compliance Period, on the terms and conditions set forth in this Agreement and subject to the conditions precedent to exercise of the Refusal Right specified herein. In addition to all other applicable conditions set forth in this Agreement, (a) the foregoing grant of the Refusal Right shall be effective only if Grantee is currently and remains at all times hereafter, until (i) the Refusal Right has been exercised and the resulting purchase and sale has been closed or (ii) the Refusal Right has been assigned to a Permitted Assignee described in Section 10 hereof, whichever first occurs, a qualified nonprofit organization, as defined in Section 42(h) (5) (C) of the Code, and (b) any assignment of the Refusal Right permitted under this Agreement and the Refusal Right so assigned shall be effective only if the assignee is at the time of the assignment and remains at all times thereafter, until the Refusal Right has been exercised and the resulting purchase and sale has been closed, a Permitted Assignee described in Section 10 hereof meeting the requirements of Section 42(i)(7)(A) of the Code as determined in its judgment by tax counsel to the Consenting Investor Member. Prior to accepting any such bona fide offer to purchase the Property, the Company shall notify Grantee, the Managing Member, and the Consenting Investor Member of such offer and deliver to each of them a copy thereof. The Company shall not accept any such offer unless and until the Refusal Right has expired without exercise by Grantee under Section 6 hereof.

3. **Purchase Price Under Option.** The purchase price for the Property pursuant to the Option shall be the greater of the following amounts, subject to the proviso set forth hereinbelow:

a. **Debt and Taxes.** An amount sufficient (i) to pay all debts (including member loans) and liabilities of the Company upon its termination and liquidation as projected to occur immediately following the sale pursuant to the Option, and (ii) to distribute to the Members, after payments under Section 11.04(a) and (b) of the Agreement and payments to the Investor Member of an amount equal to any LIHTC Reduction Guaranty Payment, Unpaid LIHTC Shortfall or Investor Member Special Additional Capital Contribution, cash proceeds equal to the taxes projected to be imposed on the Members of the Company as a result of the sale pursuant to the Option, all as more fully stated in Sections of the Agreement, which is hereby incorporated herein by reference; or

b. **Fair Market Value.** The fair market value of the Property, appraised as low-income housing to the extent continuation of such use is required under the Use Restrictions, any such appraisal to be made by a licensed appraiser, selected by the Company's regular certified public accountants, who is a member of the Master Appraiser Institute and who has experience in the geographic area in which the Project Property is located;

provided, however, that if prior to exercise of the Option the Internal Revenue Service (the "Service") has issued a revenue ruling or provided a private letter ruling to the Company, the applicability of which ruling shall be determined in its judgment by tax counsel to the Consenting Investor Member, or tax counsel to the Consenting Investor Member has issued an opinion letter concluding that property of the nature and use of the Property may be sold under circumstances described in this Agreement at the greater of the price determined under Section 42(i) (7) of the Code or the price determined under subsection 3a hereinabove without limiting tax credits or deductions that would otherwise be available to the Consenting Investor Member, then the Option price shall be such price.

4. **Purchase Price Under Refusal Right.** The purchase price for the Property pursuant to the Refusal Right shall be equal to the sum of (a) an amount sufficient to pay all debts (including member loans) and liabilities of the Company upon its termination and liquidation as projected to occur immediately following the sale pursuant to the Refusal Right, and (b) an amount sufficient to distribute to the Members, after payments under Section 11.04(a) and (b) of the Agreement and an amount equal to any LIHTC Reduction Guaranty Payment, Unpaid LIHTC Shortfall or Investor Member Special Additional Capital Contribution, cash proceeds equal to the taxes projected to be imposed on the Members of the Company as a result of the sale pursuant to the Refusal Right, all as more fully stated in Section 11.04 of the Agreement, which is hereby incorporated herein by reference.

5. **Conditions Precedent.** Notwithstanding anything in this Agreement to the contrary, the Option and the Refusal Right granted hereunder shall be contingent on the following:

a. **Managing Member.** The Managing Member shall have remained in good standing as Managing Member of the Company without the occurrence of any event of default under the Agreement; and

c. **Regulatory Agreement.** Either (i) the Regulatory Agreement shall have been entered into and remained in full force and effect, and those Use Restrictions to be contained therein, as heretofore approved in writing by the Consenting Investor Member, shall have remained unmodified without its prior written consent, or (ii) if the Regulatory Agreement is no longer in effect due to reasons other than a default thereunder by the Company, such Use Restrictions, as so approved and unmodified, shall have remained in effect by other means and shall continue in effect by inclusion in the deed as required under Paragraph 10 hereof.

If any or all of such conditions precedent have not been met, the Option and the Refusal Right shall not be exercisable. Upon any of the events terminating the Managing Member as Managing Member of the Company under the Agreement or affecting the Regulatory Agreement as described in this Section 5, the Option and the Refusal Right shall be void and of no further force and effect.

6. **Exercise of Option or Refusal Right.** The Option and the Refusal Right may each be exercised by Grantee by (a) giving prior written notice of its intent to exercise the Option or the Refusal Right to the Company and each of its Members in the manner provided in the Agreement and in compliance with the requirements of this Section 6, and (b) complying with the contract and closing requirements of Section 8 hereof. Any such notice of intent to exercise the Option shall be given during the last twelve (12) months of the Compliance Period. Any such notice of intent to exercise the Refusal Right shall be given within one hundred eighty (180) days after Grantee has received the Company's notice of a bona fide offer pursuant to Section 2 hereof, but in no event later than one hundred eighty (180) days immediately following the end of the Compliance Period, notwithstanding any subsequent receipt by the Company of any such offer. In either case, the notice of intent shall specify a closing date within one hundred eighty (180) days immediately following the end of the Compliance Period. If the foregoing requirements (including those of Section 9 hereof) are not met 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. Upon notice by Grantee of its intent to exercise the Option or the Refusal Right, all rights under the other shall be subordinate to the rights then being so exercised unless and until such exercise is withdrawn or discontinued, and upon the closing of any sale of the Property pursuant to such notice shall expire and be of no further force or effect, provided that in the event that the Option and the Refusal Right are hereafter held by different parties by reason of any permitted assignment or otherwise, Grantee in its assignment(s) or such parties by written agreement may specify any other order of priority consistent with the other terms and conditions of this Agreement.

7. **Determination of Price.** Upon notice by Grantee of its intent to exercise the Option or the Refusal Right, the Company and Grantee shall exercise best efforts in good faith to agree on the purchase price for the Property. Any such agreement shall be subject to the prior written consent of the Consenting Investor Member, which shall not be withheld as to any purchase price determined properly in accordance with this Agreement.

8. **Contract and Closing.** Upon determination of the purchase price, the Company and Grantee shall enter into a written contract for the purchase and sale of the Property in accordance with this Agreement and containing such other terms and conditions as are standard and customary for similar commercial transactions in the geographic area which the Project Property is located, providing for a closing not later than the date specified in Grantee's notice of intent to exercise of the Option or the Refusal Right, as applicable, or thirty (30) days after the purchase price has been determined, whichever is later. In the absence of any such contract, this Agreement shall be specifically enforceable upon the exercise of the Option or the Refusal Right, as applicable. The purchase and sale hereunder shall be closed through a deed-and-money escrow with the title insurer for the Project Property or another mutually acceptable title company.

9. **Use Restrictions.** In consideration of the Option and the Refusal Right granted hereunder at the price specified herein, Grantee hereby agrees that the deed of the Project Property to Grantee shall contain a covenant running with the land, restricting use of the Project Property to low-income housing to the extent required by those Use Restrictions contained in the Regulatory Agreement, as approved in writing by the Consenting Investor Member and unmodified without its prior written consent. Such deed covenant shall contain a reverter clause, enforceable by the Consenting Investor Member, its successors and assigns, in the event of material violation of such Use Restrictions. Such deed covenant shall include a provision requiring Grantee to pay any and all costs, including attorneys' fees, incurred by the Consenting Investor Member or any other holder of such reverter rights in enforcing or attempting to enforce the Use Restrictions or such reverter rights, and to pay any and all damages incurred by the Consenting Investor Member from any delay in or lack of enforceability of the same. All reverter provisions contained in such deed and in this Agreement shall be subject and subordinate to any third-party liens encumbering the Project Property.

If prior to exercise of the Option or the Refusal Right, as applicable, the Service has issued a revenue ruling or provided a private letter ruling to the Company holding that a covenant of the nature described hereinbelow may be utilized without limiting tax credits or deductions that would otherwise be available to the Consenting Investor Member, the applicability of which ruling shall be determined by counsel to the Consenting Investor Member in its sole judgment, then as a condition of the Option and the Refusal Right, the deed to Grantee shall include a Special Covenant specifically restricting continued use of the Project Property to low-income housing as determined in accordance with the same low-income and maximum rent requirements (excluding any right under the Code to raise rents after notice to the applicable state or local housing credit agency if it is unable to find a buyer at the statutory price) as are currently specified in the Agreement with reference to the low-income housing tax credit (notwithstanding any future discontinuation of such credit or modification of federal requirements therefor), except insofar as more stringent use requirements are imposed by the Regulatory Agreement as approved by the Consenting Investor Member and unmodified without its prior written consent. The Special Covenant shall constitute part of the Use Restrictions. The Special Covenant may state that it is applicable and enforceable only to the extent such housing produces income sufficient to pay all operating expenses and debt service and fund customary reserves and there is a need for low-income housing in the geographic area in which the Project Property is located. The Special Covenant shall run with the land for a

period of fifteen (15) years after closing of the purchase under the Option or the Refusal Right, as applicable, or, if longer, for the period measured by the then remaining period of Use Restrictions under the Regulatory Agreement, provided that the Special Covenant shall terminate at the option of any holder of the reverter rights described hereinabove, upon enforcement thereof.

In the event that neither the Option nor the Refusal Right is exercised, or the sale pursuant thereto is not consummated, then upon conveyance of the Project Property to anyone other than Grantee or its permitted assignee hereunder, the foregoing provisions shall terminate and have no further force or effect.

10. **Assignment.** Grantee may assign all or any of its rights under this Agreement to (a) a qualified nonprofit organization, as defined in Section 42(h) (5) (C) of the Code, (b) a government agency, or (c) a tenant organization (in cooperative form or otherwise) or resident management corporation of the Project Property (each a “Permitted Assignee”) that demonstrates its ability and willingness to maintain the Project Property as low-income housing in accordance with the Use Restrictions, in any case subject to the prior written consent of the Consenting Investor Member, which shall not be unreasonably withheld if the proposed grantee demonstrates that it is reputable and creditworthy and is a capable, experienced owner and operator of residential rental property, and subject in any event to the conditions precedent to the Refusal Right grant and the Option price set forth in Sections 2 and 3 hereof. Prior to any assignment or proposed assignment of its rights hereunder, Grantee shall give written notice thereof to the Company, the Managing Member, and the Consenting Investor Member. Upon any permitted assignment hereunder, references in this Agreement to Grantee shall mean the permitted Assignee where the context so requires, subject to all applicable conditions to the effectiveness of the rights granted under this Agreement and so assigned. No assignment of Grantee’s rights hereunder shall be effective unless and until the permitted Assignee enters into a written agreement accepting the assignment and assuming all of Grantee’s obligations under this Agreement and copies of such written agreement are delivered to the Company, the Managing Member, and the Consenting Investor Member. Except as specifically permitted herein, Grantee’s rights hereunder shall not be assignable.

11. **Miscellaneous.** This Agreement shall be governed by the laws of the Commonwealth of Virginia. This Agreement may be executed in counterparts or counterpart signature pages, which together shall constitute a single agreement.

12. **Amendment and Restatement of Prior Agreement.** This Agreement amends and restates in its entirety the prior Right of First Refusal executed by the parties hereto dated as of January 19, 2015.

(continued on next page)

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

Company:

William Byrd Senior Apartments, LLC a Virginia limited liability company

By: Project: Homes Properties, Inc., a Virginia corporation, its Managing Member

By: [Signature]
Lee D. Householder, President

COMMONWEALTH OF VIRGINIA)
) ss
CITY OF Richmond)

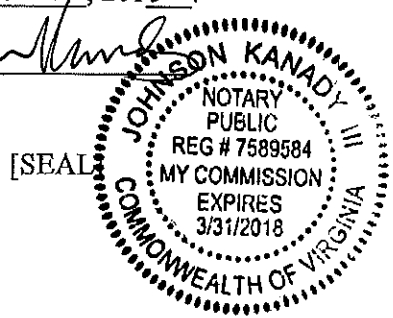
I, JOHNSON KANADY III, a Notary Public in and for said City in the Commonwealth aforesaid, do hereby certify that Lee D. Householder, President of Project: Homes Properties, Inc., personally known to me to be the same person whose name is subscribed to the foregoing instrument as such officer, appeared before me this day in person and acknowledged that s/he signed and delivered such instrument as his/her own free and voluntary act, and as the free and voluntary act of the Company known as William Byrd Senior Apartments, LLC, on behalf of which said corporation has executed the foregoing instrument as a Managing Member, all for the uses and purposes set forth therein.

Given under my hand and notarial seal on November 13, 2015.

[Signature]
Notary Public

My Commission Expires: 3/31/2018

Registration Number: 7589584



The undersigned hereby consents to the foregoing Agreement as of the date first set forth hereinabove.

Consenting Investor Member:

HOUSING EQUITY FUND OF VIRGINIA XVIII, L.L.C., a Virginia limited liability company

By: Virginia Housing Capital Corporation, its managing member

By: *Arild O. Trent*
Arild O. Trent, Vice President

COMMONWEALTH OF VIRGINIA)
) ss
CITY OF RICHMOND)

I, *Steven E. Bleile*, a Notary Public in and for said City in the Commonwealth aforesaid, do hereby certify that Arild O. Trent, Vice President of Virginia Housing Capital Corporation, personally known to me to be the same person whose name is subscribed to the foregoing instrument as such officer, appeared before me this day in person and acknowledged that he signed and delivered such instrument as his own free and voluntary act, and as the free and voluntary act of the limited liability company known as Housing Equity Fund of Virginia XVIII, L.L.C. on behalf of which said corporation has executed the foregoing instrument as a managing member, all for the uses and purposes set forth therein.

Given under my hand and notarial seal on *Nov 12th*, 201*5*.

Steven E. Bleile
Notary Public

My Commission Expires: *5-31-19*

[SEAL]

Registration Number:
337174



EXHIBIT A

**LEGAL DESCRIPTION OF
PROJECT REAL ESTATE**

EXHIBIT B

**DESCRIPTION OF
REGULATORY AGREEMENT**

Title:

Parties:

Date:

Recording Information (if known):

[Attach additional page(s) if there is more than one Regulatory Agreement.]

OPERATING AGREEMENT
OF
PROJECT HOMES PROPERTIES III LLC

FEBRUARY 6, 2020

Operating Agreement

This Operating Agreement, dated effective as of February 6, 2020 (the “Operating Agreement”) is made by ElderHomes Corporation, a Virginia nonstock corporation (the “Member”) the sole member of Project Homes Properties III LLC, a Virginia limited liability company (the “Company”), to set forth the terms and conditions on which the management, business and financial affairs of the Company shall be conducted.

Section 1 Organization and Purpose

1.01 *Formation of Company.* The Member has caused the Company to be organized as a limited liability company under the Virginia Limited Liability Company Act, Virginia Code §13.1-1000, *et seq.* (the “Act”). The Articles of Organization of the Company (the “Articles”) were filed with the Virginia State Corporation Commission and a Certificate of Organization was issued on February 6, 2020.

1.02 *Capital Contributions; Sole Member.* The Member has agreed to make the contributions to the capital of the Company set forth on Exhibit A. In exchange for such capital contributions, the Member shall receive all of the membership interests in the Company.

1.03 *Purpose.* The Company shall acquire a membership interest in Omni Park Place Senior LLC, a Virginia limited liability company (“Owner”), which shall own, operate, lease, develop, construction and maintain that certain affordable housing development to be known as Omni Park Place Apartments located in Ashland, Virginia. Additionally, the Company may engage in any and all lawful activities as may be necessary, incidental or convenient to carrying out the business of the Company as contemplated in this Operating Agreement. The Company may also pursue any other lawful activity that is approved by the Member.

1.04 *Registered Agent.* The name and address of the registered agent of the Company for the purposes of the Act is Lee Householder whose address is 88 Carnation Street, Richmond, Virginia 23225. The sole duty of the registered agent shall be to forward to the Company at its principal office and place of business any notice that is served on it.

Section 2 Management

2.01 *Manager.* The business and affairs of the Company shall be managed under the direction of one or more Managers. The initial Manager shall be ElderHomes Corporation. Any Manager may be removed at any time, with or without cause, and a new Manager may be appointed, at the sole discretion of the Member.

2.02 *Management of the Company.*

(a) The Manager shall have the right to manage the business of the Company and to make decisions regarding the business of the Company. The Manager may delegate prescribed functions to any employee, agent, or consultant.

(b) The Manager is granted the right, power, and authority to do in the name of, and on behalf of, the Company all things that, in the Manager's sole judgment, are necessary, proper or desirable to carry out the purposes of the Company, including, but not limited to, the right, power and authority to enter into any kind of contract or activity and to perform and carry out contracts of any kind necessary to, or in connection with, or incidental to the accomplishment of the purposes of the Company, so long as those activities and contracts may be lawfully carried on or performed by a limited liability company under applicable laws and regulations.

(c) All actions taken by the Manager on behalf of the Company from the date of its organization to the date of this Operating Agreement are ratified and confirmed.

2.03 *Compensation and Reimbursements.*

(a) The compensation, if any, of the Manager shall be fixed from time to time by the Member, and no Manager shall be prevented from receiving such compensation by reason of the fact that he or she is also the Member of the Company. The amount of any such management fee, or other compensation, shall be determined in accordance with the services provided by the Manager and the duties performed for the Company.

(b) The Manager shall receive reimbursement for expenses reasonably incurred in the performance of his duties. No Manager shall be prevented from receiving such reimbursement by reason of the fact that he or she is also the Member of the Company.

Section 3
Member Meetings

3.01 *Annual Meetings.* An annual meeting shall be held once per year at a location and on a date selected by the Member for the purpose of the transaction of such business as may come properly before the meeting.

3.02 *Special Meetings.* A meeting of the Member, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the Manager or Member at any time.

3.03 *Notice of Meetings.* Written notice stating the place, day and hour of any meeting and, if a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 2 nor more than 60 days before the date of the meeting, either personally or by mail, by or at the direction of the Manager calling the meeting, to the Member.

Section 4
Capital Contributions and Distributions

4.01 *Member's Capital Contributions.*

(a) *Initial Capital Contributions.* The initial capital contributions to the Company by the Member shall be as set forth on Exhibit A.

(b) *Additional Capital Contributions.* Additional Capital Contributions shall be made at such times and in such amounts as the Member shall determine in his sole discretion.

4.02 *Distributions.* Distributions shall be made by the Company to the Member at such times as the Member shall determine in his sole discretion.

4.03 *Loans to Company.* Nothing in this Operating Agreement shall prevent the Member from making secured or unsecured loans to the Company by agreement with the Company.

Section 5
Tax Matters

5.01 *Tax Status.* It is intended that the Company be treated as a corporation for tax purposes. The Company intends to make a check the box election by filing I.R.S. Form 8832. The Company also intends to make a 168(h) election, as well as to make all other appropriate elections with the Internal Revenue Service to be taxed as a corporation.

Section 6
Dissolution and Termination

6.01 *Events of Dissolution.* The Company shall be dissolved upon the occurrence of any of the following events:

- (a) The determination in writing of the Member;
- (b) As otherwise required by Virginia law.

6.02 *Liquidation.* Upon the dissolution of the Company, it shall wind up its affairs by either or a combination of both of the following methods as the Manager (or if there is no Manager such person as determined by the Member) shall, in his sole discretion, determine:

(a) Selling the Company's assets and, after the payment of Company liabilities, distributing the net proceeds therefrom to the Member in satisfaction of his interest in the Company; and/or,

(b) Distributing the Company's assets to the Member in kind, subject to his liabilities, in satisfaction of his interest in the Company.

6.03 *Orderly Liquidation.* A reasonable time as determined by the Manager (or the person or persons carrying out the liquidation) not to exceed 18 months shall be allowed for the orderly liquidation of the assets of the Company and the discharge of liabilities to the creditors so as to minimize any losses attendant upon dissolution.

6.04 *Distributions.* Upon dissolution, the Company's assets (including any cash on hand) shall be distributed in the following order and in accordance with the following priorities:

(a) First, to the payment of the debts and liabilities of the Company (including but not limited to loans made by the Member) and the expenses of liquidation, including a sales commission to the selling agent, if any; then

(b) Second, to the setting up of any reserves which the Manager (or the person or persons carrying out the liquidation) deems reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company. At the expiration of such period as the Manager (or the person or persons carrying out the liquidation) shall deem advisable, but in no event to exceed 18 months, the Manager shall distribute the balance thereof in the manner provided in the following subparagraph; then

(c) Third, to the Member.

6.05 *Certificate of Cancellation.*

(a) Within a reasonable time following the completion of the liquidation of the Company, there shall be supplied to the Member a statement which shall set forth the assets and the liabilities of the Company as of the date of complete liquidation. Upon completion of the liquidation of the Company and the distribution of all the Company's assets, the Company shall terminate, and the Member shall execute and record a Certificate of Cancellation of the Company as well as any and all other documents required to effectuate the dissolution and termination of the Company.

(b) Upon the issuance of the filing of the Certificate of Cancellation, the existence of the Company shall cease, except for the purpose of suits, other proceedings and appropriate action as provided in the Act.

Section 7

Notices

7.01 *Form; Delivery.* Whenever, under the provisions of the Act or other law, the Articles or this Operating Agreement, notice is required hereunder to be given to any person or entity, it shall not be construed to mean exclusively personal notice unless otherwise specifically provided, but such notice may be given in writing, by mail, addressed to the Company at its

principal office from time to time and to any other person or entity, at his address as it appears on the records of the Company, with postage thereon prepaid. Any such notice shall be deemed to have been given at the time it is deposited, postage prepaid, in the United States mail. Notice to a person may also be given personally or by telegram or telecopy sent to his address as it appears on the records of the Company.

7.02 *Waiver.* Whenever any notice is required to be given under the provisions of law, the Articles or this Operating Agreement, a written waiver thereof, signed by the person or persons entitled to said notice and filed with the records of the meeting, whether before or after the time stated therein, shall be conclusively deemed to be equivalent to such notice.

Section 8

Miscellaneous Provisions

8.01 *Bank Accounts.* The Company shall maintain such bank accounts as the Manager may determine to be appropriate from time to time.

8.02 *Books of Account and Records.* Proper and complete records and books of account shall be kept or shall be caused to be kept by the Manager in which shall be entered fully and accurately all transactions and other matters relating to the Company's business in such detail and completeness as is customary and usual for businesses of the type engaged in by the Company. The books and records shall at all times be maintained at the principal office of the Company and shall be open to inspection and examination of the Member or his duly authorized representatives during reasonable business hours.

8.03 *Application of Virginia Law.* This Operating Agreement, and the interpretation hereof, shall be governed exclusively by its terms and by the laws of the Commonwealth of Virginia, without reference to its choice of law provisions, and specifically the Act.

8.04 *Amendments.* Any amendment to this Operating Agreement may be adopted by the Member. An amendment shall become effective at such time as it has been adopted by the Member.

8.05 *Construction.* Whenever the singular number is used in this Operating Agreement and when required by the context, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa.

8.06 *Headings.* The headings in this Operating Agreement are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Operating Agreement or any provision hereof.

8.07 *Waivers.* The failure of any party to seek redress for violation of or to insist upon the strict performance of any covenant or condition of this Operating Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

8.08 *Rights and Remedies Cumulative.* The rights and remedies provided by this Operating Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive the right to use any or all other remedies. Such rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

8.09 *Severability.* If any provision of this Operating Agreement or the application thereof to any person or circumstance shall be invalid, illegal or unenforceable to any extent, the remainder of this Operating Agreement and the application thereof shall not be affected and shall be enforceable to the fullest extent permitted by law.

8.10 *Heirs, Successors and Assigns.* Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Operating Agreement, their respective heirs, legal representatives, successors and assigns.

8.11 *Creditors and Third-Party Beneficiaries.* None of the provisions of this Operating Agreement shall be for the benefit of or enforceable by any creditor of the Company. The specific intent of the undersigned is that there shall be no third-party beneficiaries of this Operating Agreement.

8.12 *Counterparts.* This Operating Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

The undersigned, being the sole Member of the Company, hereby agrees, acknowledges and certifies that the foregoing Operating Agreement, including any schedules and exhibits hereto, constitutes the sole and entire Operating Agreement of Project Homes Properties III LLC, adopted as of the date first written above.

ELDERHOMES CORPORATION

By: _____


Lee Householder, CEO

EXHIBIT A

TO OPERATING AGREEMENT OF PROJECT HOMES PROPERTIES III LLC

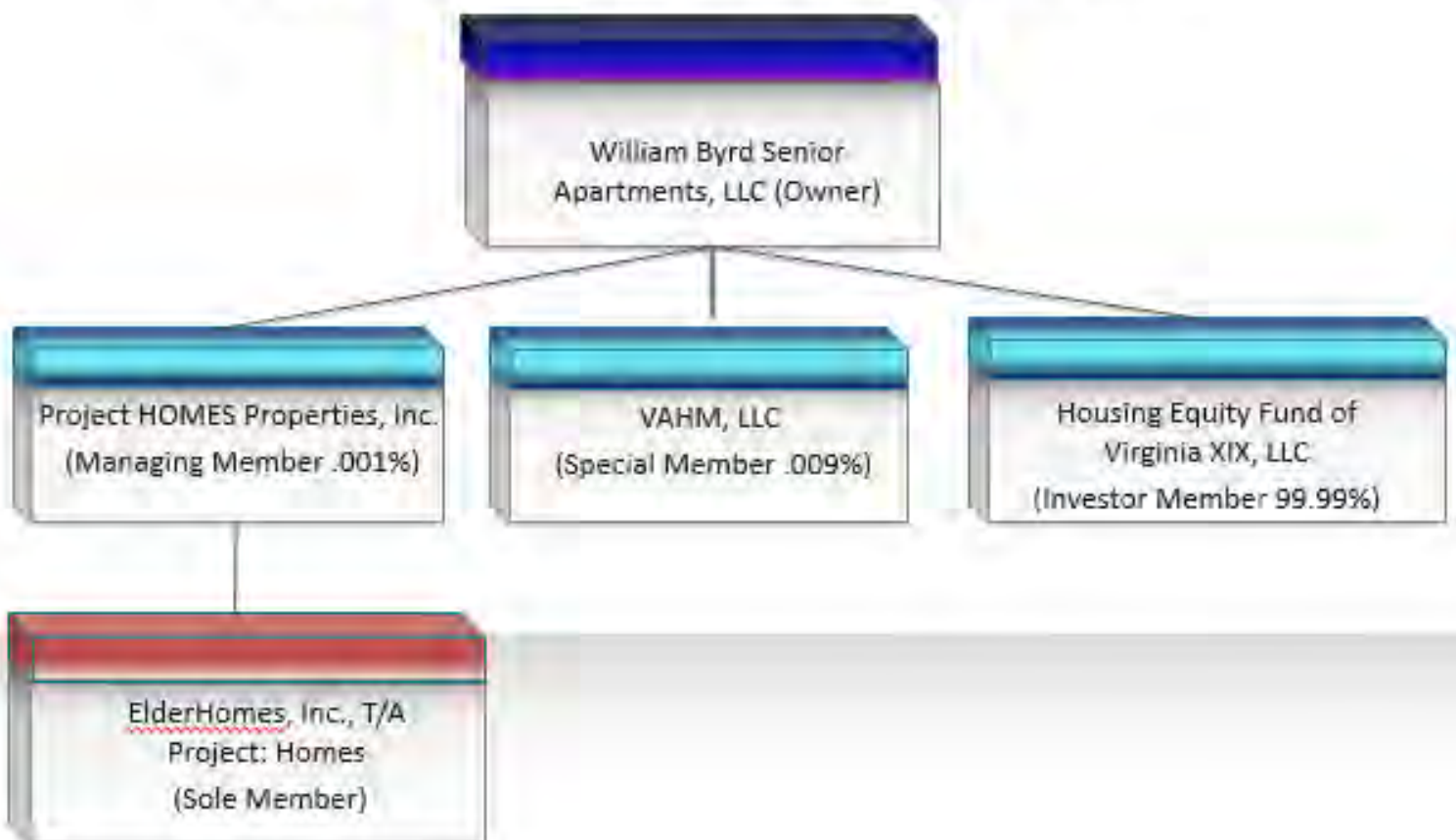
**Member's Name, Address, Membership Interests
and Initial Capital Contributions**

<u>Name</u>	<u>Address</u>	<u>Membership Interest</u>	<u>Initial Capital Contributions</u>
ElderHomes Corporation	88 Carnation Street Richmond, VA 23225	100.0%	*
Total		100.0%	*

*To be determined by the accountants

41929230_1

WILLIAM BYRD APARTMENTS ORGANIZATIONAL CHART



The William Byrd Senior Apartments have 104 units

R

Documentation of
Operating Budget

**Omni Park Place Apartments
INCOME STATEMENT
With Budget Variance As An Amount**

	Month Ending 12/31/2019			Year To Date 12/31/2019		
	Actual	2019 Budget	Variance	Actual	2019 Budget	Variance
RENT						
5120 - Rent (GPR)	50,600.00	50,620.00	(20.00)	607,076.00	607,120.00	(44.00)
5220 - Vacancy Loss	(1,084.00)	(1,429.00)	345.00	(10,082.00)	(15,306.00)	5,224.00
5222 - Delinquencies	0.00	0.00	0.00	0.00	0.00	0.00
5223 - Non-Income Producing Unit	0.00	0.00	0.00	0.00	0.00	0.00
5224 - Concessions	0.00	0.00	0.00	0.00	0.00	0.00
5225 - Variance from Market Rents	(955.00)	(955.00)	0.00	(15,755.00)	(15,755.00)	0.00
5227 - Resident/Leasing Referral	0.00	0.00	0.00	0.00	0.00	0.00
5229 - Write-off Uncollectible	0.00	0.00	0.00	0.00	0.00	0.00
Total Rental Income	48,561.00	48,236.00	325.00	581,239.00	576,059.00	5,180.00
Other Income						
5301 - Previous Month's Charges Paid	0.00	0.00	0.00	0.00	0.00	0.00
5302 - Prepaid Rent	0.00	0.00	0.00	0.00	0.00	0.00
5410 - Interest Income	4.29	0.00	4.29	30.00	0.00	30.00
5420 - Interest Income - Certificates	0.00	0.00	0.00	0.00	0.00	0.00
5910 - Laundry Room Income	124.80	200.00	(75.20)	1,972.50	2,400.00	(427.50)
5911 - Vending Income	0.00	0.00	0.00	0.00	0.00	0.00
5920 - NSF Fees	0.00	0.00	0.00	0.00	0.00	0.00
5921 - Late Charge Income	75.00	75.00	0.00	625.00	900.00	(275.00)
5922 - Legal & Collection Fee Income	0.00	0.00	0.00	0.00	0.00	0.00
5923 - Administrative Fee	0.00	0.00	0.00	150.00	0.00	150.00
5924 - Keys, Locks & Lockout Fees	0.00	0.00	0.00	17.50	0.00	17.50
5925 - Water Surcharge Fee	0.00	0.00	0.00	0.00	0.00	0.00
5928 - Reserved/Covered Parking Fees	0.00	0.00	0.00	0.00	0.00	0.00
5930 - Resident Damages	0.00	380.00	(380.00)	3,585.72	1,520.00	2,065.72
5931 - Deposits Forfeited	0.00	0.00	0.00	0.00	900.00	(900.00)
5941 - Buy Out Fee	0.00	0.00	0.00	0.00	0.00	0.00
5989 - Other Income - Grant	0.00	0.00	0.00	0.00	0.00	0.00
5990 - Other Income	250.00	0.00	250.00	1,047.78	0.00	1,047.78
5991 - Application Fees	16.00	32.00	(16.00)	240.00	384.00	(144.00)
5992 - Pet Fees	500.00	350.00	150.00	2,000.00	1,050.00	950.00
5993 - Lease Termination Fee Income	0.00	0.00	0.00	0.00	0.00	0.00
5994 - Barber/Beauty Shop Rental	0.00	0.00	0.00	0.00	0.00	0.00
5995 - Barber/Beauty Shop Qtrly Comm	0.00	0.00	0.00	0.00	0.00	0.00
5996 - Antenna Income	0.00	0.00	0.00	0.00	0.00	0.00
Total Other Income	970.09	1,037.00	(66.91)	9,668.50	7,154.00	2,514.50
TOTAL INCOME	49,531.09	49,273.00	258.09	590,907.50	583,213.00	7,694.50

Omni Park Place Apartments
INCOME STATEMENT
With Budget Variance As An Amount

	Month Ending 12/31/2019			Year To Date 12/31/2019		
	Actual	2019 Budget	Variance	Actual	2019 Budget	Variance
OPERATING EXPENSES						
Administrative Expenses						
6210 - Advertising Expense	855.00	855.00	0.00	10,601.27	10,760.00	158.73
6211 - Lease-Up Fees	0.00	0.00	0.00	0.00	0.00	0.00
6212 - Lease-Up Expenses	0.00	0.00	0.00	0.00	0.00	0.00
6250 - Other Renting Expenses	0.00	0.00	0.00	0.00	0.00	0.00
6260 - Resident Promotion	0.00	0.00	0.00	0.00	0.00	0.00
6308 - Postage, Courier & Fed Ex	18.00	80.00	62.00	442.85	460.00	17.15
6310 - Office Salaries	451.25	0.00	(451.25)	2,446.25	1,741.00	(705.25)
6311 - Office Supplies	139.67	241.00	101.33	1,953.92	2,007.00	53.08
6312 - Model Expenses	0.00	0.00	0.00	0.00	0.00	0.00
6313 - Printing Expenses	0.00	0.00	0.00	0.00	0.00	0.00
6320 - Management Fees	2,185.33	2,213.00	27.67	26,411.81	26,269.00	(142.81)
6321 - Monitoring Fees	0.00	0.00	0.00	2,100.00	2,100.00	0.00
6330 - Manager Salary	4,470.25	3,724.00	(746.25)	50,295.36	49,163.00	(1,132.36)
6331 - Employee Unit Expense	0.00	0.00	0.00	0.00	0.00	0.00
6340 - Legal Expense	0.00	0.00	0.00	420.00	0.00	(420.00)
6350 - Audit Expense	0.00	0.00	0.00	5,150.00	4,800.00	(350.00)
6351 - Bookkeeping Expenses	150.00	150.00	0.00	1,800.00	1,800.00	0.00
6360 - Answering Service & Pagers	72.95	73.00	0.05	806.10	876.00	69.90
6368 - Auto Lease Expense	0.00	0.00	0.00	0.00	0.00	0.00
6380 - Credit Reports	49.14	16.00	(33.14)	212.64	240.00	27.06
6390 - Other Admin. Expense & Dues	435.17	174.00	(261.17)	5,653.43	5,444.00	(1,209.43)
6391 - Bank Service Charges	124.40	101.00	(23.40)	886.53	1,212.00	325.47
6392 - Training & Seminar Expenses	0.00	0.00	0.00	548.75	490.00	(58.75)
6393 - Deposit Interest Paid	0.00	0.00	0.00	0.00	0.00	0.00
6394 - Clubhouse Functions	805.83	900.00	94.17	3,362.46	3,750.00	387.54
6395 - Undesignated Expenses	0.00	0.00	0.00	0.00	0.00	0.00
Total Administrative Expense	9,756.99	8,527.00	(1,229.99)	114,091.67	111,112.00	(2,979.67)
Utilities						
6420 - Fuel oil	0.00	0.00	0.00	0.00	0.00	0.00
6448 - Electric - Office & Clubhouse	0.00	0.00	0.00	0.00	0.00	0.00
6449 - Electric - Vacant Units	78.34	140.00	61.66	490.08	945.00	454.92
6450 - Electric - Common Areas	795.63	820.00	24.37	9,145.64	10,052.00	906.36
6451 - Water	546.02	675.00	128.98	7,693.13	9,076.00	1,382.87
6452 - Gas	105.78	69.00	(36.78)	586.54	642.00	55.46
6453 - Sewer	597.26	653.00	55.74	8,415.26	9,090.00	674.74
6454 - Telephone	133.15	120.00	(13.15)	1,578.02	1,440.00	(138.02)
6455 - Water Cost Recovery	0.00	0.00	0.00	0.00	0.00	0.00
6456 - Sewer Cost Recovery	0.00	0.00	0.00	0.00	0.00	0.00
6490 - Other Operating Utilities	0.00	0.00	0.00	0.00	0.00	0.00
Total Utilities	2,256.18	2,477.00	220.82	27,908.67	31,245.00	3,336.33

**Omni Park Place Apartments
INCOME STATEMENT
With Budget Variance As An Amount**

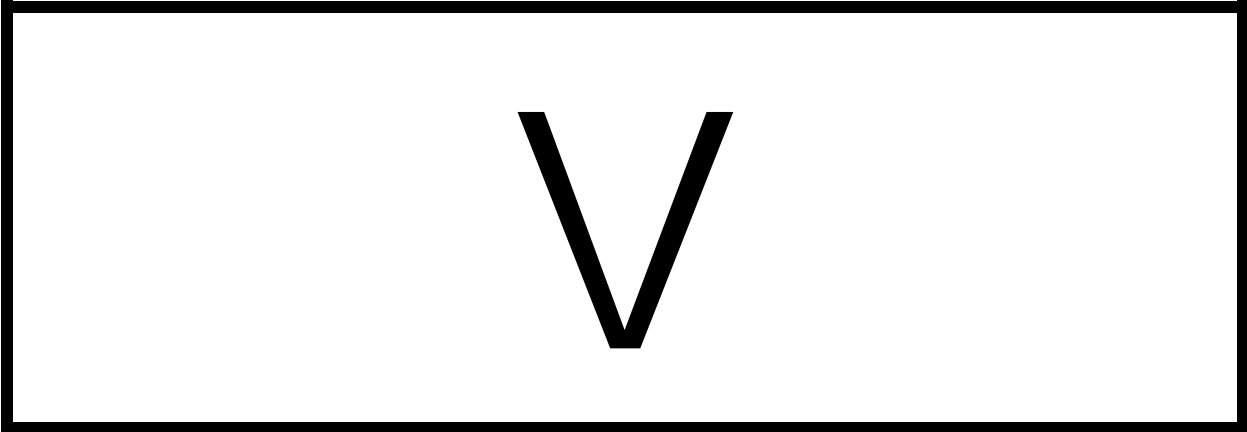
	Month Ending 12/31/2019			Year To Date 12/31/2019		
	Actual	2019 Budget	Variance	Actual	2019 Budget	Variance
Operating & Maintenance Expense						
6510 - Janitorial Wages	0.00	0.00	0.00	0.00	0.00	0.00
6515 - Janitorial Supplies	31.50	75.00	43.50	1,078.98	1,400.00	321.02
6516 - Janitorial Other	0.00	0.00	0.00	1,975.00	0.00	(1,975.00)
6517 - Cleaning Contract	0.00	0.00	0.00	0.00	0.00	0.00
6518 - Cable T.V.	10.45	6.00	(4.45)	125.40	72.00	(53.40)
6519 - Exterminating Contract	156.00	78.00	(78.00)	1,846.00	1,846.00	0.00
6520 - Exterminating Supplies	0.00	0.00	0.00	0.00	0.00	0.00
6525 - Trash Removal	315.00	315.00	0.00	3,980.00	4,230.00	250.00
6530 - Fire & Security Systems	476.97	496.00	19.03	5,997.18	5,952.00	(45.18)
6535 - Grounds Wages	0.00	0.00	0.00	0.00	0.00	0.00
6536 - Grounds Supplies	0.00	100.00	100.00	6.31	1,050.00	1,043.69
6537 - Grounds Contract	1,112.00	1,112.00	0.00	13,953.10	14,368.00	414.90
6540 - Maintenance Wages	2,232.59	1,728.00	(504.59)	25,096.16	22,464.00	(2,632.16)
6541 - Repair Materials	7.99	150.00	142.01	2,049.71	3,035.00	985.29
6542 - Repairs Contract	0.00	0.00	0.00	2,790.74	2,700.00	(90.74)
6545 - Elevator Expenses	334.33	354.00	19.67	4,115.76	4,248.00	132.24
6546 - HVAC Repairs	0.00	0.00	0.00	2,717.65	300.00	(2,417.65)
6547 - Pool Repairs & Supplies	0.00	0.00	0.00	0.00	0.00	0.00
6548 - Snow Removal	198.75	198.00	(0.75)	198.75	1,198.00	999.25
6549 - Van Driver Wages	219.07	270.00	50.93	1,094.07	3,510.00	2,415.93
6560 - Decorating Contract	0.00	500.00	500.00	0.00	5,000.00	5,000.00
6561 - Decorating Supplies	0.00	0.00	0.00	1,051.92	1,225.00	173.08
6566 - Window & Door Repairs	0.00	0.00	0.00	0.00	0.00	0.00
6570 - Vehicle Expenses	380.53	0.00	(380.53)	460.73	575.00	114.27
6571 - Mileage	503.84	504.00	0.16	4,786.50	4,948.00	161.50
6590 - Other Maintenance Expenses	72.42	0.00	(72.42)	55.96	0.00	(55.96)
6591 - Uniforms	0.00	0.00	0.00	0.00	350.00	350.00
Total Operating & Maint.	6,051.44	5,886.00	(165.44)	73,379.92	78,471.00	5,091.08
Taxes and Insurance						
6710 - Real Estate Taxes	2,700.47	2,700.00	(0.47)	32,124.04	32,120.00	(4.04)
6711 - Payroll Taxes	529.88	452.00	(77.88)	6,238.44	6,316.00	77.56
6719 - Misc. Taxes, Licenses & Permit	149.25	0.00	(149.25)	674.12	181.00	(493.12)
6720 - Hazard Insurance	(8,796.78)	960.00	9,756.78	2,169.25	11,926.00	9,756.75
6721 - Fidelity Bond Insurance	0.00	0.00	0.00	0.00	0.00	0.00
6722 - Workmens Compensation Ins.	70.08	85.00	14.92	976.64	1,020.00	43.36
6723 - Employee Insurance & Benefits	1,166.99	1,102.00	(64.99)	13,887.08	13,224.00	(663.08)
6724 - Van Insurance	76.67	45.00	(31.67)	880.97	540.00	(340.97)
6729 - Other Insurance	131.74	65.00	(66.74)	982.96	780.00	(202.96)
Total Taxes & Insurance	(3,971.70)	5,409.00	9,380.70	57,933.50	66,107.00	8,173.50
TOTAL OPERATING EXPENSES	14,092.91	22,299.00	8,206.09	273,313.76	286,935.00	13,621.24

Omni Park Place Apartments
INCOME STATEMENT
With Budget Variance As An Amount

	Month Ending 12/31/2019			Year To Date 12/31/2019		
	Actual	2019 Budget	Variance	Actual	2019 Budget	Variance
Net Operating Income (Loss)	35,438.18	26,974.00	8,464.18	317,593.74	296,278.00	21,315.74
Non-Operating Expenses						
6820 - 1st Mortgage Interest	16,203.29	16,203.00	(0.29)	196,297.55	196,298.00	0.45
6821 - 1st Mortgage Principal	4,761.74	4,762.00	0.26	55,282.81	55,283.00	0.19
6822 - 2nd Mortgage Interest	0.00	0.00	0.00	0.00	0.00	0.00
6823 - 2nd Mortgage Principal	0.00	0.00	0.00	0.00	0.00	0.00
6824 - First Market Loan	0.00	0.00	0.00	0.00	0.00	0.00
6825 - Taxable Tail Loan Interest	0.00	0.00	0.00	0.00	0.00	0.00
6826 - Taxable Tail Loan Principal	0.00	0.00	0.00	0.00	0.00	0.00
6830 - Interest-Development Fee	0.00	0.00	0.00	0.00	0.00	0.00
6831 - Priority Return	0.00	0.00	0.00	0.00	0.00	0.00
6832 - Investor Loan	0.00	0.00	0.00	0.00	0.00	0.00
6840 - Distributions	0.00	0.00	0.00	0.00	0.00	0.00
6850 - Asset Management Fee	340.00	340.00	0.00	4,080.00	4,080.00	0.00
6860 - Contribution	0.00	0.00	0.00	0.00	0.00	0.00
6862 - Partnership Legal & Accounting	0.00	0.00	0.00	0.00	0.00	0.00
6891 - Replacement Reserves	1,016.67	1,017.00	0.33	12,200.04	12,204.00	3.96
6892 - Operating Reserves	0.00	0.00	0.00	0.00	0.00	0.00
6893 - Deferred Development Fee	0.00	0.00	0.00	0.00	0.00	0.00
7011 - Depreciation Expense	0.00	0.00	0.00	0.00	0.00	0.00
7012 - Amortization Expense	0.00	0.00	0.00	0.00	0.00	0.00
7015 - Required Improvements	0.00	0.00	0.00	0.00	0.00	0.00
7020 - Required Improvements Reimbursement	0.00	0.00	0.00	0.00	0.00	0.00
7025 - Distributions	0.00	0.00	0.00	0.00	0.00	0.00
Total Non-Operating Expenses	22,321.70	22,322.00	0.30	267,860.40	267,865.00	4.60
NET INCOME (LOSS)	13,116.48	4,652.00	8,464.48	49,733.34	28,413.00	21,320.34
TOTAL CAPITAL EXPENDITURES	0.00	354.00	354.00	(822.74)	12,520.00	13,342.74
NET CASH FLOW	13,116.48	4,298.00	8,818.48	50,556.08	15,893.00	34,663.08

**Omni Park Place Apartments
Capital Expenditures Summary Statement
With Budget Variance As An Amount**

	Month Ending 12/31/2019			Year To Date 12/31/2019		
	Actual	2019 Budget	Variance	Actual	2019 Budget	Variance
CAPITAL EXPENDITURES						
1701 - Suspense Account	0.00	0.00	0.00	0.00	0.00	0.00
1710 - VAN	0.00	0.00	0.00	12,000.00	1,500.00	(10,500.00)
1711 - Office Furniture & Equipment	0.00	0.00	0.00	1,163.57	1,164.00	0.43
1713 - Signage	0.00	0.00	0.00	0.00	0.00	0.00
1715 - Architectural Design	0.00	0.00	0.00	0.00	0.00	0.00
1717 - Doors	0.00	0.00	0.00	0.00	0.00	0.00
1719 - Windows	0.00	0.00	0.00	0.00	900.00	900.00
1721 - Siding	0.00	0.00	0.00	0.00	0.00	0.00
1722 - Major Exterior Painting	0.00	0.00	0.00	0.00	0.00	0.00
1723 - Roof & Gutters	0.00	0.00	0.00	0.00	0.00	0.00
1724 - Elevator	0.00	0.00	0.00	0.00	0.00	0.00
1725 - Other Exterior	0.00	0.00	0.00	0.00	0.00	0.00
1726 - Stair and Balcony	0.00	0.00	0.00	0.00	0.00	0.00
1727 - Cabinets & Countertops	0.00	0.00	0.00	0.00	0.00	0.00
1728 - Major Bathroom	0.00	0.00	0.00	0.00	0.00	0.00
1729 - Major Plumbing	0.00	0.00	0.00	0.00	1,810.00	1,810.00
1731 - Major Lighting	0.00	0.00	0.00	0.00	0.00	0.00
1732 - Major Electrical	0.00	0.00	0.00	0.00	0.00	0.00
1733 - Appliance Replacement	0.00	0.00	0.00	884.06	4,230.00	3,345.94
1734 - Washer & Dryer	0.00	0.00	0.00	0.00	0.00	0.00
1735 - Hot Water Heaters	0.00	0.00	0.00	0.00	0.00	0.00
1737 - Major HVAC	0.00	0.00	0.00	2,059.44	2,500.00	440.56
1739 - Carpet Replacement	0.00	0.00	0.00	4,950.93	7,280.00	2,329.07
1740 - Common Area Flooring	0.00	0.00	0.00	0.00	0.00	0.00
1741 - Floor and Tile Replacement	0.00	354.00	354.00	0.00	3,186.00	3,186.00
1742 - Major Interior Painting	0.00	0.00	0.00	0.00	0.00	0.00
1743 - Curtains & Blinds	0.00	0.00	0.00	0.00	0.00	0.00
1745 - Major Pest Control	0.00	0.00	0.00	0.00	0.00	0.00
1747 - Major Grounds	0.00	0.00	0.00	0.00	0.00	0.00
1749 - Erosion & Drainage	0.00	0.00	0.00	0.00	0.00	0.00
1751 - Pump & Sewer	0.00	0.00	0.00	0.00	0.00	0.00
1753 - Power Equipment	0.00	0.00	0.00	0.00	0.00	0.00
1755 - Exercise Equipment	0.00	0.00	0.00	0.00	0.00	0.00
1757 - Major Recreation & Pool	0.00	0.00	0.00	0.00	0.00	0.00
1759 - Curbs & Sidewalks	0.00	0.00	0.00	0.00	0.00	0.00
1761 - Parking Lot	0.00	0.00	0.00	0.00	0.00	0.00
1762 - Insurance Claims	0.00	0.00	0.00	0.00	0.00	0.00
1763 - Upgrade Project	0.00	0.00	0.00	0.00	0.00	0.00
1764 - Required Improvements	0.00	0.00	0.00	0.00	0.00	0.00
1765 - Insurance Upgrades	0.00	0.00	0.00	0.00	0.00	0.00
1766 - Elder Grant Reimbursement	0.00	0.00	0.00	0.00	0.00	0.00
1767 - Replacement Reserve Reimburse.	0.00	0.00	0.00	(9,880.74)	(10,050.00)	(169.26)
1768 - Required Improvements Reimbursements	0.00	0.00	0.00	(12,000.00)	0.00	12,000.00
1769 - Insurance Reimbursement	0.00	0.00	0.00	0.00	0.00	0.00
Total Capital Expenditures	0.00	354.00	354.00	(822.74)	12,520.00	13,342.74



V

Nonprofit or LHA Purchase
Option or Right of First
Refusal

Prepared by and to be returned to:
Williams Mullen
200 S. 10th Street, 16th Floor
Richmond, VA 23219

Tax Map Parcel: 7880-23-6525

PURCHASE OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT

This Purchase Option and Right of First Refusal Agreement (this “Agreement”) is made as of the 11th day of June, 2020, by and between **OMNI PARK PLACE SENIOR LLC** a Virginia limited liability company (the “Company” and to be indexed as “Grantor”), and **ELDERHOMES CORPORATION (also known as PROJECT:HOMES)**, a Virginia nonstock corporation (“Grantee”).

WHEREAS, Project Homes Properties III LLC, a Virginia limited liability company, is the sole member of the Company, and Grantee is the sole member of Project Homes Properties III LLC; and

WHEREAS, the Company is the fee simple owner of certain property in Hanover County, Virginia as more particularly described in Exhibit A attached hereto (the “Project Property”), upon which it will renovate and operate an affordable housing development (the “Project”) and Grantee will oversee certain activities of the Company in connection with the development and operation of the Project; and

WHEREAS, the Project Property is or will be subject to one or more governmental agency regulatory agreements (collectively, the “Regulatory Agreement”) restricting its use to low-income housing and may become subject to a low-income use restriction (the “Special Covenant”) pursuant to the terms and conditions of this Agreement (such use restrictions under the Regulatory Agreement and any Special Covenant being referred to collectively herein as the “Use Restrictions”); and

WHEREAS, Grantee desires to provide for the continuation of the Project Property as low-income housing upon termination of the Company’s ownership of the Project by Grantee purchasing Company’s fee simple interest in the Project Property at the applicable price determined under this Agreement and operating the Project Property in accordance with the Use Restrictions; and

WHEREAS, Grantee has negotiated and required that the Company shall execute and deliver this Purchase Agreement in order to provide for such low-income housing

NOW, THEREFORE, in consideration of the execution and delivery of the Agreement and the payment by the Grantee to the Company of Ten and 00/100 Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby set forth the following:

1. **Grant of Option.** The Company hereby grants to Grantee an option (the “Option”) to purchase the Company’s fee simple interest in the real estate, fixtures, and personal property comprising the Project Property (including without limitation the Project) or associated with the physical operation thereof, owned by the Company at the time of purchase (the “Property”), after the close of the fifteen (15) year compliance period for the low-income housing tax credit for the Project Property (the “Compliance Period”) as determined under Section 42(i)(1) of the Internal Revenue Code of 1986, as amended (the “Code”), on the terms and conditions set forth in this Purchase Agreement and subject to the conditions precedent to exercise of the Option specified herein. The Project Property real estate is legally described in Exhibit A attached hereto and made a part hereof. The Regulatory Agreement containing the Use Restrictions to which the Project Property real estate will remain subject is described in Exhibit B attached hereto and made a part hereof. In the event of the merger of the leasehold and fee simple interests in the Project Property, the Use Restrictions and the Regulatory Agreement shall remain or become binding upon all real property interests in and to the Project Property.

2. **Grant of Refusal Right.** In the event that the Company receives an offer to purchase the Project Property, Grantee shall have a right of first refusal to purchase the Property (the “Refusal Right”) after the close of the Compliance Period, on the terms and conditions set forth in this Agreement and subject to the conditions precedent to exercise of the Refusal Right specified herein. In addition to all other applicable conditions set forth in this Agreement, (a) the foregoing grant of the Refusal Right shall be effective only if Grantee is currently and remains at all times hereafter, until (i) the Refusal Right has been exercised and the resulting purchase and sale has been closed or (ii) the Refusal Right has been assigned to a Permitted Assignee described in Section 8 hereof, whichever first occurs, a qualified nonprofit organization, as defined in Section 42(h) (5) (C) of the Code or a governmental entity, and (b) any assignment of the Refusal Right permitted under this Agreement and the Refusal Right so assigned shall be effective only if the assignee is at the time of the assignment and remains at all times thereafter, until the Refusal Right has been exercised and the resulting purchase and sale has been closed, a Permitted Assignee described in Section 8 hereof meeting the requirements of Section 42(i)(7)(A) of the Code. Prior to accepting any such bona fide offer to purchase the Property, the Company shall notify Grantee of such offer and deliver to it a copy thereof. The Company shall not accept any such offer unless and until the Refusal Right has expired without exercise by Grantee under Section 5 hereof.

3. **Purchase Price Under Option.** The purchase price for the Property pursuant to the Option shall be the greater of the following amounts, subject to the proviso set forth hereinbelow:

a. **Debt and Taxes.** An amount sufficient (i) to pay all debts (including partner loans) and liabilities of the Company upon its termination and liquidation as projected to occur immediately following the sale pursuant to the Option, and (ii) to distribute to the Members, pursuant to the Operating Agreement, cash proceeds equal to the taxes projected to be imposed on the Members of the Company as a result of the sale pursuant to the Option; or

b. **Fair Market Value.** The fair market value of the Property, appraised as low-income housing to the extent continuation of such use is required under the Use Restrictions and any more restrictive use restrictions imposed by the U.S. Department of Housing and Urban Development, any such appraisal to be made by a licensed appraiser, selected by the Company's regular certified public accountants, who is a member of the Master Appraiser Institute and who has experience in the geographic area in which the Project Property is located;

provided, however, that if prior to exercise of the Option the Internal Revenue Service (the "Service") has issued a revenue ruling or provided a private letter ruling to the Company, concluding that property of the nature and use of the Property may be sold under circumstances described in this Agreement at the greater of the price determined under Section 42(i) (7) of the Code or the price determined under Subsection 3a hereinabove without limiting tax credits or deductions that would otherwise be available, then the Option price shall be the price determined under Section 3 a.

4. **Purchase Price Under Refusal Right.** The purchase price for the Property pursuant to the Refusal Right shall be equal to the sum of (a) an amount sufficient to pay all debts (including Member loans) and liabilities of the Company upon its termination and liquidation as projected to occur immediately following the sale pursuant to the Refusal Right, and (b) an amount sufficient to distribute to the members of the Company (the "Members"), cash proceeds equal to the taxes projected to be imposed on the Members as a result of the sale pursuant to the Refusal Right.

5. **Exercise of Option or Refusal Right.** The Option and the Refusal Right may each be exercised by Grantee by (a) giving prior written notice of its intent to exercise the Option or the Refusal Right to the Company in compliance with the requirements of this Section 5, and (b) complying with the contract and closing requirements of Section 7 hereof. Any notice of intent to exercise the Option shall be given during the last twelve (12) months of the Compliance Period. Any notice of intent to exercise the Refusal Right shall be given within sixty (60) calendar days of receipt of notice from the Company of its intent to accept a bona fide offer pursuant to Section 2. The notice of intent shall specify a closing date within one hundred eighty (180) days immediately following the end of the Compliance Period or the date of the notice, whichever is later. If the foregoing requirements (including those of Section 8 hereof) are not met 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. Upon notice by Grantee of its intent to exercise the Option or the Refusal Right, all rights under the other shall be subordinate to the rights then being so exercised unless and until such exercise is withdrawn or discontinued, and upon the closing of any sale of the Property pursuant to such notice shall expire and be of no further force or effect, provided that in the event that the Option and the Refusal Right are hereafter held by different parties by reason of any permitted assignment or otherwise, Grantee in its assignment(s) or such parties by written agreement may specify any other order of priority consistent with the other terms and conditions of this Agreement.

6. **Determination of Price.** Upon notice by Grantee of its intent to exercise the Option or the Refusal Right, the Company and Grantee shall exercise best efforts in good faith to agree on the purchase price for the Property.

7. **Contract and Closing.** Upon determination of the purchase price, the Company and Grantee shall enter into a written contract for the purchase and sale of the Property in accordance with this Agreement and containing such other terms and conditions as are standard and customary for similar commercial transactions in the geographic area which the Project Property is located, providing for a closing not later than the date specified in Grantee's notice of intent to exercise of the Option or the Refusal Right, as applicable, or thirty (30) days after the purchase price has been determined, whichever is later. In the absence of any such contract, this Agreement shall be specifically enforceable upon the exercise of the Option or the Refusal Right, as applicable.

8. **Assignment.** Grantee may assign all or any of its rights under this Agreement to (a) a qualified nonprofit organization, as defined in Section 42(h) (5) (C) of the Code, (b) a government agency, or (c) a tenant organization (in cooperative form or otherwise) or resident management corporation of the Project Property (each a "Permitted Assignee") that demonstrates its ability and willingness to maintain the Project Property as low-income housing in accordance with the Use Restrictions, and subject in any event to the conditions precedent to the Refusal Right grant and the Option price set forth in Sections 2 and 3 hereof. Prior to any assignment or proposed assignment of its rights hereunder, Grantee shall give written notice thereof to the Company. Upon any permitted assignment hereunder, references in this Agreement to Grantee shall mean the Permitted Assignee where the context so requires, subject to all applicable conditions to the effectiveness of the rights granted under this Agreement and so assigned. No assignment of Grantee's rights hereunder shall be effective unless and until the Permitted Assignee enters into a written agreement accepting the assignment and assuming all of Grantee's obligations under this Agreement. Except as specifically permitted herein, Grantee's rights hereunder shall not be assignable.

9. **Compliance with Internal Revenue Code.** Notwithstanding any other provision hereof, the exercise of all rights hereunder must comply with the requirements of the Internal Revenue Code, including without limitation Section 42(i)(7), and in the event of any conflict between the provisions hereof related to the exercise of the Option or the Refusal Right and the requirements of the Internal Revenue Code, the latter shall govern.

10. **Miscellaneous.** This Agreement shall be governed by the laws of the Commonwealth of Virginia. This Agreement may be executed in counterparts or counterpart signature pages, which together shall constitute a single agreement.

[SIGNATURE PAGE FOLLOWS]

EXHIBIT A
PROPERTY DESCRIPTION

Tax ID number: 7880 02 8611

All that certain lot, part lot, piece or parcel of land situate, lying and being in the Town of Ashland, County of Hanover, Virginia, containing 4.001 Acres, known as Parcel 1-C as shown on that certain plat entitled "SUBDIVISION OF PARCEL 1 TAX PARCEL 7880-23-6525 AS SHOWN IN P.B. 34 PG. 304 HANOVER COUNTY, ASHLAND, VIRGINIA", made by Hoggard-Eure Associates, P.C., Surveyors-Engineers-Planners, dated October 30, 1998, and revised December 2, 1998, and duly recorded in the Clerk's Office of the Circuit Court for the County of Hanover, Virginia, in Plat Book 8, page 335, to which reference is here made.

Together with all and singular the buildings and improvements thereon, rights and privileges, tenements, hereditaments, easements and appurtenances unto the said land belonging or in anywise appertaining.

Also, together with that certain Deed of Easement dated March 1, 2001, by and between Ashland Hanover, LLC and Ashland Group Limited Partnership for a 20' private drainage easement, duly recorded in the aforesaid Clerk's Office in Deed Book 1635, page 814.

EXHIBIT B
DESCRIPTION OF
REGULATORY AGREEMENT

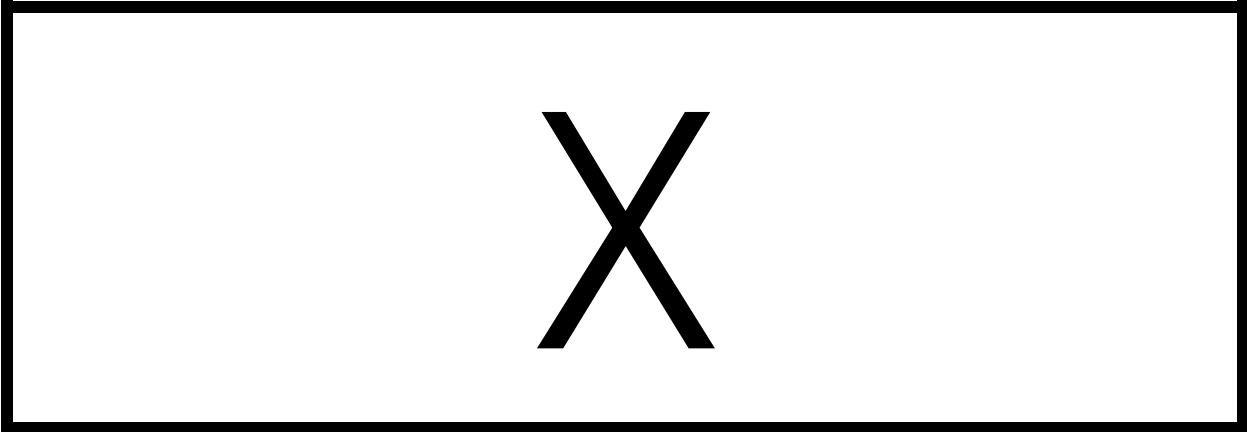
Title: Extended Use Regulatory Agreement and Declaration of Restrictive Covenants

Parties: Omni Park Place Senior LLC
Virginia Housing Development Authority

Date:

Recording Information:

42718424_1



X

Marketing Plan

For units meeting accessibility requirements of HUD section

504

Note to all applicants/respondents: This form was developed with Nuance, the official HUD software for the creation of HUD forms. HUD has made available instructions for downloading a free installation of a Nuance reader that allows the user to fill-in and save this form in Nuance. Please see <http://portal.hud.gov/hudportal/documents/huddoc?id=nuancereaderinstall.pdf> for the instructions. Using Nuance software is the only means of completing this form.

Affirmative Fair Housing Marketing Plan (AFHMP) - Multifamily Housing

U.S. Department of Housing and Urban Development
Office of Fair Housing and Equal Opportunity

OMB Approval No. 2529-0013
(exp.12/31/2016)

1a. Project Name & Address (including City, County, State & Zip Code)

OMNI PARK PLACE SENIOR APARTMENTS
101 OMNI ROAD
ASHLAND VA 23005

1b. Project Contract Number

1c. No. of Units

61

1d. Census Tract

3206.01 AND 3206.02

1e. Housing/Expanded Housing Market Area

Housing Market Area: HANOVER
Expanded Housing Market Area: CAROLINE,
LOUISA, KING WILLIAM, HENRICO, RICHMOND

1f. Managing Agent Name, Address (including City, County, State & Zip Code), Telephone Number & Email Address

Bill DeWorken, 611 Research Rd Suite C, North Chesterfield VA 23236 Telephone: 804-564-1203 Email: bdeworken@epochinc.com

1g. Application/Owner/Developer Name, Address (including City, County, State & Zip Code), Telephone Number & Email Address

Omni Apartments LLC, 88 Carnation Street, Richmond VA 23236 Telephone: 04-233-2827 Email: lee.householder@projecthomes.org

1h. Entity Responsible for Marketing (check all that apply)

Owner Agent Other (specify) _____

Position, Name (if known), Address (including City, County, State & Zip Code), Telephone Number & Email Address

CEO, Bill DeWorken, 611 Research Rd Suite C, North Chesterfield VA 23236 Telephone: 804-564-1203 Email: bdeworken@epochinc.com

1i. To whom should approval and other correspondence concerning this AFHMP be sent? Indicate Name, Address (including City, State & Zip Code), Telephone Number & E-Mail Address.

Bill DeWorken, 611 Research Rd Suite C, North Chesterfield VA 23236 Telephone: 804-564-1203 Email: bdeworken@epochinc.com

2a. Affirmative Fair Housing Marketing Plan

Plan Type Date of the First Approved AFHMP:

Reason(s) for current update:

2b. HUD-Approved Occupancy of the Project (check all that apply)

Elderly Family Mixed (Elderly/Disabled) Disabled

2c. Date of Initial Occupancy

2d. Advertising Start Date

Advertising must begin *at least* 90 days prior to initial or renewed occupancy for new construction and substantial rehabilitation projects.

Date advertising began or will begin

For existing projects, select below the reason advertising will be used:

To fill existing unit vacancies **XX**
To place applicants on a waiting list (which currently has individuals)
To reopen a closed waiting list (which currently has individuals)

3a. Demographics of Project and Housing Market Area

Complete and submit Worksheet 1.

3b. Targeted Marketing ActivityBased on your completed Worksheet 1, indicate which demographic group(s) in the housing market area is/are *least* likely to apply for the housing without special outreach efforts. (check all that apply)

- White American Indian or Alaska Native Asian Black or African American
 Native Hawaiian or Other Pacific Islander Hispanic or Latino Persons with Disabilities
 Families with Children Other ethnic group, religion, etc. (specify)

4a. Residency PreferenceIs the owner requesting a residency preference? If yes, complete questions 1 through 5.

If no, proceed to Block 4b.

(1) Type

(2) Is the residency preference area:

The same as the AFHMP housing/expanded housing market area as identified in Block 1e? The same as the residency preference area of the local PHA in whose jurisdiction the project is located?

(3) What is the geographic area for the residency preference?

(4) What is the reason for having a residency preference?

(5) How do you plan to periodically evaluate your residency preference to ensure that it is in accordance with the non-discrimination and equal opportunity requirements in 24 CFR 5.105(a)?

Complete and submit Worksheet 2 when requesting a residency preference (see also 24 CFR 5.655(c)(1)) for residency preference requirements. The requirements in 24 CFR 5.655(c)(1) will be used by HUD as guidelines for evaluating residency preferences consistent with the applicable HUD program requirements. See also HUD Occupancy Handbook (4350.3) Chapter 4, Section 4.6 for additional guidance on preferences.

4b. Proposed Marketing Activities: Community Contacts

Complete and submit Worksheet 3 to describe your use of community contacts to market the project to those least likely to apply.

4c. Proposed Marketing Activities: Methods of Advertising

Complete and submit Worksheet 4 to describe your proposed methods of advertising that will be used to market to those least likely to apply. Attach copies of advertisements, radio and television scripts, Internet advertisements, websites, and brochures, etc.

5a. Fair Housing Poster

The Fair Housing Poster must be prominently displayed in all offices in which sale or rental activity takes place (24 CFR 200.620(e)). Check below all locations where the Poster will be displayed.

Rental Office Real Estate Office Model Unit Other (specify)

5b. Affirmative Fair Housing Marketing Plan

The AFHMP must be available for public inspection at the sales or rental office (24 CFR 200.625). Check below all locations where the AFHMP will be made available.

Rental Office Real Estate Office Model Unit Other (specify)

5c. Project Site Sign

Project Site Signs, if any, must display in a conspicuous position the HUD approved Equal Housing Opportunity logo, slogan, or statement (24 CFR 200.620(f)). Check below all locations where the Project Site Sign will be displayed. Please submit photos of Project signs.

Rental Office Real Estate Office Model Unit Entrance to Project Other (specify)

The size of the Project Site Sign will be " x "
The Equal Housing Opportunity logo or slogan or statement will be " x "

6. Evaluation of Marketing Activities

Explain the evaluation process you will use to determine whether your marketing activities have been successful in attracting individuals least likely to apply, how often you will make this determination, and how you will make decisions about future marketing based on the evaluation process.

Qualified applicants of 55 and older are most successfully reached via the Seniors Guide print and web advertising. Additional advertising used is tge Discover Hanover Magazine, Ashland Hanover Local, Market Ashland Partnership, word of mouth and local festivals. Management is continually accessing marketing as the need arises.

Management will arrange to have the property listed on virginiahousingsearch.com.
Management will regularly undertake marketing efforts on an "ongoing" basis including contact to at least (2) two resources for people with disabilities, monthly. Management further agrees to hold accessible units vacant for 60 days if no qualified households can be found to lease the vacant unit. If ongoing efforts can be sufficiently document, Management may request from VHDA the ability to lease the disability unit to a non-disabled household.

7a. Marketing Staff

What staff positions are/will be responsible for affirmative marketing?

Property Manager and Managing Agent

7b. Staff Training and Assessment: AFHMP

(1) Has staff been trained on the AFHMP?

(2) Has staff been instructed in writing and orally on non-discrimination and fair housing policies as required by 24 CFR 200.620(c)?

(3) If yes, who provides instruction on the AFHMP and Fair Housing Act, and how frequently?

Managing Agent, VHDA Seminars and Virginia Fair Housing Training from the Commonwealth of Virginia Department of Professional and Occupational Regulations (VaDPOR).

(4) Do you periodically assess staff skills on the use of the AFHMP and the application of the Fair Housing Act?

(5) If yes, how and how often?

Managing Agent assures staff participates in annual house training and signed documentation affirming completion of said training.

7c. Tenant Selection Training/Staff

(1) Has staff been trained on tenant selection in accordance with the project's occupancy policy, including any residency preferences?

(2) What staff positions are/will be responsible for tenant selection?

Property Manager and Company Compliance Officer

7d. Staff Instruction/Training:

Describe AFHM/Fair Housing Act staff training, already provided or to be provided, to whom it was/will be provided, content of training, and the dates of past and anticipated training. Please include copies of any AFHM/Fair Housing staff training materials.

All Epoch Properties, Inc. employees are trained annually and each sign the "Discrimination Policies" form to confirm agreement to abide by these critical policies. (see attached) We have adopted A.J. Johnson Consulting Services' Fair Housing Training as a model.

Additionally employees are required to attend fair housing training twice per year, as provided by VaDPOR, VHDA and/or A.J. Johnson Consulting Services.

In the past 3 years, employees have attended Fair Housing Training as follows:

- 10/10/2019
- 8/24/2019
- 9/27/2018
- 3/27/2018
- 10/17/2017
- 3/21/2017

8. Additional Considerations Is there anything else you would like to tell us about your AFHMP to help ensure that your program is marketed to those least likely to apply for housing in your project? Please attach additional sheets, as needed.

Managing Agent Utilizes independant individuals to do random telephone and site visits to ensure AFHMP is being properly utilized.

9. Review and Update

By signing this form, the applicant/respondent agrees to implement its AFHMP, and to review and update its AFHMP in accordance with the instructions to item 9 of this form in order to ensure continued compliance with HUD's Affirmative Fair Housing Marketing Regulations (see 24 CFR Part 200, Subpart M). I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (See 18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802).

[Handwritten Signature]

6/17/2020

Signature of person submitting this Plan & Date of Submission (mm/dd/yyyy)

Name (type or print)

William J. DeWorken

Title & Name of Company

CPM, CEO (President) Epoch Properties Inc.

For HUD-Office of Housing Use Only

Reviewing Official:

For HUD-Office of Fair Housing and Equal Opportunity Use Only

Approval

Disapproval

Signature & Date (mm/dd/yyyy)

Signature & Date (mm/dd/yyyy)

Name (type or print)

[Empty box for name]

Name (type or print)

[Empty box for name]

Title

[Empty box for title]

Title

[Empty box for title]

Public reporting burden for this collection of information is estimated to average six (6) hours per initial response, and four (4) hours for updated plans, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid Office of Management and Budget (OMB) control number.

Purpose of Form: All applicants for participation in FHA subsidized and unsubsidized multifamily housing programs with five or more units (see 24 CFR 200.615) must complete this Affirmative Fair Housing Marketing Plan (AFHMP) form as specified in 24 CFR 200.625, and in accordance with the requirements in 24 CFR 200.620. The purpose of this AFHMP is to help applicants offer equal housing opportunities regardless of race, color, national origin, religion, sex, familial status, or disability. The AFHMP helps owners/agents (respondents) effectively market the availability of housing opportunities to individuals of both minority and non-minority groups that are least likely to apply for occupancy. Affirmative fair housing marketing and planning should be part of all new construction, substantial rehabilitation, and existing project marketing and advertising activities.

An AFHM program, as specified in this Plan, shall be in effect for each multifamily project throughout the life of the mortgage (24 CFR 200.620(a)). The AFHMP, once approved by HUD, must be made available for public inspection at the sales or rental offices of the respondent (24 CFR 200.625) and may not be revised without HUD approval. This form contains no questions of a confidential nature.

Applicability: The form and worksheets must be completed and submitted by all FHA subsidized and unsubsidized multifamily housing program applicants.

INSTRUCTIONS:

Send completed form and worksheets to your local HUD Office, Attention: Director, Office of Housing

Part 1: Applicant/Respondent and Project

Identification. Blocks 1a, 1b, 1c, 1g, 1h, and 1i are self-explanatory.

Block 1d- Respondents may obtain the Census tract number from the U.S. Census Bureau (<http://factfinder2.census.gov/main.html>) when completing Worksheet One.

Block 1e- Respondents should identify both the housing market area and the expanded housing market area for their multifamily housing projects. Use abbreviations if necessary. A **housing market area** is the area from which a multifamily housing project owner/agent may reasonably expect to draw a substantial number of its tenants. This could be a county or Metropolitan Division. The U.S. Census Bureau provides a range of levels to draw from.

An **expanded housing market area** is a larger geographic area, such as a Metropolitan Division or a Metropolitan Statistical Area, which may provide additional demographic diversity in terms of race, color, national origin, religion, sex, familial status, or disability.

Block 1f- The applicant should complete this block only if a Managing Agent (the agent cannot be the applicant) is implementing the AFHMP.

Part 2: Type of AFHMP

Block 2a- Respondents should indicate the status of the AFHMP, i.e., initial or updated, as well as the date of the first approved AFHMP. Respondents should also provide the reason (s) for the current update, whether the update is based on the five-year review or due to significant changes in project or local demographics (See instructions for Part 9).

Block 2b- Respondents should identify all groups HUD has approved for occupancy in the subject project, in accordance with the contract, grant, etc.

Block 2c- Respondents should specify the date the project was/will be first occupied.

Block 2d- For new construction and substantial rehabilitation projects, advertising must begin at least 90 days prior to initial occupancy. In the case of existing projects, respondents should indicate whether the advertising will be used to fill existing vacancies, to place individuals on the project's waiting list, or to re-open a closed waiting list. Please indicate how many people are on the waiting list when advertising begins.

Part 3 Demographics and Marketing Area.

"Least likely to apply" means that there is an identifiable presence of a specific demographic group in the housing market area, but members of that group are not likely to apply for the housing without targeted outreach, including marketing materials in other languages for limited English proficient individuals, and alternative formats for persons with disabilities. Reasons for not applying may include, but are not limited to, insufficient information about housing opportunities, language barriers, or transportation impediments.

Block 3a - Using Worksheet 1, the respondent should indicate the demographic composition of the project's residents, current project applicant data, census tract, housing market area, and expanded housing market area. The applicable housing market area and expanded housing market area should be indicated in Block 1e. Compare groups within rows/across columns on Worksheet 1 to identify any under-represented group(s) relative to the surrounding housing market area and expanded housing market area, i.e., those group(s) "least likely to apply" for the housing without targeted outreach and marketing. If there is a particular group or subgroup with members of a protected class that has an identifiable presence in the housing market area, but is not included in Worksheet 1, please specify under "Other."

Respondents should use the most current demographic data from the U.S. Census or another official source such as a local government planning office. Please indicate the source of your data in Part 8 of this form.

Block 3b - Using the information from the completed Worksheet 1, respondents should identify the demographic group(s) least likely to apply for the housing without special outreach efforts by checking all that apply.

Part 4 - Marketing Program and Residency Preference (if any).

Block 4a - A residency preference is a preference for admission of persons who reside or work in a specified geographic area (see 24 CFR 5.655(c)(1)(ii)). Respondents should indicate whether a residency preference is being utilized, and if so, respondents should specify if it is new, revised, or continuing. If a respondent wishes to utilize a residency preference, it must state the preference area (and provide a map delineating the precise area) and state the reason for having such a preference. The respondent must ensure that the preference is in accordance with the non-discrimination and equal opportunity requirements in 24 CFR 5.105(a) (see 24 CFR 5.655(c)(1)).

Respondents should use Worksheet 2 to show how the percentage of the eligible population living or working in the residency preference area compares to that of residents of the project, project applicant data, census tract, housing market area, and expanded housing market area. The percentages would be the same as shown on completed Worksheet 1.

Block 4b - Using Worksheet 3, respondents should describe their use of community contacts to help market the project to those least likely to apply. This table should include the name of a contact person, his/her address, telephone number, previous experience working with the target population(s), the approximate date contact was/will be initiated, and the specific role the community contact will play in assisting with affirmative fair housing marketing or outreach.

Block 4c - Using Worksheet 4, respondents should describe their proposed method(s) of advertising to market to those least likely to apply. This table should identify each media option, the reason for choosing this media, and the language of the advertisement. Alternative format(s) that will be used to reach persons with disabilities, and logo(s) that will appear on the various materials (as well as their size) should be described.

Please attach a copy of the advertising or marketing material.

Part 5 – Availability of the Fair Housing Poster, AFHMP, and Project Site Sign.

Block 5a - The Fair Housing Poster must be prominently displayed in all offices in which sale or rental activity takes place (24 CFR 200.620(e)). Respondents should indicate all locations where the Fair Housing Poster will be displayed.

Block 5b -The AFHMP must be available for public inspection at the sales or rental office (24 CFR 200.625). Check all of the locations where the AFHMP will be available.

Block 5c -The Project Site Sign must display in a conspicuous position the HUD-approved Equal Housing Opportunity logo, slogan, or statement (24 CFR 200.620(f)). Respondents should indicate where the Project Site Sign will be displayed, as well as the size of the Sign and the size of the logo, slogan, or statement. **Please submit photographs of project site signs.**

Part 6 - Evaluation of Marketing Activities.

Respondents should explain the evaluation process to be used to determine if they have been successful in attracting those individuals identified as least likely to apply. Respondents should also explain how they will make decisions about future marketing activities based on the evaluations.

Part 7- Marketing Staff and Training.

Block 7a - Respondents should identify staff positions that are/will be responsible for affirmative marketing.

Block 7b - Respondents should indicate whether staff has been trained on the AFHMP and Fair Housing Act.

Please indicate who provides the training and how frequently. In addition, respondents should specify whether they periodically assess staff members' skills in using the AFHMP and in applying the Fair Housing Act. They should state how often they assess employee skills and how they conduct the assessment.

Block 7c - Respondents should indicate whether staff has been trained on tenant selection in accordance with the project's occupancy policy, including residency preferences (if any). Respondents should also identify those staff positions that are/will be responsible for tenant selection.

Block 7d - Respondents should include copies of any written materials related to staff training, and identify the dates of past and anticipated training.

Part 8 - Additional Considerations.

Respondents should describe their efforts not previously mentioned that were/are planned to attract those individuals least likely to apply for the subject housing.

Part 9 - Review and Update.

By signing the respondent assumes responsibility for implementing the AFHMP. Respondents must review their AFHMP every five years or when the local Community Development jurisdiction's Consolidated Plan is updated, or when there are significant changes in the demographics of the project or the local housing market area. When reviewing the plan, the respondent should consider the current demographics of the housing market area to determine if there have been demographic changes in the population in terms of race, color, national origin, religion, sex, familial status, or disability. The respondent will then determine if the population least to likely to apply for the housing is still the population identified in the AFHMP, whether the advertising and publicity cited in the current AFHMP are still appropriate, or whether advertising sources should be modified or expanded. Even if the demographics of the housing market area have not changed, the respondent should determine if the outreach currently being performed is reaching those it is intended to reach as measured by project occupancy and applicant data. If not, the AFHMP should be updated. The revised AFHMP must be submitted to HUD for approval. HUD may review whether the affirmative marketing is actually being performed in accordance with the AFHMP. If based on their review, respondents determine the AFHMP does not need to be revised, they should maintain a file documenting what was reviewed, what was found as a result of the review, and why no changes were required. HUD may review this documentation.

Notification of Intent to Begin Marketing.

No later than 90 days prior to the initiation of rental marketing activities, the respondent must submit notification of intent to begin marketing. The notification is required by the AFHMP Compliance Regulations (24 CFR 108.15). The Notification is submitted to the Office of Housing in the HUD Office servicing the locality in which the proposed housing will be located. Upon receipt of the Notification of Intent to Begin Marketing from the applicant, the monitoring office will review any previously approved plan and may schedule a pre-occupancy conference. Such conference will be held prior to initiation of sales/rental marketing activities. At this conference, the previously approved AFHMP will be reviewed with the applicant to determine if the plan, and/or its proposed implementation, requires modification prior to initiation of marketing in order to achieve the objectives of the AFHM regulation and the plan.

OMB approval of the AFHMP includes approval of this notification procedure as part of the AFHMP. The burden hours for such notification are included in the total designated for this AFHMP form.

**Worksheet 1: Determining Demographic Groups Least Likely to Apply for Housing Opportunities
(See AFHMP, Block 3b)**

In the respective columns below, indicate the percentage of demographic groups among the project's residents, current project applicant data, census tract, housing market area, and expanded housing market area (See instructions to Block 1e). If you are a new construction or substantial rehabilitation project and do not have residents or project applicant data, only report information for census tract, housing market area, and expanded market area. The purpose of this information is to identify any under-representation of certain demographic groups in terms of race, color, national origin, religion, sex, familial status, or disability. If there is significant under-representation of any demographic group among project residents or current applicants in relation to the housing/expanded housing market area, then targeted outreach and marketing should be directed towards these individuals least likely to apply. Please indicate under-represented groups in Block 3b of the AFHMP. **Please attach maps showing both the housing market area and the expanded housing market area.**

Demographic Characteristics	Project's Residents	Project's Applicant Data	Census Tract	Housing Market Area	Expanded Housing Market Area
% White	77%	81%	71%	86.7%	65.3%
% Black or African American	15%	19%	22.2%	9.3%	29.3%
% Hispanic or Latino	0	0	4.7%	2.1%	3.4%
% Asian	0	0	1.2%	1.4%	.6%
% American Indian or Alaskan Native	0	0	.4%	.4%	.7%
% Native Hawaiian or Pacific Islander	0	0	.1%	0	.2%
% Persons with Disabilities	10%	n/a	13.5%	1.1%	.1%
% Families with Children under the age of 18	0	n/a	24.3%	34.8%	35.6%
Other (specify)	0%	n/a	n/a	n/a	n/a

Worksheet 2: Establishing a Residency Preference Area (See AFHMP, Block 4a)

Complete this Worksheet if you wish to continue, revise, or add a residency preference, which is a preference for admission of persons who reside or work in a specified geographic area (see 24 CFR 5.655(c)(1)(ii)). If a residency preference is utilized, the preference must be in accordance with the non-discrimination and equal opportunity requirements contained in 24 CFR 5.105(a). This Worksheet will help show how the percentage of the population in the residency preference area compares to the demographics of the project's residents, applicant data, census tract, housing market area, and expanded housing market area. **Please attach a map clearly delineating the residency preference geographical area.**

Demographic Characteristics	Project's Residents (as determined in Worksheet 1)	Project's Applicant Data (as determined in Worksheet 1)	Census Tract (as determined in Worksheet 1)	Housing Market Area (as determined in Worksheet 1)	Expanded Housing Market Area (as determined in Worksheet 1)	Residency Preference Area (if applicable)
% White						
% Black or African American						
% Hispanic or Latino						
% Asian						
% American Indian or Alaskan Native						
% Native Hawaiian or Pacific Islander						
% Persons with Disabilities						
% Families with Children under the age of 18						
Other (specify)						

Worksheet 3: Proposed Marketing Activities –Community Contacts (See AFHMP, Block 4b)

For each targeted marketing population designated as least likely to apply in Block 3b, identify at least one community contact organization you will use to facilitate outreach to the particular population group. This could be a social service agency, religious body, advocacy group, community center, etc. State the names of contact persons, their addresses, their telephone numbers, their previous experience working with the target population, the approximate date contact was/will be initiated, and the specific role they will play in assisting with the affirmative fair housing marketing. Please attach additional pages if necessary.

Targeted Population(s)	Community Contact(s), including required information noted above.
Minorities & Disabled persons age 55 and older	Hanover Community Services Board, 12300 Washington Highway, Ashland VA 23005 We have a working agreement in place to facilitate outreach.

Worksheet 4: Proposed Marketing Activities – Methods of Advertising (See AFHMP, Block 4c)

Complete the following table by identifying your targeted marketing population(s), as indicated in Block 3b, as well as the methods of advertising that will be used to market to that population. For each targeted population, state the means of advertising that you will use as applicable to that group and the reason for choosing this media. In each block, in addition to specifying the media that will be used (e.g., name of newspaper, television station, website, location of bulletin board, etc.) state any language(s) in which the material will be provided, identify any alternative format(s) to be used (e.g. Braille, large print, etc.), and specify the logo(s) (as well as size) that will appear on the various materials. Attach additional pages, if necessary, for further explanation. Please attach a copy of the advertising or marketing material.

Targeted Population(s)→ Methods of Advertising ↓	Targeted Population:	Targeted Population:	Targeted Population:
Newspaper(s)			
N/A			
Radio Station(s)			
N/A			
TV Station(s)			
N/A			
Electronic Media	Persons age 55 and older		
Seniors Guide			
Bulletin Boards			
N/A			
Brochures, Notices, Flyers			
N/A			
Other (specify)	Persons age 55 and older		
Seniors Guide			