
2021 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 18, 2021**

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
601 South Belvidere Street
Richmond, Virginia 23220-6500

INSTRUCTIONS FOR THE VIRGINIA 2021 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 18, 2021**. 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:

Virginia Housing only accepts files via our work center sites on Procorem. Contact TaxCreditApps@virginiahousing.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 Virginia Housing LIHTC Allocation Department staff.

Disclaimer:

Virginia Housing 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 Virginia Housing.

Entering Data:

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

Please Note:

- ▶ **VERY IMPORTANT! : Do not** use the copy/cut/paste functions within this document. Pasting fields will corrupt the application and may result in penalties. You may use links to other cells or other documents but do not paste data from one document or field to another.
- ▶ Some fields provide a dropdown of options to select from, indicated by a down arrow that appears when the cell is selected. Click on the arrow to select a value within the dropdown for these fields.
- ▶ The spreadsheet contains multiple error checks to assist in identifying potential mistakes in the application. These may appear as data is entered but are dependent on values entered later in the application. Do not be concerned with these messages until all data within the application has been entered.
- ▶ Also note that some cells contain error messages such as “#DIV/0!” as you begin. These warnings will disappear as the numbers necessary for the calculation are entered.

Assistance:

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

Virginia Housing LIHTC Allocation Staff Contact Information

Name	Email	Phone Number
JD Bondurant	johndavid.bondurant@virginiahousing.com	(804) 343-5725
Sheila Stone	sheila.stone@virginiahousing.com	(804) 343-5582
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TABLE OF CONTENTS

Click on any tab label to be directed to that tab within the application.

TAB	DESCRIPTION
1. Submission Checklist	Mandatory Items, Tabs and Descriptions
2. Development Information	Development Name and Locality Information
3. Request Info	Credit Request Type
4. Owner Information	Owner Information and Developer Experience
5. Site and Seller Information	Site Control, Identity of Interest and Seller info
6. Team Information	Development Team Contact information
7. Rehabilitation Information	Acquisition Credits and 10-Year Look Back Info
8. Non Profit	Non Profit Involvement, Right of First Refusal
9. Structure	Building Structure and Units Description
10. Utilities	Utility Allowance
11. Enhancements	Building Amenities above Minimum Design Requirements
12. Special Housing Needs	504 Units, Sect. 8 Waiting List, Rental Subsidy
13. Unit Details	Set Aside Selection and Breakdown
14. Budget	Operating Expenses
15. Project Schedule	Actual or Anticipated Development Schedule
16. Hard Costs	Development Budget: Contractor Costs
17. Owner's Costs	Development Budget: Owner's Costs, Developer Fee, Cost Limits
18. Eligible Basis	Eligible Basis Calculation
19. Sources of Funds	Construction, Permanent, Grants and Subsidized Funding Sources
20. Equity	Equity and Syndication Information
20. Gap Calculation	Credit Reservation Amount Needed
21. Cash Flow	Cash Flow Calculation
22. BINs	BIN by BIN Eligible Basis
24. Owner Statement	Owner Certifications
25. Architect's Statement	Architect's agreement with proposed deal
26. Scoresheet	Self Scoresheet Calculation
27. Development Summary	Summary of Key Application Points
28. Efficient Use of Resources	Calculation of Score
29. Efficient Use of Resources - TE Bonds	Calculation of Score

2021 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 Virginia Housing's point system of ranking applications, and may assist Virginia Housing 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 type="checkbox"/> | Electronic Copy of the Existing Condition questionnaire (MANDATORY if Rehab) |
| <input type="checkbox"/> | Electronic Copy of the Physical Needs Assessment (MANDATORY at reservation for a 4% rehab request) |
| <input type="checkbox"/> | Electronic Copy of Appraisal (MANDATORY if acquisition credits requested) |
| <input type="checkbox"/> | Electronic Copy of Environmental Site Assessment (Phase I) (MANDATORY if 4% credits requested) |
| <input checked="" type="checkbox"/> | Tab A: Partnership or Operating Agreement, including chart of ownership structure with percentage of interests 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 Virginia Housing: |
| | -Nonprofit Articles of Incorporation -IRS Documentation of Nonprofit Status |
| | -Joint Venture Agreement (if applicable) -For-profit Consulting Agreement (if applicable) |
| <input type="checkbox"/> | Tab J: Relocation Plan and Unit Delivery Schedule (MANDATORY) |
| | Tab K: Documentation of Development Location: |
| <input checked="" type="checkbox"/> | K.1 Revitalization Area Certification |
| <input checked="" type="checkbox"/> | K.2 Location Map |
| <input checked="" type="checkbox"/> | K.3 Surveyor's Certification of Proximity To Public Transportation |
| <input checked="" type="checkbox"/> | Tab L: PHA / Section 8 Notification Letter |
| <input type="checkbox"/> | Tab M: Locality CEO Response Letter |
| <input type="checkbox"/> | 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 |
| <input type="checkbox"/> | Tab Q: Documentation of Rental Assistance, Tax Abatement and/or existing RD or HUD Property |
| <input checked="" type="checkbox"/> | Tab R: Documentation of Operating Budget and Utility Allowances |
| <input type="checkbox"/> | Tab S: Supportive Housing Certification |
| <input checked="" type="checkbox"/> | Tab T: Funding Documentation |
| <input type="checkbox"/> | Tab U: Documentation to Request Exception to Restriction-Pools With Little/No Increase in Rent Burdened Population |
| <input checked="" type="checkbox"/> | Tab V: Nonprofit or LHA Purchase Option or Right of First Refusal |
| <input checked="" type="checkbox"/> | 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 |
| <input type="checkbox"/> | Tab Y: Inducement Resolution for Tax Exempt Bonds |

VHDA TRACKING NUMBER

2021-C-23

A. GENERAL INFORMATION ABOUT PROPOSED DEVELOPMENT

Application Date: 3/18/2021

1. Development Name: Townhomes at Warwick Place III

2. Address (line 1): 5315 Warwick Road
 Address (line 2): _____
 City: Richmond State: VA Zip: 23224

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 Richmond City

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

6. Development is located in the census tract of: 517600707.00

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

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

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

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

Enter only Numeric Values below:

13. Congressional District: 4
- Planning District: 15
- State Senate District: 10
- State House District: 69

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

[Link to Virginia Housing'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 Townhomes at Warwick Place III is the new construction of 65 three-bedroom townhome units on a vacant site on Warwick Road in the City of Richmond's Southside. These units will offer rents affordable to households at the 40%, 50%, and 60% AMI levels. The exterior of the buildings will be brick and hardi-plank. The buildings will be constructed to meet Earthcraft Gold certification. All of the units will meet Universal Design guidelines.

A. GENERAL INFORMATION ABOUT PROPOSED DEVELOPMENT

Application Date: 3/18/2021

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: Lincoln Saunders
 Chief Executive Officer's Title: Acting Chief Administrative Officer Phone:
 Street Address: 900 E Broad Street, Suite 201
 City: Richmond State: VA Zip: 23219

Name and title of local official you have discussed this project with who could answer questions for the local CEO: Matthew Ebinger, Principal Planner

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

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

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

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

B. RESERVATION REQUEST INFORMATION

1. Requesting Credits From:

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

Richmond MSA Pool

or

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

[Redacted]

For Tax Exempt Bonds, where are bonds being issued?

[Redacted]

ACTION: Provide Inducement Resolution at **TAB Y** (if available)

2. Type(s) of Allocation/Allocation Year

Carryforward Allocation

Definitions of types:

a. **Regular Allocation** means all of the buildings in the development are expected to be placed in service this calendar year, 2021.

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, 2021, 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 2021 credits pursuant to Section 42(h)(1)(E).

3. Select Building Allocation type:

New Construction

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

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

FALSE

5. Planned Combined 9% and 4% Developments

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: [Redacted]

a. Has the developer met with Virginia Housing 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 be cancelled.

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: Virginia Housing 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 Virginia Housing 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: New Warwick Townhomes 3, LLC

Developer Name: Gerald W. Burr, Jr.

Contact: M/M Mr. First: Gerald MI: W Last: Burr

Address: 501 Commerce Rd

City: Richmond St. VA Zip: 23224

Phone: (804) 530-2109 Ext. Fax:

Email address: junior@cbury.net

Federal I.D. No. 85-3698030 (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.
Barrett Franklin, barrett@mezzmgmt.com, (757) 287-6000

- ACTION:**
- a. Provide Owner's organizational documents (e.g. Partnership agreements and Developer Fee 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.

Names **	Phone	Type Ownership	% Ownership	
Warwick Development Partners 3, LLC		Managing Member	1.000%	
Gerald W. Burr, Jr. (36%)	(804) 530-2109			<i>needs</i>
Michelle Taylor (36%)	(757) 287-6000			<i>needs</i>
Barrett Franklin (18%)	(757) 287-6000			<i>needs</i>
SCD-Warwick, Inc. (10%)(Dianna Bowser, ED)	(804) 231-4449			<i>needs</i>
Warwick 3 Developer, LLC		Member	99.000%	
Burr, Taylor, Franklin, SCDHC				<i>needs</i>

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 Virginia Housing 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 Virginia Housing 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 Virginia Housing 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: Deed _____
 Expiration Date:

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 Virginia Housing. 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. TRUE Owner already controls site by either deed or long-term lease.
- b. FALSE 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..... .
- 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: _____

Address: _____

City: _____ St.: _____ Zip: _____

Contact Person: _____ Phone: _____

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

If above statement is TRUE, complete the following:

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

Names	Phone	Type Ownership	% Ownership
_____	_____	_____	0.00%
_____	_____	_____	0.00%
_____	_____	_____	0.00%
_____	_____	_____	0.00%
_____	_____	_____	0.00%
_____	_____	_____	0.00%
_____	_____	_____	0.00%

E. DEVELOPMENT TEAM INFORMATION

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

- | | | | |
|--------------------------|--|---------------------------|----------------|
| 1. Tax Attorney: | | This is a Related Entity. | FALSE |
| Firm Name: | | | |
| Address: | | | |
| Email: | | Phone: | |
| 2. Tax Accountant: | Michael Vicars | This is a Related Entity. | FALSE |
| Firm Name: | Dooley & Vicars | | |
| Address: | 21 South Sheppard Street, 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: | Paula Williams | This is a Related Entity. | FALSE |
| Firm Name: | CHPC | | |
| Address: | 448 Depot Street, Christiansburg, VA 24073 | | |
| Email: | pwilliams@chpc2.org | Phone: | (540) 382-2002 |
| 5. Contractor: | Gerald Burr, Jr. | This is a Related Entity. | TRUE |
| Firm Name: | Canterbury Enterprises | | |
| Address: | 501 Commerce Rd, Richmond, VA 23224 | | |
| Email: | junior@cbury.net | Phone: | (804) 530-2109 |
| 6. Architect: | Sarah McInerney | This is a Related Entity. | FALSE |
| Firm Name: | Walter Parks | | |
| Address: | 313 N. Adams Street, Richmond, VA 23220 | | |
| Email: | sarah@wparks.com | Phone: | (804) 644-4671 |
| 7. Real Estate Attorney: | Peter Henderer | This is a Related Entity. | FALSE |
| Firm Name: | McCandlish Holton | | |
| Address: | 1111 E. Main St., Suite 2100, Richmond, VA 23219 | | |
| Email: | phendere@lawmh.com | Phone: | (804) 775-3833 |
| 8. Mortgage Banker: | | This is a Related Entity. | FALSE |
| Firm Name: | | | |
| Address: | | | |
| Email: | | Phone: | |
| 9. Other: | | This is a Related Entity. | FALSE |
| Firm Name: | | Role: | |
| Address: | | | |
| Email: | | Phone: | |

F. REHAB INFORMATION

1. Acquisition Credit Information

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

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

2. Ten-Year Rule For Acquisition Credits

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

F. REHAB INFORMATION

3. Rehabilitation Credit Information

a. Credits are being requested for rehabilitation expenditures..... FALSE
If no credits are being requested for rehabilitation expenditures, go on to Part 4

b. Minimum Expenditure Requirements

- i. All buildings in the development satisfy the rehab costs per unit requirement of IRS Section 42(e)(3)(A)(ii)..... FALSE
ii. All buildings in the development qualify for the IRC Section 42(e)(3)(B) exception to the 10% basis requirement (4% credit only)..... FALSE
iii. All buildings in the development qualify for the IRC Section 42(f)(5)(B)(ii)(II) exception..... FALSE
iv. There are different circumstances for different buildings..... FALSE
Action: (If True, provide an explanation for each building in Tab K)

4. Request For Exception

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

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

G. NONPROFIT INVOLVEMENT

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

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

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

- FALSE a. Be authorized to do business in Virginia.
FALSE b. Be substantially based or active in the community of the development.
FALSE c. Materially participate in the development and operation of the development throughout the compliance period (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 #3.)

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

B. Type of involvement:

Nonprofit meets eligibility requirement for points only, not pool..... 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: Southside Community Development and Housing Corporation (Please fit NP name within available space)

Contact Person: Dianna Bowser

Street Address: 1624 Hull Street

City: Richmond State: VA Zip: 23224-0000

Phone: (804) 231-4449 Extension: Contact Email: dianna@scdhc.com

G. NONPROFIT INVOLVEMENT

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

Specify the nonprofit entity's percentage ownership of the general partnership interest: 10.0%

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: Southside Community Development and Housing Corpor

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

1. General Information

a. Total number of all units in development	65	bedrooms	195
Total number of rental units in development	65	bedrooms	195
Number of low-income rental units	65	bedrooms	195
Percentage of rental units designated low-income	100.00%		
b. Number of new units:.....	65	bedrooms	195
Number of adaptive reuse units:	0	bedrooms	0
Number of rehab units:.....	0	bedrooms	0
c. If any, indicate number of planned exempt units (included in total of all units in development).....			0
d. Total Floor Area For The Entire Development.....			96,187.00 (Sq. ft.)
e. Unheated Floor Area (i.e. Breezeways, Balconies, Storage).....			0.00 (Sq. ft.)
f. Nonresidential Commercial Floor Area (Not eligible for funding).....			0.00
g. Total Usable Residential Heated Area.....			96,187.00 (Sq. ft.)
h. Percentage of Net Rentable Square Feet Deemed To Be New Rental Space			100.00%
i. Exact area of site in acres	7.419		
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

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

i. Row House/Townhouse	<u>TRUE</u>	v. Detached Single-family	<u>FALSE</u>
ii. Garden Apartments	<u>FALSE</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).	<u>FALSE</u>
If true, # of Elevators.	<u>0</u>
Elevator Type (if known)	<u></u>

i. Roof Type	▶	<u>Flat</u>
j. Construction Type	▶	<u>Frame</u>
k. Primary Exterior Finish	▶	<u>Combination</u>

4. Site Amenities (indicate all proposed)

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

l. Describe Community Facilities: Rental Office and Community Building

m. Number of Proposed Parking Spaces.....	<u>123</u>
Parking is shared with another entity	<u>FALSE</u>

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. TRUE

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

H. STRUCTURE AND UNITS INFORMATION

5. Plans and Specifications

a. Minimum submission requirements for all properties (new construction, rehabilitation and adaptive reuse):

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

b. The following are due at reservation for Tax Exempt 4% Applications and at allocation for 9% Applications.

- i. Phase I environmental assessment.
- ii. Physical needs assessment for any rehab only development.

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

6. Market Study Data:

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

Project Wide Capture Rate - LIHTC Units	10.90%
Project Wide Capture Rate - Market Units	n/a
Project Wide Capture Rate - All Units	10.90%
Project Wide Absorption Period (Months)	4

J. ENHANCEMENTS

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

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

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

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

ACTION: Provide 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:

New Constr.

- | | |
|--------|--|
| TRUE | a. A community/meeting room with a minimum of 749 square feet is provided. |
| 40.00% | b. Percentage of brick or other similar low-maintenance material approved by the Authority covering the exterior walls. Community buildings are to be included in percentage calculations. |
| TRUE | c. Water expense is sub-metered (the tenant will pay monthly or bi-monthly bill). |
| TRUE | d. All faucets, toilets and showerheads in each bathroom are WaterSense labeled products. |
| TRUE | e. Each unit is provided with the necessary infrastructure for high-speed internet/broadband service. |
| TRUE | f. Free WiFi access will be provided in community room for resident only usage. |
| FALSE | g. Each unit is provided free individual high speed internet access. |
| or | |
| 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 | |
| TRUE | 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 | |
| TRUE | n. All Construction types: each unit is equipped with a permanent dehumidification system. |
| | |
| FALSE | o. All interior doors within units are solid core. |
| TRUE | 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. |

J. ENHANCEMENTS

TRUE s. New construction only: Each unit to have balcony or patio with a minimum depth of 5 feet clear from face of building and a minimum size of 30 square feet.

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

FALSE a. All cooking ranges have front controls.

FALSE b. Bathrooms have an independent or supplemental heat source.

FALSE c. All entrance doors have two eye viewers, one at 42" inches and the other at standard height.

2. Green Certification

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

The applicant will also obtain one of the following:

TRUE Earthcraft Gold or higher certification

FALSE National Green Building Standard (NGBS) certification of Silver or higher.

FALSE U.S. Green Building Council LEED certification

FALSE Enterprise Green Communities (EGC) Certification

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

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

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

FALSE Zero Energy Ready Home Requirements

FALSE Passive House Standards

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

TRUE a. Architect of record certifies that units will be constructed to meet Virginia Housing's Universal Design Standards.

65 b. Number of Rental Units constructed to meet Virginia Housing's Universal Design standards:

100% of Total Rental Units

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

If not, please explain:

[Empty text box for explanation]

mp | 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?..... | <u>FALSE</u> | Heat?..... | <u>FALSE</u> |
| Hot Water?..... | <u>FALSE</u> | AC?..... | <u>FALSE</u> |
| Lighting?..... | <u>FALSE</u> | Sewer?..... | <u>FALSE</u> |
| Cooking? | <u>FALSE</u> | Trash Removal? | <u>TRUE</u> |

Utilities	Enter Allowances by Bedroom Size				
	0-BR	1-BR	2-BR	3-BR	4-BR
Heating	0	0	0	19	0
Air Conditioning	0	0	0	9	0
Cooking	0	0	0	8	0
Lighting	0	0	0	31	0
Hot Water	0	0	0	18	0
Water	0	0	0	47	0
Sewer	0	0	0	71	0
Trash	0	0	0	0	0
Total utility allowance for costs paid by tenant	\$0	\$0	\$0	\$203	\$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: Viridiant

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

K. SPECIAL HOUSING NEEDS

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

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

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

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 rental subsidy;

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

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

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

Note: Subsidies may apply to any units, not only those built to satisfy Section 504. (60 points)


TRUE

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

2. Special Housing Needs/Leasing Preference:

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

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

Action: Provide Permanent Supportive Housing Certification (Tab S)

b. The development has existing tenants and a relocation plan has been developed..... FALSE
 (If True, Virginia Housing 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 - Tab J)

3. Leasing Preferences

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

Organization which holds waiting list:

Contact person:

Title:

Phone Number:

Action: Provide required notification documentation (TAB L)

b. Leasing preference will be given to individuals and families with children..... TRUE
 (Less than or equal to 20% of the units must have of 1 or less bedrooms).

c. Specify the number of low-income units that will serve individuals and families with children by providing three or more bedrooms:
 % of total Low Income Units

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

K. SPECIAL HOUSING NEEDS

3. Target Population Leasing Preference

Unless prohibited by an applicable federal subsidy program, each applicant shall commit to provide a leasing preference to individuals (i) in a target population identified in a memorandum of understanding between the Authority and one or more participating agencies of the Commonwealth, (ii) having a voucher or other binding commitment for rental assistance from the Commonwealth, and (iii) referred to the development by a referring agent approved by the Authority. The leasing preference shall not be applied to more than ten percent (10%) of the units in the development at any given time. The applicant may not impose tenant selection criteria or leasing terms with respect to individuals receiving this preference that are more restrictive than the applicant’s tenant selection criteria or leasing terms applicable to prospective tenants in the development that do not receive this preference, the eligibility criteria for the rental assistance from the Commonwealth, or any eligibility criteria contained in a memorandum of understanding between the Authority and one or more participating agencies of the Commonwealth.

Primary Contact for Target Population leasing preference. The agency will contact as needed.

First Name: Gerald

Last Name: Burr

Phone Number: (804) 530-2109 Email: junior@cbury.net

4. 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

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

FALSE Section 8 New Construction Substantial Rehabilitation

FALSE Section 8 Moderate Rehabilitation

FALSE Section 8 Certificates

FALSE Section 8 Project Based Assistance

FALSE RD 515 Rental Assistance

FALSE Section 8 Vouchers
*Administering Organization:

FALSE State Assistance
*Administering Organization:

FALSE Other:

K. SPECIAL HOUSING NEEDS

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?

0

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 CATEGORY

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

a. Units Provided Per Household Type:

Income Levels			Avg Inc.
# of Units	% of Units		
0	0.00%	20% Area Median	0%
0	0.00%	30% Area Median	0%
7	10.77%	40% Area Median	280%
26	40.00%	50% Area Median	1300%
32	49.23%	60% Area Median	1920%
0	0.00%	70% Area Median	0%
0	0.00%	80% Area Median	0%
0	0.00%	Market Units	
65	100.00%	Total	53.85%


Rent Levels			Avg Inc.
# of Units	% of Units		
0	0.00%	20% Area Median	0%
0	0.00%	30% Area Median	0%
7	10.77%	40% Area Median	280%
26	40.00%	50% Area Median	1300%
32	49.23%	60% Area Median	1920%
0	0.00%	70% Area Median	0%
0	0.00%	80% Area Median	0%
0	0.00%	Market Units	
65	100.00%	Total	53.85%

- 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 compliance?
 20-30% Levels **FALSE** 40% Levels **FALSE** 50% levels **FALSE**

2. Unit Detail

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

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

 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	3 BR - 2 Bath	40% AMI	7	4	1441.00	\$676.00	\$4,732
Mix 2	3 BR - 2 Bath	50% AMI	10	3	1441.00	\$825.00	\$8,250
Mix 3	3 BR - 2 Bath	50% AMI	16		1324.00	\$825.00	\$13,200
Mix 4	3 BR - 2 Bath	60% AMI	1		1324.00	\$975.00	\$975
Mix 5	3 BR - 2 Bath	60% AMI	15		1402.00	\$975.00	\$14,625
Mix 6	3 BR - 2 Bath	60% AMI	16		1331.00	\$975.00	\$15,600
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
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Mix 67								\$0
Mix 68								\$0
Mix 69								\$0
Mix 70								\$0
Mix 71								\$0
Mix 72								\$0
Mix 73								\$0

L. UNIT DETAILS

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			65	7			\$57,382

Total Units	65	Net Rentable SF:	TC Units	89,331.00
			MKT Units	0.00
			Total NR SF:	89,331.00

Floor Space Fraction (to 7 decimals)	100.00000%
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M. OPERATING EXPENSES

Administrative:

Use Whole Numbers Only!

1. Advertising/Marketing			\$1,000
2. Office Salaries			\$0
3. Office Supplies			\$1,800
4. Office/Model Apartment	(type _____)		\$0
5. Management Fee			\$39,500
6.10% of EGI	\$607.69	Per Unit	
6. Manager Salaries			\$42,000
7. Staff Unit (s)	(type _____)		\$0
8. Legal			\$3,500
9. Auditing			\$3,750
10. Bookkeeping/Accounting Fees			\$1,000
11. Telephone & Answering Service			\$3,000
12. Tax Credit Monitoring Fee			\$2,400
13. Miscellaneous Administrative			\$5,000
Total Administrative			\$102,950

Utilities

14. Fuel Oil			\$0
15. Electricity			\$8,000
16. Water			\$4,000
17. Gas			
18. Sewer			\$4,000
Total Utility			\$16,000

Operating:

19. Janitor/Cleaning Payroll			\$0
20. Janitor/Cleaning Supplies			\$0
21. Janitor/Cleaning Contract			\$0
22. Exterminating			\$3,000
23. Trash Removal			\$2,000
24. Security Payroll/Contract			\$0
25. Grounds Payroll			\$0
26. Grounds Supplies			\$0
27. Grounds Contract			\$12,000
28. Maintenance/Repairs Payroll			\$42,000
29. Repairs/Material			\$7,000
30. Repairs Contract			\$7,500
31. Elevator Maintenance/Contract			\$0
32. Heating/Cooling Repairs & Maintenance			\$1,350
33. Pool Maintenance/Contract/Staff			\$0
34. Snow Removal			\$1,500
35. Decorating/Payroll/Contract			\$0
36. Decorating Supplies			\$2,700
37. Miscellaneous			\$3,800
Totals Operating & Maintenance			\$82,850

M. OPERATING EXPENSES

Taxes & Insurance

38. Real Estate Taxes	\$80,000
39. Payroll Taxes	\$5,800
40. Miscellaneous Taxes/Licenses/Permits	\$5,000
41. Property & Liability Insurance	\$23,000
42. Fidelity Bond	\$0
43. Workman's Compensation	\$1,500
44. Health Insurance & Employee Benefits	\$11,000
45. Other Insurance	\$0
Total Taxes & Insurance	\$126,300
Total Operating Expense	\$328,100

Total Operating Expenses Per Unit \$5,048 **C. Total Operating Expenses as % of EGI** 50.66%

Replacement Reserves (Total # Units X \$300 or \$250 New Const. Elderly Minimum) \$19,500

Total Expenses	\$347,600
-----------------------	------------------

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

N. PROJECT SCHEDULE

ACTIVITY	ACTUAL OR ANTICIPATED DATE	NAME OF RESPONSIBLE PERSON
1. SITE		
a. Option/Contract	8/7/2020	Gerald Burr
b. Site Acquisition	9/9/2020	Barrett Franklin
c. Zoning Approval	2/22/2021	Gerald Burr
d. Site Plan Approval	2/22/2021	Gerald Burr
2. Financing		
a. Construction Loan		
i. Loan Application	11/1/2021	Gerald Burr
ii. Conditional Commitment		
iii. Firm Commitment	2/1/2022	Gerald Burr
b. Permanent Loan - First Lien		
i. Loan Application	11/1/2021	Gerald Burr
ii. Conditional Commitment		
iii. Firm Commitment	2/1/2022	Gerald Burr
c. Permanent Loan-Second Lien		
i. Loan Application	12/1/2020	Gerald Burr
ii. Conditional Commitment		
iii. Firm Commitment	4/1/2021	Gerald Burr
d. Other Loans & Grants		
i. Type & Source, List	FHLBA/DHCD	Gerald Burr
ii. Application	11/1/2021	Gerald Burr
iii. Award/Commitment	3/1/2022	Gerald Burr
2. Formation of Owner	8/6/2020	Barrett Franklin
3. IRS Approval of Nonprofit Status	7/18/1989	Diane Bowser
4. Closing and Transfer of Property to Owner	9/9/2020	Gerald Burr
5. Plans and Specifications, Working Drawings	11/1/2021	Sarah McInerney
6. Building Permit Issued by Local Government	3/1/2022	Gerald Burr
7. Start Construction	5/1/2022	Gerald Burr
8. Begin Lease-up	5/1/2023	Gerald Burr
9. Complete Construction	9/1/2023	Gerald Burr
10. Complete Lease-Up	12/31/2023	Gerald Burr
11. Credit Placed in Service Date	12/31/2023	Gerald Burr

O. PROJECT BUDGET - HARD COSTS

Cost/Basis/Maximum Allowable Credit

Complete cost column and basis column(s) as appropriate

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

Item	(A) Cost	Amount of Cost up to 100% Includable in Eligible Basis--Use Applicable Column(s):		
		"30% Present Value Credit"		(D)
		(B) Acquisition	(C) Rehab/ New Construction	"70 % Present Value Credit"
1. Contractor Cost				
a. Unit Structures (New)	7,896,650	0	0	7,896,650
b. Unit Structures (Rehab)	0	0	0	0
c. Non Residential Structures	0	0	0	0
d. Commercial Space Costs	0	0	0	0
e. Structured Parking Garage	0	0	0	0
Total Structure	7,896,650	0	0	7,896,650
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	2,350,000	0	0	1,500,000
p. Other Site work	0	0	0	0
Total Land Improvements	2,350,000	0	0	1,500,000
Total Structure and Land	10,246,650	0	0	9,396,650
q. General Requirements	573,812	0	0	573,812
r. Builder's Overhead (5.6% Contract)	573,812	0	0	573,812
s. Builder's Profit (2.8% Contract)	286,906	0	0	286,906
t. Bonds	93,375	0	0	93,375
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	\$11,774,555	\$0	\$0	\$10,924,555

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	51,675	0	0	51,675
b. Architecture/Engineering Design Fee \$369 /Unit)	24,000	0	0	24,000
c. Architecture Supervision Fee \$154 /Unit)	10,000	0	0	10,000
d. Tap Fees	212,000	0	0	212,000
e. Environmental	6,140	0	0	6,140
f. Soil Borings	0	0	0	0
g. Green Building (Earthcraft, LEED, etc.)	42,250	0	0	42,250
h. Appraisal	8,000	0	0	0
i. Market Study	4,200	0	0	4,200
j. Site Engineering / Survey	246,800	0	0	246,800
k. Construction/Development Mgt	0	0	0	0
l. Structural/Mechanical Study	0	0	0	0
m. Construction Loan Origination Fee	22,500	0	0	22,500
n. Construction Interest (0.0% for 0 months)	200,000	0	0	200,000
o. Taxes During Construction	12,000	0	0	12,000
p. Insurance During Construction	30,000	0	0	30,000
q. Permanent Loan Fee (0.0%)	50,000	0	0	0
r. Other Permanent Loan Fees	0	0	0	0
s. Letter of Credit	0	0	0	0
t. Cost Certification Fee	12,000	0	0	0
u. Accounting	0	0	0	0
v. Title and Recording	45,000	0	0	10,000
w. Legal Fees for Closing	128,000	0	0	20,000
x. Mortgage Banker	40,000	0	0	0
y. Tax Credit Fee	68,302			
z. Tenant Relocation	0	0	0	0
aa. Fixtures, Furnitures and Equipment	0	0	0	0
ab. Organization Costs	0	0	0	0
ac. Operating Reserve	250,000	0	0	0
ad. Contingency	588,728	0	0	500,000
ae. Security	0	0	0	0
af. Utilities	0	0	0	0

O. PROJECT BUDGET - OWNER COSTS

(1) Other* specify: GC Cost Cert	10,000	0	0	0
(2) Other* specify: Predevelopment Loan	50,000	0	0	0
(3) Other* specify: Lease Up	25,000	0	0	0
(4) Other* specify:	0	0	0	0
(5) Other* specify:	0	0	0	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
(10) Other* specify:	0	0	0	0
Owner Costs Subtotal (Sum 2A..2(10))	\$2,136,595	\$0	\$0	\$1,391,565
Subtotal 1 + 2 (Owner + Contractor Costs)	\$13,911,150	\$0	\$0	\$12,316,120
3. Developer's Fees Action: Provide Developer Fee Agreement (Tab A)	1,050,000	0	0	1,050,000
4. Owner's Acquisition Costs				
Land	172,500			
Existing Improvements	240,000	0		
Subtotal 4:	\$412,500	\$0		
5. Total Development Costs				
Subtotal 1+2+3+4:	\$15,373,650	\$0	\$0	\$13,366,120

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

(Provide documentation at Tab E)

\$0	Land
\$0	Building

Maximum Developer Fee:

\$1,575,892

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

\$156 **Meets Limits**
\$275

2021 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	15,373,650	0	0	13,366,120

2. Reductions in Eligible Basis

a. Amount of federal grant(s) used to finance qualifying development costs	0	0	0
b. Amount of nonqualified, nonrecourse financing	0	0	0
c. Costs of nonqualifying units of higher quality (or excess portion thereof)	0	0	0
d. Historic Tax Credit (residential portion)	0	0	0

3. Total Eligible Basis (1 - 2 above)

0	0	13,366,120
---	---	------------

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

a. For QCT or DDA (Eligible Basis x 30%)		0	4,009,836
<i>State Designated Basis Boosts:</i>			
b. For Revitalization or Supportive Housing (Eligible Basis x 30%)		0	0
c. For Green Certification (Eligible Basis x 10%)			0
Total Adjusted Eligible basis		0	17,375,956

5. Applicable Fraction

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

6. Total Qualified Basis

(Eligible Basis x Applicable Fraction)

0	0	17,375,956
---	---	------------

7. Applicable Percentage

(Beginning in 2021, All Tax Exempt requests should use the standard 4% rate and all 9% requests should use the standard 9% rate.)

0.00%	9.00%	9.00%
-------	-------	-------

8. Maximum Allowable Credit under IRC §42

(Qualified Basis x Applicable Percentage)

(Must be same as BIN total and equal to or less than credit amount allowed)

\$0	\$0	\$1,563,836
-----	-----	-------------

\$1,563,836	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	<i>(Whole Numbers only)</i>		Interest Rate of Loan	Amortization Period IN YEARS	Term of Loan (years)
			Amount of Funds	Annual Debt Service Cost			
1. VHDA Taxable/REACH	11/1/2021		\$4,550,000	\$260,669	4.00%	30.00	30.00
2. DHCD HOME	11/1/2021		\$700,000	\$7,000	1.00%	10000.00	20.00
3. VHTF	11/1/2021		\$500,000	\$5,000	1.00%	10000.00	20.00
4. RIC CDBG	12/1/2020		\$300,000				
5. RIC AHTF	12/1/2020		\$260,000				
6. FHLBA	11/1/2012		\$250,000				
7.							
8.							
9.							
10.							
Total Permanent Funding:			\$6,560,000	\$272,669			

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

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

Q. SOURCES OF FUNDS

4. Subsidized Funding

	Source of Funds	Date of Commitment	Amount of Funds
1.			
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..... **TRUE**

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

Below-Market Loans

a.	Tax Exempt Bonds	\$0
b.	RD 515	\$0
c.	Section 221(d)(3)	\$0
d.	Section 312	\$0
e.	Section 236	\$0
f.	VHDA SPARC/REACH	\$4,700,000
g.	HOME Funds	\$700,000
h.	Other: VHTF	\$500,000
i.	Other: RIC CDBG & AHTF	\$560,000

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: **N/A**

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. **TRUE** 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**

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>	= \$0
Amount of Virginia historic credits	<u>\$0</u>	x Equity \$	<u>\$0.000</u>	= \$0
b. Equity that Sponsor will Fund:				
i. Cash Investment	<u>\$0</u>			
ii. Contributed Land/Building	<u>\$0</u>			
iii. Deferred Developer Fee	<u>\$352,799</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	<u>\$352,799</u>			

2. Equity Gap Calculation

a. Total Development Cost	\$15,373,650
b. Total of Permanent Funding, Grants and Equity	- <u>\$6,912,799</u>
c. Equity Gap	\$8,460,851
d. Developer Equity	- <u>\$848</u>
e. Equity gap to be funded with low-income tax credit proceeds	\$8,460,003

3. Syndication Information (If Applicable)

a. Actual or Anticipated Name of Syndicator:	<u>VCDC</u>		
Contact Person:	<u>Jen Wickham</u>	Phone:	<u>(804) 482-6072</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>\$961,460.00</u>		
ii. Equity Dollars Per Credit (e.g., \$0.85 per dollar of credit)	<u>\$0.880</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>\$961,364</u>		
vi. Total to be paid by anticipated users of credit (e.g., limited partners)	<u>\$8,460,003</u>		
c. Syndication:	<u>Private</u>		
d. Investors:	<u>Corporate</u>		

4. Net Syndication Amount \$8,460,003
 Which will be used to pay for Total Development Costs

5. Net Equity Factor 88.0000112840%
 Must be equal to or greater than 85%

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 Virginia Housing to determine, as required by the IRC, the amount of credits which may be allocated for the development. However, Virginia Housing at all times retains the right to substitute such information and assumptions as are determined by Virginia Housing 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 Virginia Housing for a reservation of credits, the amount of such reservation may differ significantly from the amount you compute below.

1. Total Development Costs		<u>\$15,373,650</u>
2. Less Total of Permanent Funding, Grants and Equity	-	<u>\$6,912,799</u>
3. Equals Equity Gap		<u>\$8,460,851</u>
4. Divided by Net Equity Factor (Percent of 10-year credit expected to be raised as equity investment)		<u>88.0000112840%</u>
5. Equals Ten-Year Credit Amount Needed to Fund Gap		<u>\$9,614,602</u>
Divided by ten years		<u>10</u>
6. Equals Annual Tax Credit Required to Fund the Equity Gap		<u>\$961,460</u>
7. Maximum Allowable Credit Amount (from Eligible Basis Calculation)		<u>\$1,563,836</u>
8. Requested Credit Amount	For 30% PV Credit:	<u>\$0</u>
	For 70% PV Credit:	<u>\$961,460</u>
Credit per LI Units	<u>\$14,791.6923</u>	
Credit per LI Bedroom	<u>\$4,930.5641</u>	
Combined 30% & 70% PV Credit Requested		\$961,460

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		\$57,382
Plus Other Income Source (list):	laundry/vending/fees	\$650
Equals Total Monthly Income:		\$58,032
Twelve Months		x12
Equals Annual Gross Potential Income		\$696,384
Less Vacancy Allowance	7.0%	\$48,747
Equals Annual Effective Gross Income (EGI) - Low Income Units		\$647,637

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:		\$0
Twelve Months		x12
Equals Annual Gross Potential Income		\$0
Less Vacancy Allowance	0.0%	\$0
Equals Annual Effective Gross Income (EGI) - Market Rate Units		\$0

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

3. Cash Flow (First Year)

a.	Annual EGI Low-Income Units	\$647,637
b.	Annual EGI Market Units	\$0
c.	Total Effective Gross Income	\$647,637
d.	Total Expenses	\$347,600
e.	Net Operating Income	\$300,037
f.	Total Annual Debt Service	\$272,669
g.	Cash Flow Available for Distribution	\$27,368

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	647,637	660,590	673,802	687,278	701,023
Less Oper. Expenses	347,600	358,028	368,769	379,832	391,227
Net Income	300,037	302,562	305,033	307,446	309,796
Less Debt Service	272,669	272,669	272,669	272,669	272,669
Cash Flow	27,368	29,893	32,364	34,777	37,127
Debt Coverage Ratio	1.10	1.11	1.12	1.13	1.14

	Year 6	Year 7	Year 8	Year 9	Year 10
Eff. Gross Income	715,044	729,345	743,931	758,810	773,986
Less Oper. Expenses	402,964	415,053	427,504	440,329	453,539
Net Income	312,080	314,292	316,427	318,481	320,447
Less Debt Service	272,669	272,669	272,669	272,669	272,669
Cash Flow	39,411	41,623	43,758	45,812	47,778
Debt Coverage Ratio	1.14	1.15	1.16	1.17	1.18

	Year 11	Year 12	Year 13	Year 14	Year 15
Eff. Gross Income	789,466	805,255	821,360	837,788	854,543
Less Oper. Expenses	467,145	481,160	495,594	510,462	525,776
Net Income	322,321	324,096	325,766	327,325	328,767
Less Debt Service	272,669	272,669	272,669	272,669	272,669
Cash Flow	49,652	51,427	53,097	54,656	56,098
Debt Coverage Ratio	1.18	1.19	1.19	1.20	1.21

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

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

Number of BINS: 17

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

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.		4		TBD Warwick Road	Building 1	Richmond	VA	23224				\$0				\$0	\$1,070,337	12/31/21	9.00%	\$96,330	
2.		4		TBD Warwick Road	Building 2	Richmond	VA	23224				\$0				\$0	\$1,070,337	12/31/21	9.00%	\$96,330	
3.		4		TBD Warwick Road	Building 3	Richmond	VA	23224				\$0				\$0	\$1,070,337	12/31/21	9.00%	\$96,330	
4.		4		TBD Warwick Road	Building 4	Richmond	VA	23224				\$0				\$0	\$1,070,337	12/31/21	9.00%	\$96,330	
5.		4		TBD Warwick Road	Building 5	Richmond	VA	23224				\$0				\$0	\$1,070,337	12/31/21	9.00%	\$96,330	
6.		4		TBD Warwick Road	Building 6	Richmond	VA	23224				\$0				\$0	\$1,070,337	12/31/21	9.00%	\$96,330	
7.		4		TBD Warwick Road	Building 7	Richmond	VA	23224				\$0				\$0	\$1,070,337	12/31/21	9.00%	\$96,330	
8.		3		TBD Warwick Road	Building 8	Richmond	VA	23224				\$0				\$0	\$789,430	12/31/21	9.00%	\$71,049	
9.		4		TBD Warwick Road	Building 9	Richmond	VA	23224				\$0				\$0	\$1,070,337	12/31/21	9.00%	\$96,330	
10.		4		TBD Warwick Road	Building 10	Richmond	VA	23224				\$0				\$0	\$1,070,337	12/31/21	9.00%	\$96,330	
11.		4		TBD Warwick Road	Building 11	Richmond	VA	23224				\$0				\$0	\$1,070,337	12/31/21	9.00%	\$96,330	
12.		4		TBD Warwick Road	Building 12	Richmond	VA	23224				\$0				\$0	\$1,070,337	12/31/21	9.00%	\$96,330	
13.		4		TBD Warwick Road	Building 13	Richmond	VA	23224				\$0				\$0	\$1,070,337	12/31/21	9.00%	\$96,330	
14.		2		TBD Warwick Road	Building 14	Richmond	VA	23224				\$0				\$0	\$531,465	12/31/21	9.00%	\$47,832	
15.		4		TBD Warwick Road	Building 15	Richmond	VA	23224				\$0				\$0	\$1,070,337	12/31/21	9.00%	\$96,330	
16.		4		TBD Warwick Road	Building 16	Richmond	VA	23224				\$0				\$0	\$1,070,337	12/31/21	9.00%	\$96,330	
17.		4		TBD Warwick Road	Building 17	Richmond	VA	23224				\$0				\$0	\$1,070,337	12/31/21	9.00%	\$96,330	
18.												\$0				\$0				\$0	
19.												\$0				\$0				\$0	
20.												\$0				\$0				\$0	
21.												\$0				\$0				\$0	
22.												\$0				\$0				\$0	
23.												\$0				\$0				\$0	
24.												\$0				\$0				\$0	
25.												\$0				\$0				\$0	
26.												\$0				\$0				\$0	
27.												\$0				\$0				\$0	
28.												\$0				\$0				\$0	
29.												\$0				\$0				\$0	
30.												\$0				\$0				\$0	
31.												\$0				\$0				\$0	
32.												\$0				\$0				\$0	
33.												\$0				\$0				\$0	
34.												\$0				\$0				\$0	
35.												\$0				\$0				\$0	
		65	0																		
Totals from all buildings												\$0									\$17,375,956
												\$0								\$0	\$1,563,836

Number of BINS: 17

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 Virginia Housing and its assigns against all losses, costs, damages, Virginia Housing's expenses, and liabilities of any nature directly or indirectly resulting from, arising out of, or relating to Virginia Housing'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 Virginia Housing 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 Virginia Housing 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 Virginia Housing 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, Virginia Housing 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 Virginia Housing 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 Virginia Housing 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 Virginia Housing 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 Virginia Housing's inability to process the application. The original or copy of this application may be retained by Virginia Housing, 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: New Warwick Townhomes 3, LLC
By: Warwick Development Partners 3, LLC,
its Managing Member


By: Gerald W. Burr, Jr.
 Its: Gerald W. Burr, Jr., its Manager
 (Title)

V. STATEMENT OF ARCHITECT

The architect signing this document is certifying that the development plans and specifications incorporate all Virginia Housing 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:	Walter G. Parks, Jr.
Virginia License#:	007463
Architecture Firm or Company:	Walter Parks Architect, PLLC

By:  _____

Its: President
(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 the reservation application. Other items, denoted below in the yellow shaded cells, are typically evaluated by Virginia Housing'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. Virginia Housing reserves the right to change application data and/or score sheet responses where appropriate, which may change the final score.

MANDATORY ITEMS:

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

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

1. READINESS:

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

Y	0 or -50	0.00
N	0 or -25	0.00
Y	0 or 40	40.00
Y	0 or 10	10.00
N	0 or 15	0.00
N	0 or 15	0.00
Total:		<u>50.00</u>

2. HOUSING NEEDS CHARACTERISTICS:

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

Y	0 or up to 5	5.00
N	0 or 20	0.00
0.00%	Up to 40	0.00
Y	0 or 5	5.00
N	0 or 10	0.00
0%	0, 20, 25 or 30	0.00
N	0 or 15	0.00
N	Up to -20	0.00
Y	Up to 20	20.00
Total:		<u>30.00</u>

3. DEVELOPMENT CHARACTERISTICS:

a. Enhancements (See calculations below)			45.75
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	Y	0 or 30	30.00
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)	Y10	0, 10 or 20	10.00
f. Development will be Green Certified	Y	0 or 10	10.00
g. Units constructed to meet Virginia Housing's Universal Design standards	100%	Up to 15	15.00
h. Developments with less than 100 units	Y	up to 20	14.00
i. Historic Structure	N	0 or 5	0.00
Total:			<u>124.75</u>

4. TENANT POPULATION CHARACTERISTICS:

Locality AMI	State AMI
\$89,400	\$62,300

a. Less than or equal to 20% of units having 1 or less bedrooms	Y	0 or 15	15.00
b. <plus> Percent of Low Income units with 3 or more bedrooms	100.00%	Up to 15	15.00
c. Units with rent at or below 30% of AMI and are not subsidized (up to 10% of LI units)	0.00%	Up to 10	0.00
d. Units with rents at or below 40% of AMI (up to 10% of LI units)	10.77%	Up to 10	10.00
e. Units with rent and income at or below 50% of AMI	50.77%	Up to 50	50.00
f. Units with rents at or below 50% rented to tenants at or below 60% of AMI	50.77%	Up to 25	0.00
or g. Units in LI Jurisdictions with rents <= 50% rented to tenants with <= 60% of AMI	50.77%	Up to 50	0.00
Total:			<u>90.00</u>

5. SPONSOR CHARACTERISTICS:

a. Developer experience - 3 developments with 3 x units or 6 developments with 1 x units	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 Virginia Housing	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	86.65
b. Cost per unit		Up to 100	24.62
Total:			<u>111.27</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
Total:			<u>60.00</u>

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

TOTAL SCORE: 476.02

Enhancements:

All units have:

	Max Pts	Score
a. Community Room	5	5.00
b. Exterior walls constructed with brick and other low maintenance materials	25	13.75
c. Sub metered water expense	5	5.00
d. Watersense labeled faucets, toilets and showerheads	3	0.00
e. Infrastructure for high speed internet/broadband	1	1.00
f. Free WiFi Access in community room	4	4.00
g. Each unit provided free individual high speed internet access	6	0.00
h. Each unit provided free individual WiFi	8	0.00
i. Bath Fan - Delayed timer or continuous exhaust	3	0.00
j. Baths equipped with humidistat	3	3.00
k. Cooking Surfaces equipped with fire prevention features	4	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	5.00
o. All interior doors within units are solid core	3	0.00
p. USB in kitchen, living room and all bedrooms	1	1.00
q. LED Kitchen Light Fixtures	2	2.00
r. Shelf or Ledge at entrance within interior hallway	2	0.00
s. New Construction: Balcony or patio	4	4.00
		<u>45.75</u>

All elderly units have:

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

Total amenities: 45.75

X.

Development Summary

Summary Information

2021 Low-Income Housing Tax Credit Application For Reservation

Deal Name: Townhomes at Warwick Place III

Cycle Type: 9% Tax Credits	Requested Credit Amount: \$961,460
Allocation Type: New Construction	Jurisdiction: Richmond City
Total Units: 65	Population Target: General
Total LI Units: 65	
Project Gross Sq Ft: 96,187.00	Owner Contact: Gerald Burr
Green Certified? TRUE	

Total Score 476.02

Source of Funds	Amount	Per Unit	Per Sq Ft	Annual Debt Service
Permanent Financing	\$6,560,000	\$100,923	\$68	\$272,669

Uses of Funds - Actual Costs				
Type of Uses	Amount	Per Unit	Sq Ft	% of TDC
Improvements	\$10,246,650	\$157,641	\$107	66.65%
General Req/Overhead/Profit	\$1,434,530	\$22,070	\$15	9.33%
Other Contract Costs	\$93,375	\$1,437	\$1	0.61%
Owner Costs	\$2,136,595	\$32,871	\$22	13.90%
Acquisition	\$412,500	\$6,346	\$4	2.68%
Developer Fee	\$1,050,000	\$16,154	\$11	6.83%
Total Uses	\$15,373,650	\$236,518		

Total Development Costs	
Total Improvements	\$13,911,150
Land Acquisition	\$412,500
Developer Fee	\$1,050,000
Total Development Costs	\$15,373,650

Income		
Gross Potential Income - LI Units		\$696,384
Gross Potential Income - Mkt Units		\$0
Subtotal		\$696,384
Less Vacancy %	7.00%	\$48,747
Effective Gross Income		\$647,637

Proposed Cost Limit/Sq Ft: \$156
Applicable Cost Limit/Sq Ft: \$275

Rental Assistance? FALSE

Unit Breakdown	
Supp Hsg	0
# of Eff	0
# of 1BR	0
# of 2BR	0
# of 3BR	65
# of 4+ BR	0
Total Units	65

Expenses		
Category	Total	Per Unit
Administrative	\$102,950	\$1,584
Utilities	\$16,000	\$246
Operating & Maintenance	\$82,850	\$1,275
Taxes & Insurance	\$126,300	\$1,943
Total Operating Expenses	\$328,100	\$5,048
Replacement Reserves	\$19,500	\$300
Total Expenses	\$347,600	\$5,348

	Income Levels	Rent Levels
	# of Units	# of Units
<=30% AMI	0	0
40% AMI	0	7
50% AMI	33	26
60% AMI	32	32
>60% AMI	0	0
Market	0	0

Cash Flow	
EGI	\$647,637
Total Expenses	\$347,600
Net Income	\$300,037
Debt Service	\$272,669
Debt Coverage Ratio (YR1):	1.10

Income Averaging? TRUE

Extended Use Restriction? 30

2021 Low-Income Housing Tax Credit Application For Reservation

Virginia Housing is running a BETA test of new EUR calculations that will be considered for implementation in 2022. These points are only a test and will not be used for scoring purposes in 2021. Please contact taxcreditapps@virginiahousing.com with questions or comments.

Credit Points:

If the Combined Max Allowable is \$500,000 and the annual credit requested is \$200,000, you are providing a 60% savings for the program. This deal would receive all 200 credit points.

For another example, the annual credit requested is \$300,000 or a 40% savings for the program. Using a sliding scale, the credit points would be calculated by the difference between your savings and the desired 60% savings. Your savings divided by the goal of 60% times the max points of 200. In this example, $(40\%/60\%) \times 200$ or 133.33 points.

Using Current E-U-R method (up to 200)		86.65
Using proposed method:		
Combined Max	\$1,563,836	
Credit Requested	\$961,460	
% of Savings	38.52%	
Sliding Scale Points		128.4
<i>Difference</i>		41.75

Cost Points:

If the Applicable Cost by Square foot is \$238 and the deal's Proposed Cost by Square Foot was \$119, you are saving 50% of the applicable cost. This deal would receive all 100 credit points.

For another example, the Applicable Cost by SqFt is \$238 and the deal's Proposed Cost is \$153.04 or a savings of 35.70%. Using a sliding scale, your points would be calculated by the difference between your savings and the desired 50% savings. Your savings divided by the goal of 50% times the max points 100. In this example, $(35.7\%/50\%) \times 100$ or 71.40 points.

Using Current E-U-R method (up to 100)		24.62
Using proposed method:		
Total Costs Less Acquisition	\$14,961,150	
Total Square Feet	96,187.00	
Proposed Cost per SqFt	\$155.54	
Applicable Cost Limit per Sq Ft	\$275.00	
% of Savings	43.44%	
Sliding Scale Points		86.88
<i>Difference</i>		62.26

\$/SF = **\$153.23** Credits/SF = **9.995737** Const \$/unit = **\$181,147.000**

TYPE OF PROJECT
LOCATION
TYPE OF CONSTRUCTION

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

11000
400
1

In
Nova
400
1

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

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

	GENERAL							
	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
AVG UNIT SIZE	0.00	0.00	0.00	0.00	0.00	0.00	1,479.80	0.00
NUMBER OF UNITS	0	0	0	0	0	0	65	0
PARAMETER-(COSTS=>35,000)	0	0	0	0	0	0	300,816	0
PARAMETER-(COSTS<35,000)	0	0	0	0	0	0	0	0
PARAMETER-(COSTS=>50,000)	0	0	0	0	0	0	300,816	0
PARAMETER-(COSTS<50,000)	0	0	0	0	0	0	0	0
COST PARAMETER	0	0	0	0	0	0	300,816	0
PROJECT COST PER UNIT	0	0	0	0	0	0	226,756	0
PARAMETER-(CREDITS=>35,000)	0	0	0	0	0	0	26,100	0
PARAMETER-(CREDITS<35,000)	0	0	0	0	0	0	0	0
PARAMETER-(CREDITS=>50,000)	0	0	0	0	0	0	26,100	0
PARAMETER-(CREDITS<50,000)	0	0	0	0	0	0	0	0
CREDIT PARAMETER	0	0	0	0	0	0	26,100	0
PROJECT CREDIT PER UNIT	0	0	0	0	0	0	14,792	0
COST PER UNIT POINTS	0.00	0.00	0.00	0.00	0.00	0.00	24.62	0.00
CREDIT PER UNIT POINTS	0.00	0.00	0.00	0.00	0.00	0.00	86.65	0.00

TOTAL COST PER UNIT POINTS **24.62**

TOTAL CREDIT PER UNIT POINTS **86.65**

Cost Parameters - Elderly

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

Credit Parameters - Elderly

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

Cost Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
Standard Parameter - low rise	0	0	0	0	0	0	300,816	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	300,816	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	26,100	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	26,100	0

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

Cost Parameters - Elderly

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

Credit Parameters - Elderly

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

Cost Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
Standard Cost Parameter - low rise	0	0	0	0	0	0	300,816	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	300,816	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	26,100	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	26,100	0

\$/SF = **\$153.23** Credits/SF = **9.995737** Const \$/unit = **\$181,147.00**

TYPE OF PROJECT
LOCATION
TYPE OF CONSTRUCTION

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

11000
400
1

400
1

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

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

	GENERAL							
	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
AVG UNIT SIZE	0.00	0.00	0.00	0.00	0.00	0.00	1,479.80	0.00
NUMBER OF UNITS	0	0	0	0	0	0	65	0
PARAMETER-(COSTS=>35,000)	0	0	0	0	0	0	300,816	0
PARAMETER-(COSTS<35,000)	0	0	0	0	0	0	0	0
PARAMETER-(COSTS=>50,000)	0	0	0	0	0	0	300,816	0
PARAMETER-(COSTS<50,000)	0	0	0	0	0	0	0	0
COST PARAMETER	0	0	0	0	0	0	300,816	0
PROJECT COST PER UNIT	0	0	0	0	0	0	226,756	0
PARAMETER-(CREDITS=>35,000)	0	0	0	0	0	0	26,100	0
PARAMETER-(CREDITS<35,000)	0	0	0	0	0	0	0	0
PARAMETER-(CREDITS=>50,000)	0	0	0	0	0	0	26,100	0
PARAMETER-(CREDITS<50,000)	0	0	0	0	0	0	0	0
CREDIT PARAMETER	0	0	0	0	0	0	26,100	0
PROJECT CREDIT PER UNIT	0	0	0	0	0	0	14,792	0
COST PER UNIT POINTS	0.00	0.00	0.00	0.00	0.00	0.00	24.62	0.00
CREDIT PER UNIT POINTS	0.00	0.00	0.00	0.00	0.00	0.00	86.65	0.00

TOTAL COST PER UNIT POINTS **24.62**

TOTAL CREDIT PER UNIT POINTS **86.65**

Cost Parameters - Elderly

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

Credit Parameters - Elderly

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

Cost Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
Standard Parameter - low rise	0	0	0	0	0	0	300,816	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	300,816	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	26,100	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	26,100	0

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

Cost Parameters - Elderly

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

Credit Parameters - Elderly

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

Cost Parameters - General

	EFF-G	1 BR-G	2 BR-G	3 BR-G	4 BR-G	2 BR-TH	3 BR-TH	4 BR-TH
Standard Cost Parameter - low rise	0	0	0	0	0	0	300,816	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	300,816	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	26,100	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	26,100	0

A

Partnership or Operating Agreement

Including **chart of ownership structure with percentage of interests** and **draft developer fee agreement**
(MANDATORY)

OPERATING AGREEMENT

OF

**NEW WARWICK TOWNHOMES 3, LLC,
A VIRGINIA LIMITED LIABILITY COMPANY**

Dated as of August 7, 2020

**OPERATING AGREEMENT
OF
NEW WARWICK TOWNHOMES 3, LLC**

THIS OPERATING AGREEMENT (this "Agreement"), dated as of August 7, 2020, by and among Warwick Development Partners 2, LLC, a Virginia limited liability company (the "Managing Member") and Warwick 3 Developer, LLC (the "Initial Member"), provides as follows:

1. **FORMATION**. New Warwick Townhomes 3, LLC (the "Company") was formed as a Virginia limited liability company under the provisions of Chapter 12 of Title 13.1 of the Code of Virginia of 1950, as amended (the "Act"), pursuant to the Articles of Organization dated August 6, 2020 (the "Articles"). A certificate of organization was issued by the State Corporation Commission of Virginia with respect to the Articles on August 6, 2020.

2. **NAME AND PLACE OF BUSINESS**. The business of the Company shall be conducted under the name of New Warwick Townhomes 3, LLC. The principal office of the Company in Virginia shall be 204 Rivers Bend Blvd., Suite A, Chester, VA 23836. The principal office of the Company may be changed by the Members at any time and from time to time, in their discretion.

3. **PURPOSES**. The principal purpose of the Company is to own certain land and in the City of Richmond, Virginia, Virginia, on Warwick Road (the "Property"), and to own and develop the Property and to maintain and operate thereon phase three of Warwick Townhomes, a multifamily townhouse apartment complex (the "Apartment Complex"). The company may engage in any other lawful business as determined from time to time by the Members.

4. **MEMBERS**. Warwick Development Partners 3, LLC, a Virginia limited liability company, shall serve as the Managing Member, while Warwick 3 Developer, LLC, shall server as the Initial Member. Both have an address of 204 Rivers Bend Blvd., Suite A, Chester, VA 23836. The Company anticipates that the Initial Member will be replaced by a tax credit equity investor.

5. **MEMBER'S CAPITAL CONTRIBUTIONS**. Upon execution of this Agreement, the Member shall make the capital contribution set forth beside its name on Exhibit A attached hereto as its initial capital contribution in exchange for its membership interest in the Company. The Member shall not be required to make any further capital contributions, except as required in writing by the Members owning a majority of the membership interests.

6. **VOTING POWERS, MEETINGS, ETC. OF MEMBERS**.

6.01 In General. The Members shall not be entitled to participate in the day-to-day affairs and management of the Company, but instead, the Members' right to vote or otherwise participate with respect to matters relating to the Company shall be limited to those matters as to which the express terms of the Act, the Articles, or this Operating Agreement vest in the Members the right to so vote or otherwise participate.

6.02 Actions Requiring Approval of Members.

(a) Notwithstanding any other provision of this Operating Agreement, the approval of the Members shall be required in order for any of the following actions to be taken on behalf of the Company:

(1) Amending the Articles in any manner that materially alters the preferences, privileges or relative rights of the Members.

(2) Electing the Managers as provided in Article 7 hereof.

(3) Taking any action that would make it impossible to carry on the ordinary business of the Company.

(4) Confessing a judgment against the Company in excess of \$25,000.

(5) Filing or consenting to filing a petition for or against the Company under any federal or state bankruptcy, insolvency or reorganization act.

(6) Loaning Company funds in excess of \$25,000, or for a term in excess of one year, to any Member.

(b) Unless the express terms of this Operating Agreement specifically provide otherwise, the affirmative vote of a majority of the voting membership interests shall be necessary and sufficient in order to approve or consent to any of the matters set forth in Section 6.02(a) above or any other matters in this Operating Agreement that require the approval or consent of the Members.

6.03 Action by Members. In exercising their rights as provided above, the Members shall act collectively through meetings and/or written consents as provided in this Article.

6.04 Annual Meetings. The Members shall meet annually in the first Tuesday in January at 4:00 p.m. or at such other time as shall be determined by the Managers, or if there are no Managers, by the Members, for the purpose of the transaction of such business as may come properly before the meeting.

6.05 Special Meetings. Special meetings of the Members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the Managers, and shall be called by the Managers at the request of any Member.

6.06 Action by Written Consent. Any action required or permitted to be taken at a meeting of Members may be taken without a meeting if one or more written consents to such action are signed by the Members who are entitled to vote on the matter set forth in the consents and who constitute the requisite Voting Membership Interests necessary for adoption or approval of such matter on behalf of the Company. By way of example and not limitation, a majority of the Voting Membership Interests may take action as to any matter specified in Section 6.02 hereof by signing one or more written consents approving such action, without obtaining signed written consents from any other Members. Such consent or consents shall be filed with the minutes of the meetings of the Members. Action taken under this Section 6.06 shall be effective when the requisite Members have signed the consent or consents, unless the consent or consents specify a different effective date.

7. **MANAGERS**.

7.01 Powers of Manager. Except as expressly provided otherwise in the Act, the Articles or this Operating Agreement, the powers of the Company shall be exercised by or under the authority of, and the business and affairs of the Company shall be managed by, one or more Managing Members. The powers so exercised shall include but not be limited to the following:

(a) Entering into, making and performing contracts, agreements and other undertakings binding the Company that may be necessary, appropriate or advisable in furtherance of the purposes of the Company.

(b) Opening and maintaining bank accounts, investment accounts and other arrangements, drawing checks and other orders for the payment of money, and designating individuals with authority to sign or give instructions with respect to those accounts and arrangements. Company funds shall not be commingled with funds from other sources and shall be used solely for the business of the Company.

(c) Collecting funds due to the Company.

(d) Acquiring, utilizing for the Company's purposes, maintaining and disposing of any assets of the Company.

(e) To the extent that funds of the Company are available therefor, paying debts and obligations of the Company.

(f) Borrowing money or otherwise committing the credit of the Company for Company activities, and voluntarily prepaying or extending any such borrowings.

(g) Employing from time to time persons, firms or corporations for the operation and management of various aspects of the Company's business, including, without limitation, managing agents, contractors, subcontractors, architects, engineers, laborers,

suppliers, accountants and attorneys on such terms and for such compensation as the Managers shall determine, notwithstanding the fact that the Managers or any Member may have a financial interest in such firms or corporations.

(h) Making elections available to the Company under the Code.

(i) Obtaining general liability, property and other insurance for the Company, as the Managers deem proper.

(j) Taking such actions as may be directed by the Members in furtherance of their approval of any matter set forth in Section 6.02 hereof.

(k) Doing and performing all such things and executing, acknowledging and delivering any and all such instruments as may be in furtherance of the Company's purposes and necessary and appropriate to the conduct of its business.

7.02 Election of Managing Member. The Members hereby unanimously elect Warwick Development Partners 3, LLC, a Virginia limited liability company, to serve as Managing Member of the Company, to serve until its successor shall be duly elected and qualify.

7.03 Action by One Manager When There are Two or More Managers. Unless otherwise expressly provided by the Act, the Articles, or the terms of this Operating Agreement, when there are two or more Managers elected by the Members, any one of the Managers may act on behalf of the Company to exercise any of the powers of a Manager conferred by Section 7.01 hereof. Notwithstanding the foregoing, when a Manager has so acted on behalf of the Company, he or she must provide notice of his or her action on behalf of the Company to every other duly elected Manager.

7.04 Single Manager. If at any time there is only one person or entity serving as a Manager, such Manager shall be entitled to exercise all powers of the Managers set forth in this Section, and all references in this Section and otherwise in this Operating Agreement to "Managers" shall be deemed to refer to such single Manager.

7.05 Reliance by Other Persons. Any person dealing with the Company, other than a Member, may rely on the authority of a particular Manager or Managers in taking any action in the name of the Company, if such Manager or Managers provide to such person a copy of the applicable provision of this Operating Agreement and/or the resolution or written consent of the Managers or Members granting such authority, certified in writing by such Manager or Managers to be genuine and correct and not to have been revoked, superseded or otherwise amended.

7.06 Manager's Expenses and Fees. A Manager shall be entitled, but not required, to receive a reasonable salary for services rendered on behalf of the Company or in his capacity as a Manager. The amount of such salary shall be determined by the Managers and consented to by the Members, which consent shall not be unreasonably

withheld. The Company shall reimburse any Manager for reasonable out-of-pocket expenses which were or are incurred by the Manager on behalf of the Company with respect to the start-up or operation of the Company, the on-going conduct of the Company's business, or the dissolution and winding up of the Company and its business.

7.07 Indemnification. The Company shall indemnify each Manager, whether serving the Company or, at its request, any other Entity, to the full extent permitted by the Act. The foregoing rights of indemnification shall not be exclusive of any other rights to which the Managers may be entitled. The Managers may, upon the approval of the Members, take such action as is necessary to carry out these indemnification provisions and may adopt, approve and amend from time to time such resolutions or contracts implementing such provisions or such further indemnification arrangements as may be permitted by law.

7.08 Liability of Managers. So long as the Managers act in good faith with respect to the conduct of the business and affairs of the Company, no Manager shall be liable or accountable to the Company or to any of the Members, in damages or otherwise, for any error or judgment, for any mistake of fact or of law, or for any other act or thing which he may do or refrain from doing in connection with the business and affairs of the Company, except for willful misconduct or gross negligence or breach of fiduciary duty, and further except for breaches of contractual obligations or agreements between the Managers and the Company.

8. **GOVERNING LAW**. This Agreement, and the interpretation hereof, shall be governed exclusively by its terms and by the laws of the State of Virginia, without reference to choice of law provisions.

9. **BOOKS AND RECORDS**. The Members shall, at the Company's sole cost and expense, keep adequate books of account of the Company wherein shall be recorded and reflected, in accordance with generally accepted accounting principles, all of the Capital Contributions and all of the income, expenses and transactions of the Company and a list of the names and addresses, and interests held by the Members and any additional members in alphabetical order. All funds of the Company shall be deposited in a separate bank account or accounts as shall be determined by the Manager. All withdrawals therefrom shall be made upon checks signed by any Manager of the Company.

10. **FULL AUTHORITY**. Each of the parties and signatories to this Agreement has the full right, power, legal capacity and authority to enter into and perform the parties' respective obligations hereunder, and no approvals or consents of any other person are necessary in connection herewith.

IN WITNESS WHEREOF, the undersigned, being the Members of the Company, hereby agree, acknowledge, and certify that the foregoing Third Amended and Restated Operating Agreement constitutes the entire Operating Agreement of the Company, adopted as of the date first hereinabove mentioned.

Managing Member:

Warwick Development Partners 3, LLC,
a Virginia limited liability company

By: Gerald Burr, Jr.
Gerald "Junior" Burr, Jr., its Manager

Initial Member:

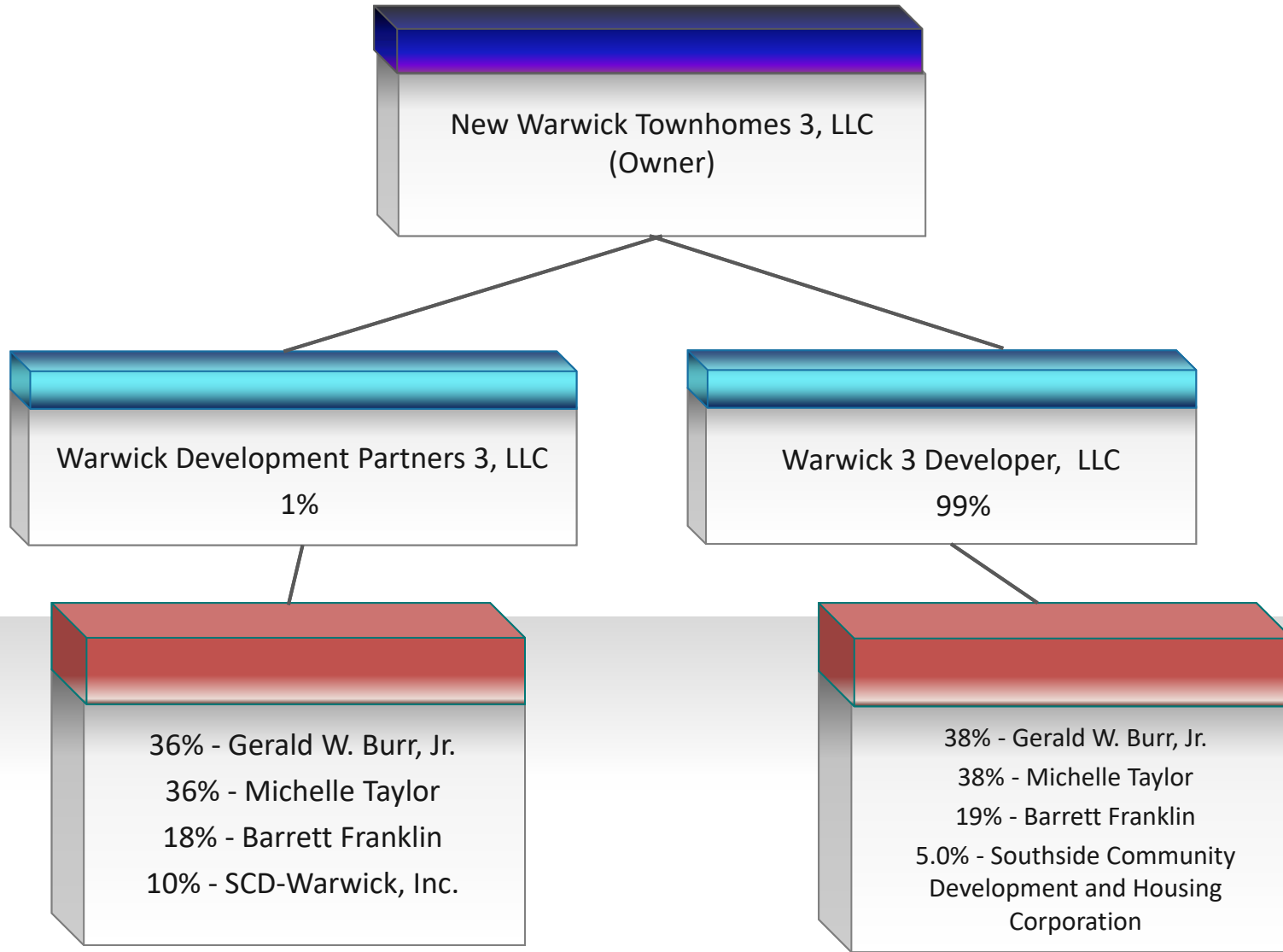
Warwick 3 Developer, LLC,
a Virginia limited liability company

By: Gerald Burr, Jr.
Gerald "Junior" Burr, Jr., its Manager

EXHIBIT A

<u>MEMBER</u>	<u>PERCENTAGE INTEREST</u>	<u>CAPITAL CONTRIBUTION</u>
Warwick Development Partners 3, LLC	1%	\$1.00
Warwick 3 Developer, LLC	99%	\$99.00
TOTAL:	<u>100%</u>	<u>\$100.00</u>

Townhomes at Warwick Place III ORGANIZATIONAL CHART



DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this "Agreement") made as of _____ between Warwick 3 Developer, LLC a Virginia limited liability company (the "Developer") and New Warwick Townhomes 3, LLC, a Virginia limited liability company (the "Company").

WITNESSETH:

WHEREAS, the Company has been formed to develop, construct, own, maintain and operate certain property as low-income residential rental housing, to be known as Townhomes at Warwick Place III, to be located at 5315 Warwick Rd, Richmond, 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 Five Hundred and Thirteen-thousand Dollars (\$513,000). 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) _____ percent (___%) on initial equity funding of the Project;
- (ii) _____ percent (___%) upon substantial completion of the Project; and
- (iii) _____ percent (___%) 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:

New Warwick Townhomes 3, LLC, a Virginia limited liability company

By: Warwick Development Partners 3, LLC
its managing member

By: _____
Name: Gerald W. Burr, Jr.

DEVELOPER:

Warwick 3 Developer, LLC
a Virginia limited liability company

By: _____
Name: Gerald W. Burr, Jr.

B

Virginia State Corporation
Commission Certification
(MANDATORY)

Commonwealth of Virginia



STATE CORPORATION COMMISSION

Richmond, August 6, 2020

This is to certify that the certificate of organization of

New Warwick Townhomes 3, LLC

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

Effective date: August 6, 2020



STATE CORPORATION COMMISSION

Attest:

A handwritten signature in cursive script, appearing to read "Bernard J. St. John".

Interim Clerk of the Commission

C

Principal's Previous
Participation Certification
(MANDATORY)



Previous Participation Certification

Development Name: _____

Name of Applicant (entity): _____

I hereby certify that:

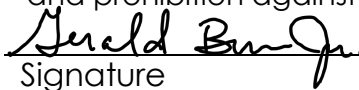
1. All the statements made by me are true, complete and correct to the best of my knowledge and belief and are made in good faith, including the data contained in Schedule A and any statements attached to this certification.
2. During any time that any of the participants were principals in any multifamily 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 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

Printed Name

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: Townhomes at Warwick Place III
 Name of Applicant: New Warwick Townhomes 3, 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 2005 (i.e. for the past 15 years)
- 4 Use separate pages as needed, for each principal.

Principal's Name: <u>Gerald W. Burr, Jr.</u>		Controlling GP (CGP) or 'Named' Managing Member of Proposed property?*				Y		Y or N	
36% owner of MM, Warwick Development Partners 3, LLC									
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 Townhomes at Warwick Place - Richmond, VA	New Warwick Townhomes, LLC 804-530-2109	Y	40	40	9/1/2015	7/27/2016	N		
2 Whittaker Place - Newport New, VA	Whittaker Place, LLC 757-595-2300	N	67	67	11/1/2019	8/18/2020	N		
3 Townhomes at Warwick Place II - Richmond, VA	New Warwick Townhomes 2, LLC 804-530-2109	Y	30	30	TBD	TBD	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.

ADD ADDITIONAL PROPERTIES USING NEXT TAB

List of LIHTC Developments (Schedule A)



Development Name: Townhomes at Warwick Place III
 Name of Applicant: New Warwick Townhomes 3, 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 2005 (i.e. for the past 15 years)
- 4 Use separate pages as needed, for each principal.

Principal's Name: Michelle Taylor Controlling GP (CGP) or 'Named' Managing Member of Proposed property? N
36% owner of MM, Y or N
Warwick Development Partners 3, LLC

	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	NO PREVIOUS EXPERIENCE							
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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: 0 0 #DIV/0! LIHTC as % of Total Units

List of LIHTC Developments (Schedule A)



Development Name: Townhomes at Warwick Place III
 Name of Applicant: New Warwick Townhomes 3, 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 2005 (i.e. for the past 15 years)
- 4 Use separate pages as needed, for each principal.

Principal's Name: Barrett Franklin Controlling GP (CGP) or 'Named' Managing Member of Proposed property? N
 18% owner of MM, Y or N
 Warwick Development Partners 3, LLC

	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	NO PREVIOUS EXPERIENCE							
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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: 0 0 #DIV/0! LIHTC as % of Total Units

ADD ADDITIONAL PROPERTIES USING NEXT TAB

List of LIHTC Developments (Schedule A)



Development Name: Townhomes at Warwick Place III
 Name of Applicant: New Warwick Townhomes 3, 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 2005 (i.e. for the past 15 years)
- 4 Use separate pages as needed, for each principal.

Principal's Name: SCD - Warwick, Inc. Controlling GP (CGP) or 'Named' Managing Member of Proposed property? N
 10% owner of MM, Y or N
 Warwick Development Partners 3, LLC

	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	Townhomes at Warwick Place - Richmond, VA	New Warwick Townhomes, LLC 804-530-2109	N	40	40	9/1/2015	7/27/2016	N
2	Townhomes at Warwick Place II - Richmond, VA	New Warwick Townhomes 2, LLC 804-530-2109	N	30	30	TBD	TBD	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: 70 70

LIHTC as % of Total Units 100%

E

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

Tax Map: C0070176037/C0070176033/C0070176072
After Recording mail to:
204 Rivers Bend Blvd., Suite A
Chester, VA 23836

Assessment: \$468,000.00
Consideration: \$172,500.00
Title Insurance Underwriter:
Chicago Title Insurance Company

THIS DEED OF BARGAIN AND SALE, made as of September 9, 2020, by and between, **Frank CAVA**, referred to in this deed as the Grantor(s), and **NEW WARWICK TOWNHOMES 3, LLC**, a Virginia limited liability company, referred to in this deed as the Grantee(s), provides the following:

WITNESSETH

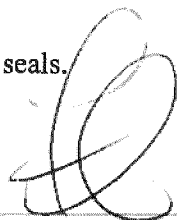
THAT for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Grantor(s) hereby grant and convey with General Warranty and English Covenants of Title, but subject to the terms hereof, to the Grantee(s), in fee simple, the following described real estate, to-wit:

**SEE SCHEDULE "A" ATTACHED HERETO
AND MADE A PART HEREOF**

This conveyance is made subject to the conditions, restrictions, easements and reservations of record to the extent they lawfully apply to the property conveyed by this deed.

This Deed was drafted by:
S. Page Allen, Esquire (VSB# 22909)
S. Page Allen & Associates, P.C.
11521-E Midlothian Turnpike
North Chesterfield, VA 23235
804-794-6161

WITNESS the following signatures and seals.



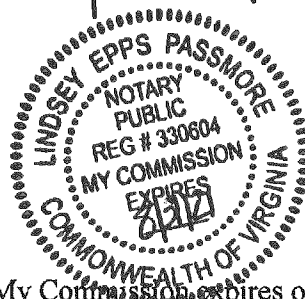
Frank Cava

(SEAL)

STATE OF Virginia
COUNTY/CITY OF Hennico

}
} to-wit:
}

The foregoing Deed of Bargain and Sale was acknowledged before me this 10th day of September, 2020, by Frank Cava.



Lindsey Epps Passmore
Notary Public

My Commission expires on 08 / 31 / 2021

Grantee's Mailing Address:

204 Rivers Bend Blvd., Suite A
Chester, VA 23836

SCHEDULE "A"

5315 Warwick Road:

All that certain lot, piece or parcel of land, with the improvements thereon and the appurtenances thereto belonging, lying and being in the City of Richmond, Virginia, and being known and designated as "(Right-of-way)" on that certain plat entitled "Survey & Map of 5.00 Acres of Land Off Warwick Road in Richmond, Virginia", which plat was dated August 23, 1973, and made by F.T. Seargent, C.L.S., Sandston, Virginia, said plat is recorded in the Clerk's Office, Circuit Court, City of Richmond, Virginia, in Deed Book 429, Page 592, to which plat reference is hereby made for a more particular description.

SUBJECT TO a perpetual Easement for the benefit of adjoining properties as reserved unto Allen White, et al, their successors and assigns, by instrument dated August 17, 1973 and recorded in the Clerk's Office, Circuit Court, City of Richmond, Virginia, Division II, in Deed Book 429, Page 591.

LESS AND EXCEPT that certain parcel of strip of land acquired by the Commonwealth of Virginia by Instrument recorded June 25, 1996, as Clerk's Instrument No. 96-14093; with Final Order Amending Certificate and Confirming Title recorded August 16, 2001 in Instrument No. 01-021442.

BEING the same real estate conveyed to Frank Cava, by Special Commissioner's Deed from Freedlander, Incorporated, and Gregory A. Lukanuski, Special Commissioner, dated October 20, 2017, recorded October 20, 2017 in the Clerk's Office, Circuit Court, City of Richmond, Virginia, as Instrument No. 170022150.

5323 Warwick Road:

All that certain lot, piece or parcel of land, with the improvements thereon and the appurtenances thereto belonging, lying and being in the City of Richmond, Virginia, and being known and designated as "5.00 Acres", as shown on that plat entitled "Survey & Map of 5.00 Acres of Land Off Warwick Road in Richmond, Virginia", which plat was dated August 23, 1973, and made by F.T. Seargent, C.L.S., Sandston, Virginia, said plat is recorded in the Clerk's Office, Circuit Court, City of Richmond, Virginia, in Deed Book 429, Page 592, to which plat reference is hereby made for a more particular description.

SUBJECT TO a certain Ordinance number 78-94 adopted by the City Council of the City of Richmond, Virginia, on May 8, 1978.

BEING the same real estate conveyed to Frank Cava by Special Commissioner's Deed from Freedlander, Incorporated and Gregory A. Lukanuski, Special Commissioner, dated October 20, 2017, recorded October 20, 2017 in the Clerk's Office, Circuit Court, City of Richmond, Virginia, as Instrument No. 170022151.

INSTRUMENT #200021485

5300 Rear Hull Street:

All that certain lot, piece or parcel of land, with improvements thereon and appurtenances thereto belonging, lying and being in the City of Richmond, Virginia, and being known and designated as 1.75 acres, more or less, as shown on that plat entitled "Survey & Map of 1.75 Acres of Land Off of Route 360 in Richmond, Virginia", dated August 23, 1973, made by F.T. Sargent, Certified Land Surveyor, Sandston, Virginia, recorded in the Clerk's Office of the Circuit Court, City of Richmond, Virginia, in Deed Book 432, at Page 634.

Together with an easement for construction, operation and maintenance of a sewer main across a certain strip of land as described in instrument dated November 5, 1973, and recorded in the Clerk's Office, Circuit Court, City of Richmond, Virginia, in Deed Book 432, page 632.

LESS AND EXCEPT that property acquired by Order recorded August 16, 2001, as Instrument No. 01-21442.

BEING the same real estate conveyed to Frank Cava by Special Commissioner's Deed from Gregory A. Lukanuski, Special Commissioner and Freedlander, Incorporated, owner of record dated October 20, 2017, recorded October 20, 2017 in the Clerk's Office, Circuit Court, City of Richmond, Virginia, recorded as Instrument No. 170022149.

INSTRUMENT #200021485

VIRGINIA: CITY OF RICHMOND

This document was admitted to record on September 17 2020 at 12:16 PM. The taxes imposed by Virginia Code Section 58.1-801, 58.1-802 & 58.1-814 have been paid.

State Tax	Local Tax	Additional Tax
\$1170.00	\$390.00	\$468.00

TESTE: EDWARD F. JEWETT, CLERK

BY ATH

Deputy Clerk

200031228

TAX PARCEL #: C0070176039
PREPARED BY:
William K. Lewis (VSB #21965)
Beale, Davidson, Etherington & Morris, P.C.
1001 Boulders Parkway, Suite 510
Richmond, Virginia 23225

Consideration \$240,000.00

Assessed Value \$132,000.00

Grantee's Address: **207 Potter Ln., Yorktown, VA 23693**

Title: Chicago Title Insurance Company

DEED OF BARGAIN AND SALE

THIS IS A DEED OF BARGAIN AND SALE made as of the 18 day of December, 2020.

GRANTOR(S)
GRACE W. HARRIS

GRANTEE(S)
NEW WARWICK TOWNHOMES 3

That for and in consideration of the sum of Ten Dollars (\$10.00) cash in hand paid by the Grantee(s) to the Grantor(s) and other good and valuable consideration, the receipt of which is hereby acknowledged the Grantor(s) do hereby grant and convey to Grantee(s), subject to such matters as are set out in this Deed, with General Warranty and English Covenants of Title, in fee simple, the following described real estate (the "real estate"):

See attached Schedule A

This conveyance is made subject to recorded conditions, restrictions and easements affecting the real estate.

200031228

WITNESS the following signature and seal.

Grace W. Harris
Grace W. Harris

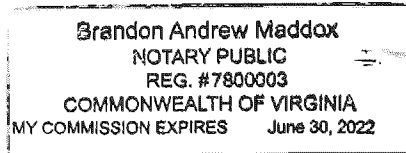
By Pauline Shabazz, her attorney-in-fact
By Pauline Shabazz, her attorney-in-fact

State: Virginia
City/County of Henrico,

This Deed was acknowledged before me on the 18 day of December, 2020,
by Grace W. Harris and By Pauline Shabazz, her attorney-in-fact.

My commission expires: June 30, 2022
Notary registration number: 7800003

[Signature]
Notary Public



200031228

SCHEDULE A

All that certain piece or parcel of land, together with all improvements thereon and appurtenances thereunto belonging, lying and being in the City of Richmond, Virginia (formerly Manchester District, Chesterfield County, Virginia) containing 0.562 acre, all as more fully shown on plat of survey by LaPrade Bros., Civil Engineers, Richmond, Va., dated January 20, 1965, entitled "Map of 0.562 Acres of Land Situated in Manchester Dist., Chesterfield Co., VA. Surveyed At The Request of Norman Harris", a copy of which was recorded in Deed Book 783, at Page 321.

It being the same property conveyed to Norman W. Harris and Grace W. Harris, husband and wife, as tenants by the entirety with right of survivorship as at common law by Deed from Norman W. Harris and Grace W. Harris, husband and wife and Allen White and Edna White, husband and wife dated February 22, 1965, recorded March 12, in the Clerk's Office of the Circuit Court of Richmond City, Virginia, in Deed Book 783, Page 321 (Chesterfield).

The said Norman W. Harris died July 24, 1992 thereby vesting fee simple title in Grace W. Harris by right of survivorship.

INSTRUMENT 200031228
RECORDED IN THE CLERK'S OFFICE OF
RICHMOND CITY CIRCUIT COURT ON
DECEMBER 28, 2020 AT 12:47 PM
\$240.00 GRANTOR TAX WAS PAID AS
REQUIRED BY SEC 58.1-802 OF THE VA. CODE
STATE: \$120.00 LOCAL: \$120.00
EDWARD F. JEWETT, CLERK
RECORDED BY: ATH

Property: 5300 Rear Hull Street Road **Parcel ID:** C0070176072

Parcel

Street Address: 5300 Rear Hull Street Road Richmond, VA 23224-
Alternate Street Addresses: 5300 Hull Street Road Rear
Owner: NEW WARWICK TOWNHOMES 3 LLC
Mailing Address: 204 RIVERS BEND BLVD STE A, CHESTER, VA 23836
Subdivision Name : NONE
Parent Parcel ID:
Assessment Area: 472 - Hull St
Property Class: 401 - B Commercial Vacant Land
Zoning District: R-48 - Residential (Multi-Family)
Exemption Code: -

Current Assessment

Effective Date: 01/01/2021
Land Value: \$106,000
Improvement Value:
Total Value: \$106,000
Area Tax: \$0
Special Assessment District: None

Land Description

Parcel Square Feet: 76230
Acreage: 1.75
Property Description 1: AQUARIUS SOUTH APTS PHASE II
Property Description 2: 0127.00X0767.78 IRG0001.750 AC
State Plane Coords(?): X= 11775196.849017 Y= 3704306.455612
Latitude: 37.49157546 , **Longitude:** -77.49184857

Description

Land Type: Primary Commercial/Indust Land
Topology: Level
Front Size: 127
Rear Size: 767
Parcel Square Feet: 76230
Acreage: 1.75
Property Description 1: AQUARIUS SOUTH APTS PHASE II
Property Description 2: 0127.00X0767.78 IRG0001.750 AC
Subdivision Name : NONE
State Plane Coords(?): X= 11775196.849017 Y= 3704306.455612
Latitude: 37.49157546 , **Longitude:** -77.49184857

Other

Street improvement: Paved
Sidewalk: Yes

Assessments

Assessment Year	Land Value	Improvement Value	Total Value	Reason
2021	\$106,000	\$0	\$106,000	Reassessment
2020	\$106,000	\$0	\$106,000	Reassessment
2019	\$106,000	\$0	\$106,000	Reassessment
2018	\$106,000	\$0	\$106,000	Reassessment
2017	\$106,000	\$0	\$106,000	Reassessment
2016	\$106,000	\$0	\$106,000	Reassessment
2015	\$105,000	\$0	\$105,000	Reassessment
2014	\$105,000	\$0	\$105,000	Reassessment
2013	\$108,000	\$0	\$108,000	Reassessment
2012	\$108,000	\$0	\$108,000	Reassessment
2011	\$108,000	\$0	\$108,000	CarryOver
2010	\$108,000	\$0	\$108,000	Reassessment
2009	\$108,000	\$0	\$108,000	Reassessment
2008	\$108,000	\$0	\$108,000	Reassessment
2007	\$108,000	\$0	\$108,000	Reassessment
2005	\$108,000	\$0	\$108,000	Reassessment
2004	\$18,200	\$24,200	\$42,400	Reassessment
2003	\$18,000	\$24,000	\$42,000	Reassessment
2002	\$18,000	\$24,000	\$42,000	Reassessment
1998	\$18,000	\$24,000	\$42,000	Not Available

Transfers

Transfer Date	Consideration Amount	Grantor Name	Deed Reference	Verified Market Sale Description
09/17/2020	\$172,500	CAVA FRANK	ID2020-21485	2 - INVALID SALE-Sale Includes Multiple Parcels
10/20/2017	\$25,000	FREEDLANDER INC	ID2017-22149	2 - INVALID SALE-Foreclosure, Forced Sale etc.
01/03/1980	\$0	Not Available	00561-0107	
05/04/1979	\$0	Not Available	000553-01874	
04/17/1979	\$115,000	Not Available	000553-00919	

Planning

Master Plan Future Land Use: SF-LD
Zoning District: R-48 - Residential (Multi-Family)
Planning District: Midlothian
Traffic Zone: 1178
City Neighborhood Code: SWNS
City Neighborhood Name: Swanson
Civic Code:
Civic Association Name:
Subdivision Name: NONE
City Old and Historic District:
National historic District:
Neighborhoods in Bloom:
Redevelopment Conservation Area:

Economic Development

Care Area: -
Enterprise Zone:

Environment

100 YEAR Flood Plain Flag: Contact the Water Resources Division at 646-7586.
500 YEAR Flood Plain Flag: N
Resource Protection Flag: Contact the Water Resources Division at 646-7586.
Wetland Flag: N

Census

Census Year	Block	Block Group	Tract
2000	1000	0707001	070700
1990	145	0707001	070700

Schools

Elementary School: GH Reid
Middle School: Elkhardt
High School: Huguenot

Public Safety

Police Precinct: 2
Police Sector: 212
Fire District: 23
Dispatch Zone: 176B

Public Works Schedules

Street Sweep: TBD
Leaf Collection: TBD
Refuse Collection: Tuesday
Bulk Collection: TBD

Government Districts

Council District: 9
Voter Precinct: 910
State House District: 69
State Senate District: 10
Congressional District: 4

Property: 5311 Warwick Road **Parcel ID:** C0070176039**Parcel**

Street Address: 5311 Warwick Road Richmond, VA 23224-
Owner: NEW WARWICK TOWNHOMES 3
Mailing Address: 207 POTTER LANE, YORKTOWN, VA 23693
Subdivision Name : NONE
Parent Parcel ID:
Assessment Area: 194 - Warwick / Swanson
Property Class: 110 - R One Story
Zoning District: R-4 - Residential (Single Family)
Exemption Code: -

Current Assessment

Effective Date: 01/01/2021
Land Value: \$30,000
Improvement Value: \$98,000
Total Value: \$128,000
Area Tax: \$0
Special Assessment District: None

Land Description

Parcel Square Feet: 20984
Acreage: 0.482
Property Description 1: 0082.18X0300.16 IRG0000.000
State Plane Coords(?): X= 11775258.670744 Y= 3705077.677823
Latitude: 37.49450440 , **Longitude:** -77.49205577

Description

Land Type: Residential Lot A
Topology: Level
Front Size: 82
Rear Size: 300
Parcel Square Feet: 20984
Acreage: 0.482
Property Description 1: 0082.18X0300.16 IRG0000.000
Subdivision Name : NONE
State Plane Coords(?): X= 11775258.670744 Y= 3705077.677823
Latitude: 37.49450440 , **Longitude:** -77.49205577

Other

Street improvement: Paved
Sidewalk: Yes

Assessments

Assessment Year	Land Value	Improvement Value	Total Value	Reason
2021	\$30,000	\$98,000	\$128,000	Reassessment
2020	\$30,000	\$102,000	\$132,000	Reassessment
2019	\$30,000	\$91,000	\$121,000	Reassessment
2018	\$30,000	\$86,000	\$116,000	Reassessment
2017	\$25,000	\$90,000	\$115,000	Reassessment
2016	\$25,000	\$85,000	\$110,000	Reassessment
2015	\$25,000	\$85,000	\$110,000	Reassessment
2014	\$25,000	\$84,000	\$109,000	Reassessment
2013	\$25,000	\$69,000	\$94,000	Reassessment
2012	\$25,000	\$72,000	\$97,000	Reassessment
2011	\$25,000	\$78,000	\$103,000	CarryOver
2010	\$25,000	\$78,000	\$103,000	Reassessment
2009	\$25,000	\$78,000	\$103,000	Reassessment
2008	\$25,000	\$78,000	\$103,000	Reassessment
2007	\$25,000	\$75,700	\$100,700	Reassessment
2006	\$9,200	\$72,100	\$81,300	Reassessment
2005	\$8,900	\$59,100	\$68,000	Reassessment
2004	\$8,100	\$53,700	\$61,800	Reassessment
2003	\$8,100	\$53,700	\$61,800	Reassessment
2002	\$7,600	\$50,200	\$57,800	Reassessment
1998	\$7,000	\$46,500	\$53,500	Not Available

Transfers

Transfer Date	Consideration Amount	Grantor Name	Deed Reference	Verified Market Sale Description
12/28/2020	\$240,000	HARRIS NORMAN W & GRACE W	ID2020-31228	2 - INVALID SALE-Special Financing/Terms, etc.
03/12/1965	\$500	Not Available	00783-0321	

Planning

Master Plan Future Land Use: SF-LD
Zoning District: R-4 - Residential (Single Family)
Planning District: Midlothian
Traffic Zone: 1178
City Neighborhood Code: SWNS
City Neighborhood Name: Swanson
Civic Code:
Civic Association Name:
Subdivision Name: NONE
City Old and Historic District:
National historic District:
Neighborhoods in Bloom:
Redevelopment Conservation Area:

Economic Development

Care Area: -
Enterprise Zone:

Environment

100 YEAR Flood Plain Flag: Contact the Water Resources Division at 646-7586.
500 YEAR Flood Plain Flag: N
Resource Protection Flag: Contact the Water Resources Division at 646-7586.
Wetland Flag: N

Census

Census Year	Block	Block Group	Tract
2000	1000	0707001	070700
1990	145	0707001	070700

Schools

Elementary School: GH Reid
Middle School: Elkhardt
High School: Huguenot

Public Safety

Police Precinct: 2
Police Sector: 212
Fire District: 23
Dispatch Zone: 176B

Public Works Schedules

Street Sweep: TBD
Leaf Collection: TBD
Refuse Collection: Tuesday
Bulk Collection: TBD

Government Districts

Council District: 9
Voter Precinct: 910
State House District: 69
State Senate District: 10
Congressional District: 4

Extension 1 Details

age

Extension Name: R01 - Residential record #01
Year Built: 1964
Stories: 1
Units: 0
Number Of Rooms: 7
Number Of Bed Rooms: 3
Number Of Full Baths: 1
Number Of Half Baths: 0
Condition: normal for

Foundation Type: Full Crawl
1st Predominant Exterior: Brick
2nd Predominant Exterior: N/A
Roof Style: Gable
Roof Material: Comp sh to 235#
Interior Wall: Drywall
Floor Finish: Hardwood-std oak
Heating Type: Heat pump
Central Air: Y
Basement Garage Car #: 0
Fireplace: Y

Building Description (Out Building and Yard Items) :

Extension 1 Dimensions

Finished Living Area: 1344 Sqft
Attic: 0 Sqft
Finished Attic: 0 Sqft
Basement: 0 Sqft
Finished Basement: 0 Sqft
Attached Garage: 0 Sqft
Detached Garage: 0 Sqft
Attached Carport: 0 Sqft
Enclosed Porch: 0 Sqft
Open Porch: 0 Sqft
Deck: 0 Sqft

Property: 5315 Warwick Road **Parcel ID:** C0070176037**Parcel**

Street Address: 5315 Warwick Road Richmond, VA 23224-
Owner: NEW WARWICK TOWNHOMES 3 LLC
Mailing Address: 204 RIVERS BEND BLVD STE A, CHESTER, VA 23836
Subdivision Name : NONE
Parent Parcel ID:
Assessment Area: 194 - Warwick / Swanson
Property Class: 101 - R Single Family Vacant (R1-R7)
Zoning District: R-4 - Residential (Single Family)
Exemption Code: -

Current Assessment

Effective Date: 01/01/2021
Land Value: \$15,000
Improvement Value:
Total Value: \$15,000
Area Tax: \$0
Special Assessment District: None

Land Description

Parcel Square Feet: 8151
Acreage: 0.187
Property Description 1: 0050.24X0362.28 IRG0000.000
State Plane Coords(?): X= 11775212.429366 Y= 3705133.223972
Latitude: 37.49432918 , **Longitude:** -77.49261526

Description

Land Type: Residential Lot A
Topology: Level
Front Size: 50
Rear Size: 362
Parcel Square Feet: 8151
Acreage: 0.187
Property Description 1: 0050.24X0362.28 IRG0000.000
Subdivision Name : NONE
State Plane Coords(?): X= 11775212.429366 Y= 3705133.223972
Latitude: 37.49432918 , **Longitude:** -77.49261526

Other

Street improvement: Paved
Sidewalk: Yes

Assessments

Assessment Year	Land Value	Improvement Value	Total Value	Reason
2021	\$15,000	\$0	\$15,000	Reassessment
2020	\$13,000	\$0	\$13,000	Reassessment
2019	\$13,000	\$0	\$13,000	Reassessment
2018	\$13,000	\$0	\$13,000	Reassessment
2017	\$10,000	\$0	\$10,000	Reassessment
2016	\$5,000	\$0	\$5,000	Reassessment
2015	\$5,000	\$0	\$5,000	Reassessment
2014	\$5,000	\$0	\$5,000	Reassessment
2013	\$3,000	\$0	\$3,000	Reassessment
2012	\$3,000	\$0	\$3,000	Reassessment
2011	\$3,000	\$0	\$3,000	CarryOver
2010	\$3,000	\$0	\$3,000	Reassessment
2009	\$3,000	\$0	\$3,000	Reassessment
2008	\$3,000	\$0	\$3,000	Reassessment
2007	\$3,000	\$0	\$3,000	Reassessment
2006	\$3,000	\$0	\$3,000	Reassessment
2005	\$2,900	\$0	\$2,900	Reassessment
2004	\$2,400	\$0	\$2,400	Reassessment
2003	\$2,400	\$0	\$2,400	Reassessment
2002	\$2,200	\$0	\$2,200	Reassessment
1998	\$2,000	\$0	\$2,000	Not Available

Transfers

Transfer Date	Consideration Amount	Grantor Name	Deed Reference	Verified Market Sale Description
09/17/2020	\$172,500	CAVA FRANK	ID2020-21485	2 - INVALID SALE-Sale Includes Multiple Parcels
10/20/2017	\$12,500	FREEDLANDER INC	ID2017-22150	1 - VALID SALE-Valid, Use in Ratio Analysis
01/03/1980	\$0	Not Available	00561-0107	
05/04/1979	\$0	Not Available	000553-01874	
04/17/1979	\$0	Not Available	000553-00919	

Planning

Master Plan Future Land Use: SF-LD
Zoning District: R-4 - Residential (Single Family)
Planning District: Midlothian
Traffic Zone: 1178
City Neighborhood Code: SWNS
City Neighborhood Name: Swanson
Civic Code:
Civic Association Name:
Subdivision Name: NONE
City Old and Historic District:
National historic District:
Neighborhoods in Bloom:
Redevelopment Conservation Area:

Economic Development

Care Area: -
Enterprise Zone:

Environment

100 YEAR Flood Plain Flag: Contact the Water Resources Division at 646-7586.
500 YEAR Flood Plain Flag: N
Resource Protection Flag: Contact the Water Resources Division at 646-7586.
Wetland Flag: N

Census

Census Year	Block	Block Group	Tract
2000	1000	0707001	070700
1990	145	0707001	070700

Schools

Elementary School: GH Reid
Middle School: Elkhardt
High School: Huguenot

Public Safety

Police Precinct: 2
Police Sector: 212
Fire District: 23
Dispatch Zone: 176B

Public Works Schedules

Street Sweep: TBD
Leaf Collection: TBD
Refuse Collection: Tuesday
Bulk Collection: TBD

Government Districts

Council District: 9
Voter Precinct: 910
State House District: 69
State Senate District: 10
Congressional District: 4

Property: 5323 Warwick Road **Parcel ID:** C0070176033**Parcel**

Street Address: 5323 Warwick Road Richmond, VA 23225-
Owner: NEW WARWICK TOWNHOMES 3 LLC
Mailing Address: 204 RIVERS BEND BLVD STE A, CHESTER, VA 23836
Subdivision Name : NONE
Parent Parcel ID:
Assessment Area: 472 - Hull St
Property Class: 401 - B Commercial Vacant Land
Zoning District: R-4 - Residential (Single Family)
Exemption Code: -

Current Assessment

Effective Date: 01/01/2021
Land Value: \$349,000
Improvement Value:
Total Value: \$349,000
Area Tax: \$0
Special Assessment District: None

Land Description

Parcel Square Feet: 217800
Acreage: 5
Property Description 1: AQUARIUS SOUTH APTS PHASE II
Property Description 2: 0881.66X0334.84 IRG0005.000 AC
State Plane Coords(?): X= 11774822.997731 Y= 3704744.899617
Latitude: 37.49394678 , **Longitude:** -77.49304018

Description

Land Type: Primary Commercial/Indust Land
Topology:
Front Size: 881
Rear Size: 334
Parcel Square Feet: 217800
Acreage: 5
Property Description 1: AQUARIUS SOUTH APTS PHASE II
Property Description 2: 0881.66X0334.84 IRG0005.000 AC
Subdivision Name : NONE
State Plane Coords(?): X= 11774822.997731 Y= 3704744.899617
Latitude: 37.49394678 , **Longitude:** -77.49304018

Other

Street improvement:
Sidewalk:

Assessments

Assessment Year	Land Value	Improvement Value	Total Value	Reason
2021	\$349,000	\$0	\$349,000	Reassessment
2020	\$349,000	\$0	\$349,000	Reassessment
2019	\$349,000	\$0	\$349,000	Reassessment
2018	\$349,000	\$0	\$349,000	Reassessment
2017	\$349,000	\$0	\$349,000	Reassessment
2016	\$349,000	\$0	\$349,000	Reassessment
2015	\$407,000	\$0	\$407,000	Reassessment
2014	\$407,000	\$0	\$407,000	Reassessment
2013	\$407,000	\$0	\$407,000	Reassessment
2012	\$407,000	\$0	\$407,000	Reassessment
2011	\$407,000	\$0	\$407,000	CarryOver
2010	\$407,000	\$0	\$407,000	Reassessment
2009	\$407,000	\$0	\$407,000	Reassessment
2008	\$407,000	\$0	\$407,000	Reassessment
2007	\$406,200	\$0	\$406,200	Reassessment
2006	\$386,900	\$0	\$386,900	Reassessment
2005	\$368,500	\$0	\$368,500	Reassessment
2004	\$335,000	\$0	\$335,000	Reassessment
2003	\$330,000	\$0	\$330,000	Reassessment
2002	\$300,000	\$0	\$300,000	Reassessment
2001	\$300,000	\$0	\$300,000	Reassessment
1998	\$300,000	\$0	\$300,000	Not Available

Transfers

Transfer Date	Consideration Amount	Grantor Name	Deed Reference	Verified Market Sale Description
09/17/2020	\$172,500	CAVA FRANK	ID2020-21485	2 - INVALID SALE-Sale Includes Multiple Parcels
10/20/2017	\$89,000	FREEDLANDER INC	ID2017-22151	2 - INVALID SALE-Foreclosure, Forced Sale etc.
01/03/1980	\$100,000	Not Available	00561-0107	
05/04/1979	\$35,000	Not Available	000553-01874	
04/17/1979	\$0	Not Available	000553-00919	

Planning

Master Plan Future Land Use: SF-LD
Zoning District: R-4 - Residential (Single Family)
Planning District: Midlothian
Traffic Zone: 1178
City Neighborhood Code: SWNS
City Neighborhood Name: Swanson
Civic Code:
Civic Association Name:
Subdivision Name: NONE
City Old and Historic District:
National historic District:
Neighborhoods in Bloom:
Redevelopment Conservation Area:

Economic Development

Care Area: -
Enterprise Zone:

Environment

100 YEAR Flood Plain Flag: Contact the Water Resources Division at 646-7586.
500 YEAR Flood Plain Flag: N
Resource Protection Flag: Contact the Water Resources Division at 646-7586.
Wetland Flag: N

Census

Census Year	Block	Block Group	Tract
2000	1040	0707001	070700
1990	146	0707001	070700

Schools

Elementary School: GH Reid
Middle School: Elkhardt
High School: Huguenot

Public Safety

Police Precinct: 2
Police Sector: 212
Fire District: 23
Dispatch Zone: 176B

Public Works Schedules

Street Sweep: TBD
Leaf Collection: TBD
Refuse Collection: Tuesday
Bulk Collection: TBD

Government Districts

Council District: 9
Voter Precinct: 910
State House District: 69
State Senate District: 10
Congressional District: 4

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

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

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

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

Additional Optional Certifications

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

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

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

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: 3/16/21

Printed Name: Stacey Smith

RESNET Rater

Resnet Provider Agency
Viridian

Signature [Signature]

Provider Contact and Phone/Email Sean Evensen-Shanley (804)212-1934 /sean.shanley@viridian.org



Townhomes at Warwick Place III
2021 LIHTC Pre-Review Comments

Project Address

5315 Warwick Road
Richmond, VA 23224

Project Summary

Townhomes at Warwick Place III is a new construction low-rise multifamily development, comprised of 65 units located in Richmond, VA. As part of their funding application, New Warwick Townhomes 3, LLC, is seeking certification under the ENERGY STAR for Homes V3 as well as EarthCraft Multifamily V6 Gold Level. This level of certification requires the project to have a maximum HERS index compliant with ENERGY STAR floating HERS target and compliance with all ENERGY STAR required checklists, as well as 150 points in the Earthcraft workbook. Sarah McInerney of Walter Parks Architects is the primary architect contact for the project.

Unit-Level Energy Modeling

Unit-level models were generated using Ekotrope v3.2.4 based on the proposed scope and plans provided by the project team dated March 9, 2021. The following outlines the scope as it is currently modeled.

Enclosure:

- R-10 Grade I slab insulation
- R-13 Grade I cavity insulation and R-3 continuous exterior insulation in exterior above grade walls and rim & band exterior insulation
- R-50(+/-) Continuous roof deck insulation at level one exterior roof
- R-38 blown Attic insulation at top floor ceiling
- 0.21 U-Value for opaque doors
- 0.22 U-Value/0.30 SHGC windows

Mechanicals:

- SEER 15, HSPF 8.5, 24k air source heat pump, programmable thermostat
- 0.93 UEF storage electric water heaters, 40 gallon
- 5 ACH₅₀ for infiltration threshold/blower door test
- 4% duct leakage to the outside, 8% total duct leakage
- Ducts within conditioned space and insulated to R-6
- Air Cyclor mechanical ventilation (250 watts assumed , 24 hours a day, 75 CFM)

Lights & Appliances:

- ENERGY STAR rated laundry equipment
- ENERGY STAR rated kitchen appliances
 - 616 kWh/yr refrigerator
 - 270 kWh/yr dishwasher
- Advanced lighting 100% LED



Unit Type	Quantity	HERS	Required HERS
Unit A	17	67	77
Unit B	17	68	78
Unit C	15	68	77
Unit D	16	70	77

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, appearing to read "Stacey Smith".

Stacey Smith
Project Manager, Viridiant



viridiant

Project Name: Townhomes at Warwick Place III
Construction Type: New Construction
Energy Efficiency Path: Energy Star

Unit Type	Quantity	HERS
Unit A	17	67
Unit B	17	68
Unit C	15	68
Unit D	16	70
Projected Project HERS - Weighted Average		68

Home Energy Rating Certificate

Projected Report

Rating Date: 2021-03-10

Registry ID:

Ekotrope ID: 3LMWq5Jv

HERS® Index Score:

68

Your home's HERS score is a relative performance score. The lower the number, the more energy efficient the home. To learn more, visit www.hersindex.com

Annual Savings

\$816

*Relative to an average U.S. home

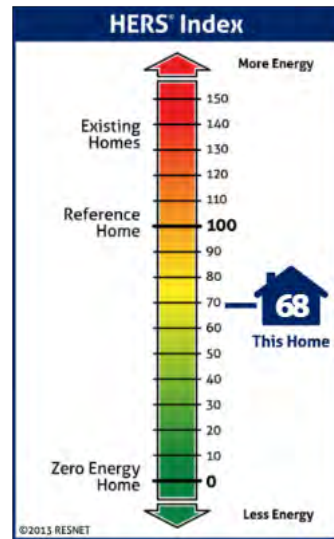
Home:
5315 Warwick Road
Richmond, VA 23224

Builder:

Your Home's Estimated Energy Use:

	Use [MBtu]
Heating	12.5
Cooling	2.7
Hot Water	5.3
Lights/Appliances	18.9
Service Charges	
Generation (e.g. Solar)	0.0
Total:	39.4

This home meets or exceeds the criteria of the following:



Home Feature Summary:

Home Type:	Townhouse, inside unit
Model:	2BR TH - Interior - Unit B
Community:	TH at Warwick Place III
Conditioned Floor Area:	1,604 ft ²
Number of Bedrooms:	2
Primary Heating System:	Air Source Heat Pump • Electric • 8.5 HSPF
Primary Cooling System:	Air Source Heat Pump • Electric • 15 SEER
Primary Water Heating:	Water Heater • Electric • 0.93 UEF
House Tightness:	5 ACH50
Ventilation:	75 CFM • 250 Watts
Duct Leakage to Outside:	4 CFM25 / 100 ft ²
Above Grade Walls:	R-16
Ceiling:	Attic, R-38
Window Type:	U-Value: 0.22, SHGC: 0.3
Foundation Walls:	N/A

Rating Completed by:

Energy Rater: Stacey Smith
RESNET ID: 2279319

Rating Company: Viridiant
1431 W. Main Street, Richmond, VA 23220

Rating Provider: Viridiant
1431 W. Main Street, Richmond, VA 23220


Stacey Smith, Certified Energy Rater
Digitally signed: 3/16/21 at 2:03 PM



Home Energy Rating Certificate

Projected Report

Rating Date: 2021-03-10

Registry ID:

Ekotrope ID: B26obpDL

HERS® Index Score:

67

Your home's HERS score is a relative performance score. The lower the number, the more energy efficient the home. To learn more, visit www.hersindex.com

Annual Savings

\$851

*Relative to an average U.S. home

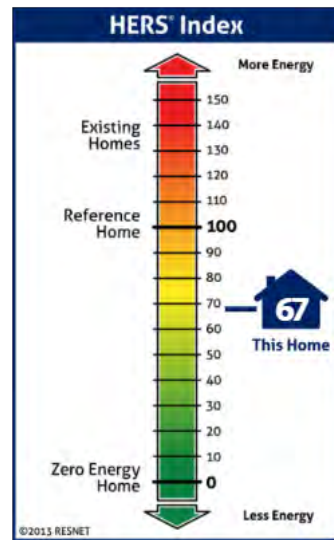
Home:
5315 Warwick Road
Richmond, VA 23224

Builder:

Your Home's Estimated Energy Use:

	Use [MBtu]
Heating	12.7
Cooling	3.1
Hot Water	6.9
Lights/Appliances	19.7
Service Charges	
Generation (e.g. Solar)	0.0
Total:	42.5

This home meets or exceeds the criteria of the following:



Home Feature Summary:

Home Type:	Townhouse, end unit
Model:	3BR TH Unit A
Community:	TH at Warwick Place III
Conditioned Floor Area:	1,489 ft ²
Number of Bedrooms:	3
Primary Heating System:	Air Source Heat Pump • Electric • 8.5 HSPF
Primary Cooling System:	Air Source Heat Pump • Electric • 15 SEER
Primary Water Heating:	Water Heater • Electric • 0.93 UEF
House Tightness:	5 ACH50
Ventilation:	75 CFM • 250 Watts
Duct Leakage to Outside:	4 CFM25 / 100 ft ²
Above Grade Walls:	R-16
Ceiling:	Attic, R-38
Window Type:	U-Value: 0.22, SHGC: 0.3
Foundation Walls:	N/A

Rating Completed by:

Energy Rater: Stacey Smith
RESNET ID: 2279319

Rating Company: Viridiant
1431 W. Main Street, Richmond, VA 23220

Rating Provider: Viridiant
1431 W. Main Street, Richmond, VA 23220

Stacey Smith, Certified Energy Rater
Digitally signed: 3/16/21 at 2:03 PM



Home Energy Rating Certificate

Projected Report

Rating Date: 2021-03-10

Registry ID:

Ekotrope ID: wdkRb73L

HERS® Index Score:

70

Your home's HERS score is a relative performance score. The lower the number, the more energy efficient the home. To learn more, visit www.hersindex.com

Annual Savings

\$782

*Relative to an average U.S. home

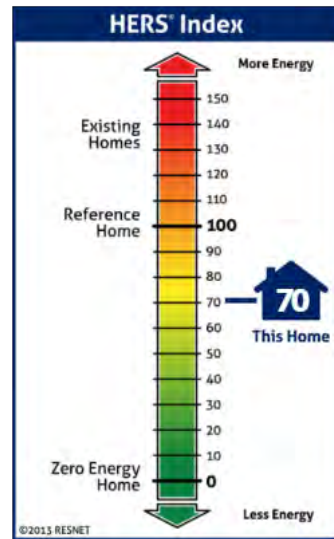
Home:
5315 Warwick Road
Richmond, VA 23224

Builder:

Your Home's Estimated Energy Use:

	Use [MBtu]
Heating	13.6
Cooling	2.9
Hot Water	5.6
Lights/Appliances	18.8
Service Charges	
Generation (e.g. Solar)	0.0
Total:	40.8

This home meets or exceeds the criteria of the following:



Home Feature Summary:

Home Type:	Townhouse, end unit
Model:	2BR TH Unit D
Community:	TH at Warwick Place III
Conditioned Floor Area:	1,465 ft ²
Number of Bedrooms:	2
Primary Heating System:	Air Source Heat Pump • Electric • 8.5 HSPF
Primary Cooling System:	Air Source Heat Pump • Electric • 15 SEER
Primary Water Heating:	Water Heater • Electric • 0.93 UEF
House Tightness:	5 ACH50
Ventilation:	75 CFM • 250 Watts
Duct Leakage to Outside:	4 CFM25 / 100 ft ²
Above Grade Walls:	R-16
Ceiling:	Attic, R-38
Window Type:	U-Value: 0.22, SHGC: 0.3
Foundation Walls:	N/A

Rating Completed by:

Energy Rater: Stacey Smith
RESNET ID: 2279319

Rating Company: Viridiant
1431 W. Main Street, Richmond, VA 23220

Rating Provider: Viridiant
1431 W. Main Street, Richmond, VA 23220

Stacey Smith, Certified Energy Rater
Digitally signed: 3/16/21 at 2:03 PM



Home Energy Rating Certificate

Projected Report

Rating Date: 2021-03-10

Registry ID:

Ekotrope ID: Od4xKqWd

HERS® Index Score:

68

Your home's HERS score is a relative performance score. The lower the number, the more energy efficient the home. To learn more, visit www.hersindex.com

Annual Savings

\$832

*Relative to an average U.S. home

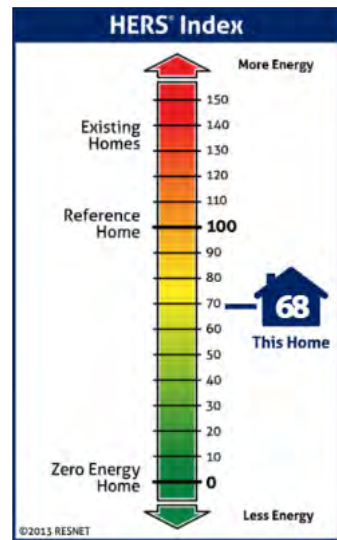
Home:
5315 Warwick Road
Richmond, VA 23224

Builder:

Your Home's Estimated Energy Use:

	Use [MBtu]
Heating	11.8
Cooling	2.8
Hot Water	6.9
Lights/Appliances	19.9
Service Charges	
Generation (e.g. Solar)	0.0
Total:	41.4

This home meets or exceeds the criteria of the following:



Home Feature Summary:

Home Type:	Townhouse, end unit
Model:	3BR TH - Interior Unit C
Community:	TH at Warwick Place III
Conditioned Floor Area:	1,554 ft ²
Number of Bedrooms:	3
Primary Heating System:	Air Source Heat Pump • Electric • 8.5 HSPF
Primary Cooling System:	Air Source Heat Pump • Electric • 15 SEER
Primary Water Heating:	Water Heater • Electric • 0.93 UEF
House Tightness:	5 ACH50
Ventilation:	75 CFM • 250 Watts
Duct Leakage to Outside:	4 CFM25 / 100 ft ²
Above Grade Walls:	R-16
Ceiling:	Attic, R-38
Window Type:	U-Value: 0.22, SHGC: 0.3
Foundation Walls:	N/A

Rating Completed by:

Energy Rater: Stacey Smith
RESNET ID: 2279319

Rating Company: Viridiant
1431 W. Main Street, Richmond, VA 23220

Rating Provider: Viridiant
1431 W. Main Street, Richmond, VA 23220

Stacey Smith, Certified Energy Rater
Digitally signed: 3/16/21 at 2:03 PM



G

Zoning Certification Letter
(MANDATORY)



Zoning Certification

1001 Boulders Parkway
Suite 300
Richmond, VA 23225

P 804.200.6500
F 804.560.1016
www.timmons.com

DATE:

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

RE: ZONING CERTIFICATION

Name of Development: Townhomes at Warwick Place III

Name of Owner/Applicant: New Warwick Townhomes 3, LLC/ Gerald Burr, Jr.

Name of Seller/Current Owner: NA / New Warwick Townhomes 3, LLC

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 credits available under VHDA's Qualified Allocation Plan.

DEVELOPMENT DESCRIPTION:

Development Address:

5300 Rear Hull Street Road, 5311 Warwick Road, 5315 Warwick Road, and 5323 Warwick Road, Richmond, Virginia 23224

Legal Description:

Subject to the terms and conditions set forth in this ordinance, the properties known as 5300 Rear Hull Street Road, 5311 Warwick Road, 5315 Warwick Road, and 5323 Warwick Road and identified as Tax Parcel Nos. C007-0176/072, C007-0176/039, C007-0176/037, and C007-0176/033, respectively, in the 2021 records of the City Assessor, being more particularly shown on a survey entitled "A Plat Showing Three Parcels Totaling 7.116 Acres of Land West of Warwick Road and North of Hull Street, City of Richmond, Virginia," prepared by Timmons Group, and dated September 23, 2020, a copy of which is attached to a made a part of this ordinance, hereinafter referred to as "the Property," is hereby permitted to be used for the purpose of up to 65 single-family attached dwellings, substantially as shown on the plans entitled "Townhomes at Warwick Place III, 9th District - City of Richmond - Virginia," prepared by Timmons Group.

Proposed Improvements:

<input checked="" type="checkbox"/> New Construction:	<u>65</u> # Units	<u>17</u> # Buildings	_____	Approx. Total Floor Area Sq. Ft.
<input type="checkbox"/> Adaptive Reuse:	_____ # Units	_____ # Buildings	_____	Approx. Total Floor Area Sq. Ft.
<input type="checkbox"/> Rehabilitation:	_____ # Units	_____ # Buildings	_____	Approx. Total Floor Area Sq. Ft.

Current Zoning: R-4 with SUP Ordinance 2021-018 ~~allowing a density of~~
~~units per acre, and the following other applicable conditions:~~
up to a total of 65 single-family attached dwellings on the properties referenced in above legal description.

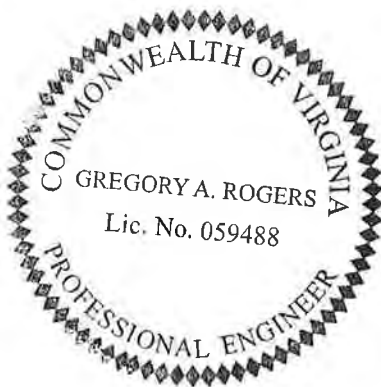
Other Descriptive Information:

New construction of 65 townhomes on 7.116 acres that will have one private access road that connects to Warwick Road.
Refer to attached SUP Ordinance 2021-018.

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.



Greg Rogers
Signature

Greg Rogers
Printed Name

Timmons Group/ Project Engineer
Title of Local Official or Civil Engineer

804-200-6580
Phone:

3-10-2021
Date:

NOTES TO LOCALITY:

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

H

Attorney's Opinion
(MANDATORY)



March 18, 2021

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

RE: 2021 Tax Credit Reservation Request

Name of Development: Townhomes at Warwick Place III

Name of Owner: New Warwick Townhomes 3, 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 March 18, 2021 (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 Parts VIII and IX 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 in Part VIII of the Application form and (b) of the Estimated Qualified Basis of each building in the Development in Part IX of the Application form comply with all applicable requirements of the Code and regulations, including the selection of credit type implicit in such calculations.
3. The appropriate type(s) of allocation(s) have been requested in Subpart I-D of the Application form.
4. The information set forth in Subpart VII-C of the Application form as to proposed rents satisfies all applicable requirements of the Code and Regulations.
5. The site of the captioned Development is controlled by the Owner, as identified in Subpart II-A of the Application, for a period of not less than four (4) months beyond the application deadline.

ATTORNEY'S OPINION LETTER, continued

6. 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.
7. The nonprofit organizations' ownership interest in the development is as described in Subpart II-D of the Application form.
8. [Intentionally Deleted. The Development is new construction.]
9. [Intentionally Deleted. The Development is new construction.]

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

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

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



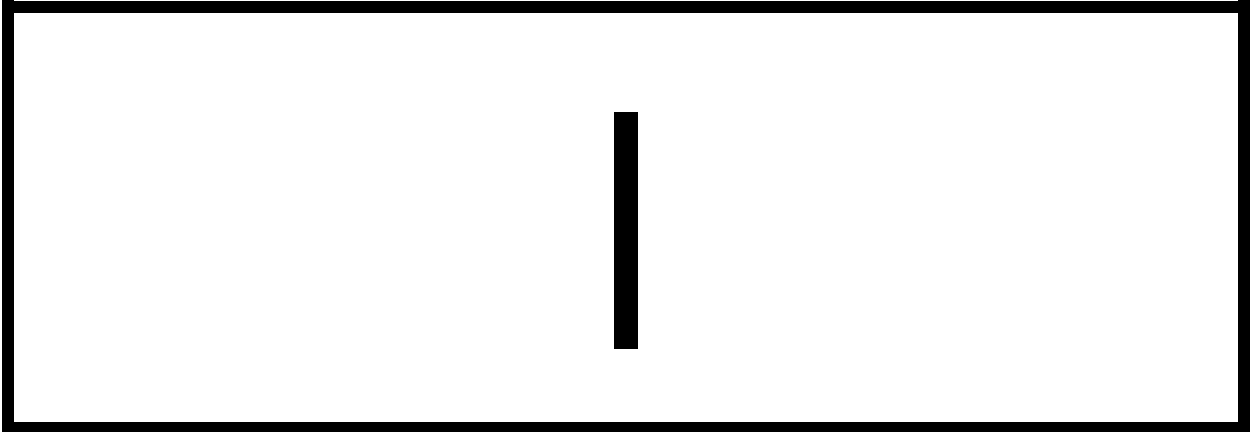
McCandlish Holton PC

By:  _____

Peter L. Henderer, VSB # 40994

Its: Director

(Title)



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

- Name of development: _____
 - Name of owner/applicant: _____
 - Name of non-profit entity: _____
 - Address of principal place of business of non-profit entity:

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

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

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

 - 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:

Non-profit Questionnaire, cont'd

- Does the non-profit share staff with any other entity besides a related non-profit described above?

Yes No If yes, explain in detail: _____

- 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

- List all directors of the non-profit, their occupations, their length of service on the board, and their residential addresses:

2. Non-profit Formation

- If this is your first Non-profit Questionnaire in Virginia please explain in detail the genesis of the formation of the non-profit; otherwise please skip this question:

- 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:

- 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:

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

Yes No If yes, explain:

Non-profit Questionnaire, cont'd

- 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: _____

- 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

- Explain any experience you are seeking to claim as a related or subsidiary non-profit.

3. Non-profit Involvement

- 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:

- (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

- 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?

Non-profit Questionnaire, cont'd

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:

- 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 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 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:

- 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.

- 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.

- Will the non-profit or the Owner (as identified in the application) pay a joint venture partner or consultant fee for providing development services? Yes No If yes, explain the amount and source of the funds for such payments.

Non-profit Questionnaire, cont'd

- 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.

- 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:

- 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:

- 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:

Non-profit Questionnaire, cont'd

4. Virginia and Community Activity

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

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

- 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:

- 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:

- 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

- 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:

- 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 general discussion points:

- 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
 - (ii) elected representatives of low-income neighborhood organizations? Yes No

Non-profit Questionnaire, cont'd

- 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
- 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:

- 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
- 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:

- 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:

- 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).

- 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).

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

- 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:

Non-profit Questionnaire, cont'd

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.

3/5/2021

Date

New Warwick Townhomes 3, LLC

Owner/Applicant

By: Gerald Burr, Jr.

Its: Managing Member


Title

Southside Community Developer

Non-profit

3/11/21

Date

By: Twandra Lomax-Brown 

Board Chairman

By: Dianna C. Bowser 

Executive Director

Attachment A

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

Townhomes at Warwick Place Phase II, 10% Ownership of GP, 2017 application awarded; (Canterbury Enterprises was the General Contractor and the principal was Gerald Burr, Jr. the project construction completed March 2021.)

Iron Bridge Road Apartments, Chesterfield, VA 10% ownership, 2014 Application awarded; Townhomes at Warwick Place, 10% Ownership of GP, 2013 application awarded, application not awarded in 2012; (Canterbury Enterprises was the General Contractor and the principal was Gerald Burr, Jr. the project has stayed 100% occupied.)

Rocktown Crossing, Harrisburg, VA 10% Ownership of GP 2010 Application not awarded; Woodland Crossing Apartments/Walmsley Terrace Apartments, Richmond, VA, 10% Ownership of GP 2002-2011, project sold to GE Capital 10/2011;

Sandston Senior Retirement Community, Henrico VA 100% Ownership GP 2004-Current;

Maury Senior Retirement Village, Richmond, VA, successful award, 100% Ownership of GP 2004-2007 Transfer of Ownership to CDA East Inc.;

Chicago Manor Apts, Richmond, VA 60% ownership of GP, 20% Mgmt, successful award 1997-2010, Non-profit voluntarily assigned ownership interest to the for-profit partner due to management related issues of partner. of partner.

Southwood Village Apts, Richmond, VA 50% Owner of GP 1998-2004, Sold its 50% joint ownership in 2004

Commonwealth of Virginia



State Corporation Commission

CERTIFICATE OF GOOD STANDING

I Certify the Following from the Records of the Commission:

That Southside Community Development and Housing Corporation is duly incorporated under the law of the Commonwealth of Virginia;

That the corporation was incorporated on March 25, 1988;

That the corporation's period of duration is perpetual; and

That the corporation is in existence and in good standing 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:

October 8, 2020

A handwritten signature in cursive script, reading "Bernard J. Logan".

Bernard J. Logan, Interim Clerk of the Commission



Board of Directors 2020-2021

OFFICERS

Twandra Lomax-Brown

Chair

VA Cooperative Extension
Family & Consumer Sciences Faculty
Educator

*Serving Low and moderate income
neighborhoods*

Lawrence Wilder, Jr.

Vice Chair

Senior Policy Advisor
Department of Small Business & Supplier
Diversity

Caroline Browder

Treasurer

Real Estate Attorney
Roth Jackson
Richmond, VA

Corey Martin

Secretary

Professional Career Institute
Director of Admissions

*Community Resident-Blackwell
Richmond, VA*

Christopher Snead

Director At Large
Agricultural
Manakin, VA

DIRECTORS

Randy Cooper

Richmond Heritage Credit
Union President/CEO
Located in the Manchester &
Church Hill Community,
Richmond, VA

Willie Fobbs, III

VA Dept. of Housing &
Community Development,
Associate Director of Housing
*Serving Low and moderate
income neighborhoods*

Antione Green

President
Richmond Urban Collective
*Community Resident Randolph
Richmond, VA*

Corey Martin

Professional Career Institute

Director of Admissions
*Community Resident-Blackwell
Richmond, VA*

Anthony Weekly

SunTrust- Lending/CRA Strategy
Located in the Manchester
Community, Richmond, VA

David White, Jr.

Virginia Housing
Lending Group Manager
*Serving Low & moderate
income neighborhoods
Richmond, VA*

J

Relocation Plan
Including Unit
Delivery Schedule
(MANDATORY, if tenants are displaced)

N/A

K

Documentation of
Development Location

K.1

Revitalization Area
Certification



Revitalization Area

General Instructions

Revitalization areas are defined in Virginia Code §36-55.30:2.A.

Designation

To qualify for revitalization area points, select one of the following (and provide adequate documentation):

1. The development is located in a Qualified Census Tract, as defined by HUD. (10 points)
2. The development is located in a census tract wherein 70% or more of the families have incomes which are \leq 80% statewide median income. **NOTE:** These census tracts are included in the definition of target area for single-family purposes, but do not include ACEDS. (10 points)
3. The development is located in an already established redevelopment area, conservation area or rehabilitation district created by a city or county, pursuant to §36-1 et seq. Documentation must show area boundaries and support that the development lies within those boundaries. (10 points)
4. The development is located in a Housing Rehabilitation Zone established through an ordinance created by a city, county or town pursuant to §36-55.64. Documentation must include a copy of the ordinance with support that the development lies within the Rehabilitation Zone. (15 points)
5. The development is located in a defined revitalization area. Documentation must include a resolution from the locality supporting the development's location within the revitalization area. See language below. (15 points)

*The above-referenced development is located in a Revitalization Area in the Town/City/County of _____, Virginia. The revitalization area is (i) **either** (1) blighted, deteriorated, deteriorating or, if not rehabilitated, likely to deteriorate by reason that the buildings, improvements or other facilities in such area are subject to one or more of the following conditions- dilapidation, obsolescence, overcrowding, inadequate ventilation, light or sanitation, excessive land coverage, deleterious land use, or faulty or otherwise inadequate design, quality or condition, **or** (2) the industrial, commercial or other economic development of such area will benefit the city or county but such area lacks the housing needed to induce manufacturing, industrial, commercial, governmental, educational, entertainment, community development, healthcare or nonprofit enterprises or undertakings to locate or remain in such area; **and** (ii) private enterprise and investment are not reasonably expected, without assistance, to produce the construction or rehabilitation of decent, safe and sanitary housing and supporting facilities that will meet the needs of low and moderate income persons and families in such area and will induce other persons and families to live within such area and thereby create a desirable economic mix of residents in such area.*

Delete the language that does not apply, (i)(1) or (i)(2) above.

6. The development is located in a Qualified Opportunity Zone and has a binding commitment of funding. Documentation must include a firm commitment of funding from a Qualified Opportunity Fund (QOF). Evidence of the self-certification to become a QOF must be provided with the commitment for funding. (15 points)

**Townhomes at Warwick Place III
2021-C-23**

Revitalization Area

The proposed site for Townhomes at Warwick Place III is located in the City of Richmond, Virginia, Census Tract 517600707. Per the attached HUD QCT Map, this tract is a Qualified Census Tract.



2020 and 2021 Small DDAs and QCTs

5315 Warwick Rd richmond

Go

Select a State

Select a County

Go

Map Options : Clear | Reset | Full Screen

QCT Legend:

Tract Outline



LIHTC Project



2021 Qualified Census Tracts

SADDA Legend:

FMR Boundary

ZCTA Boundary



2021 Small DDA



Part DDA



Non Metro DDA

Hide the overview

The 2021 Qualified Census Tracts (QCTs) and Difficult Development Areas (DDAs) are effective January 1, 2021. The 2021 designations use data from the 2010 Decennial census. The designation methodology is explained in the federal Register notice published September 23, 2020

Map Options

13 Current Zoom Level

Show Difficult Development Areas (Zoom 7+)

Color QCT Qualified Tracts (Zoom 7+)

Show Tracts Outline (Zoom 11+)

Show FMR Outlines (Zoom 4+)

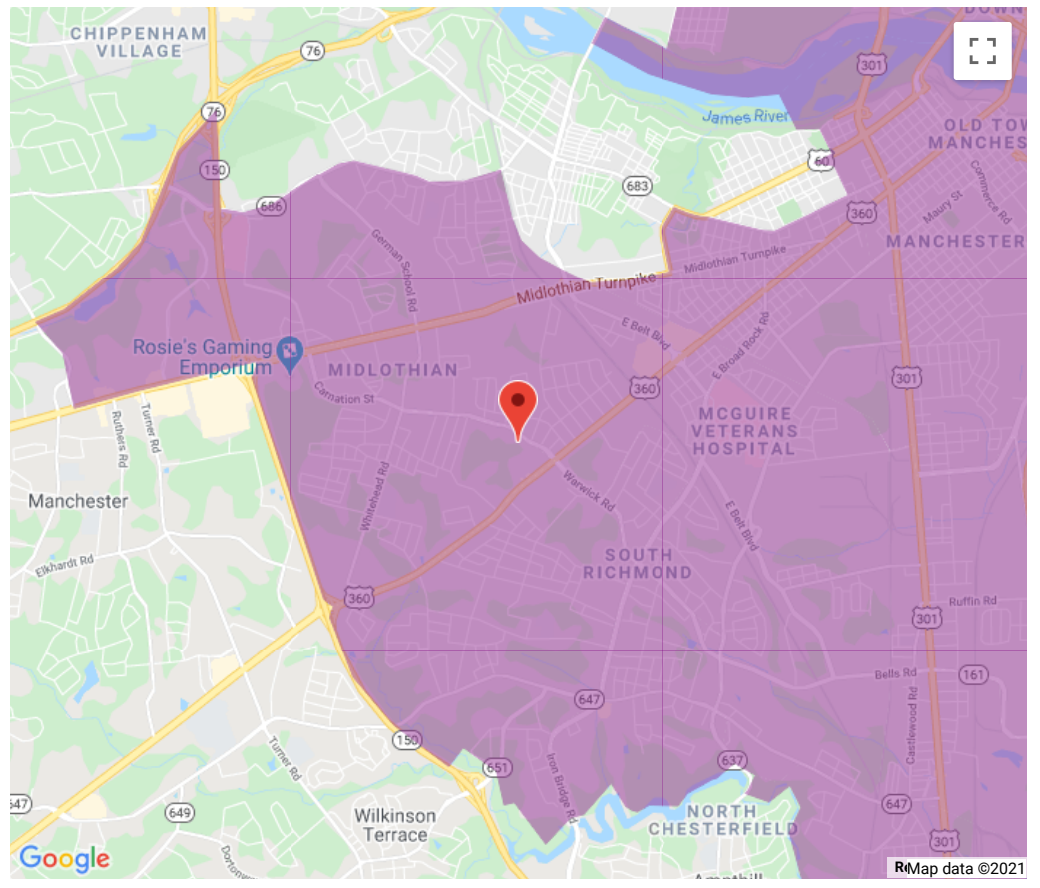
Show LIHTC Projects (Zoom 11+)

[Click here for full screen map](#)

Select Year

2021

2020



◀ 1.5K

About PD&R

- Delegations of Authority and Order of Succession
- Events
- HUD at 50
- HUD Secretary's Awards
- PD&R Careers

Initiatives

- Aging Research and Resources
- Public Health Research and Resources
- Regulatory Barriers Clearinghouse

Research

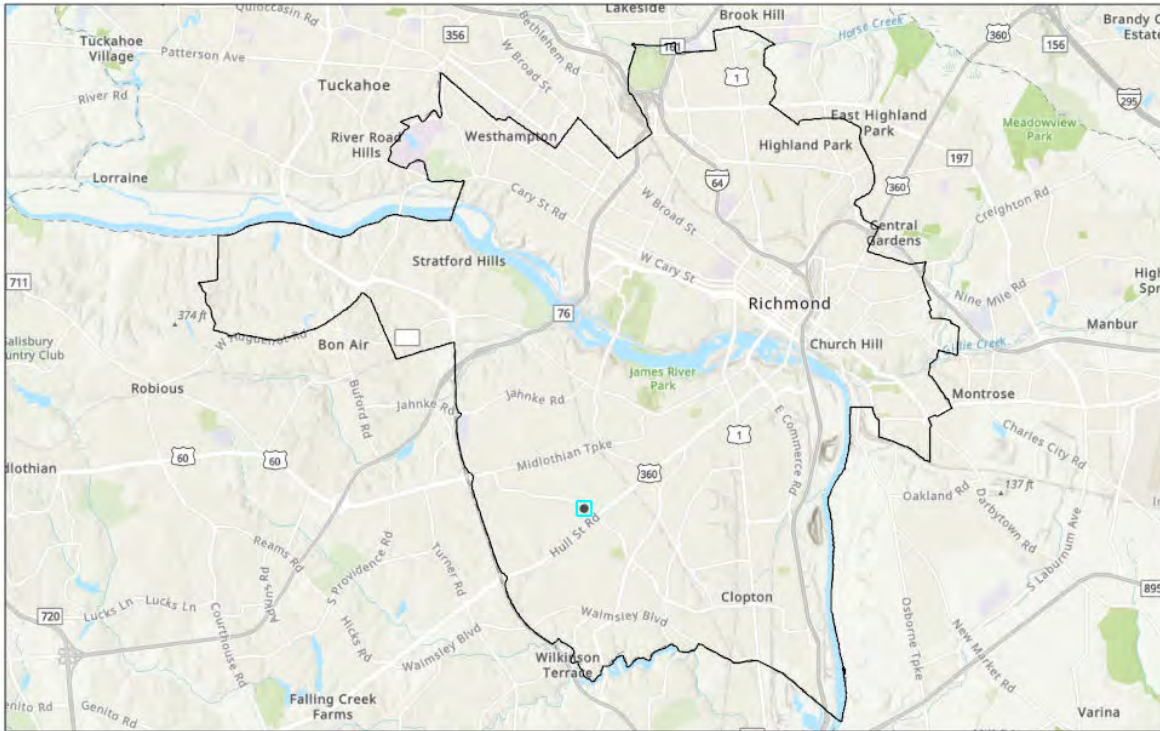
- Case Studies
- Data Sets
- Periodicals
- Regulatory Barriers Clearinghouse
- Reports

K.2

Location Map

Townhomes at Warwick Place III Location Map

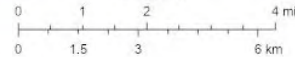
5315 Warwick Road, Richmond, VA



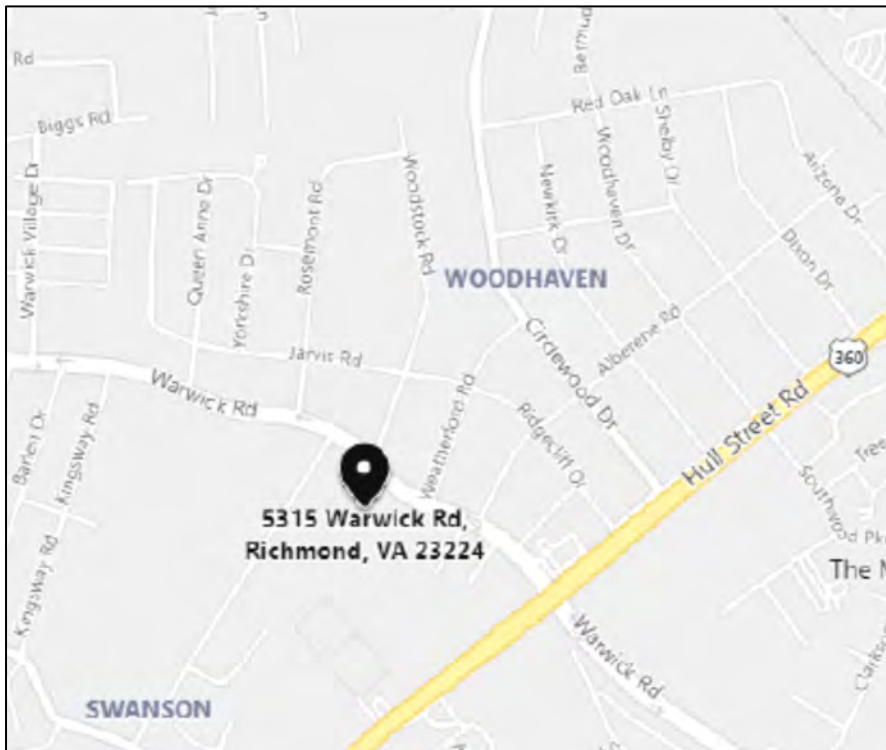
3/13/2021, 11:16:29 PM

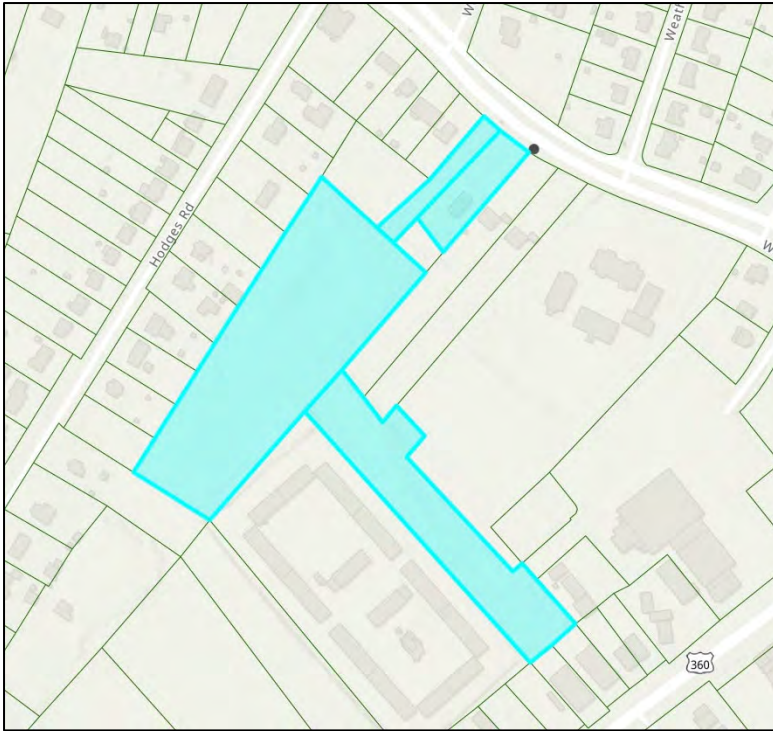
CityBoundary

1:144,448



Esri, NASA, NGA, USGS, County of Henrico, VITA, Esri, HERE, Garmin.





Townhomes at Warwick Place III
Assembled Parcels included in approved
Special Use Permit

K.3

Surveyor's Certification of
Proximity to Public
Transportation



Surveyor's Certification of Proximity to Transportation

DATE: 2/24/2021

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

RE: 2021 Tax Credit Reservation Request

Name of Development: Townhomes at Warwick Place III

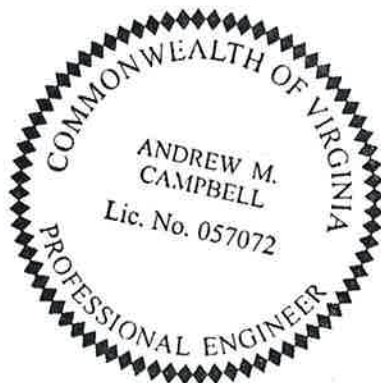
Name of Owner: New Warwick Townhomes 3, LLC./ Gerald Burr, Jr.

Gentlemen:

This letter is submitted to you in support of the Owner's Application for Reservation of Low Income Housing Tax Credits under Section 42 of the Internal Revenue Code of 1986, as amended.

Based upon due investigation of the site and any other matters as it deemed necessary this firm certifies that: the main street boundary entrance to the property is within:

- 2,640 feet or ½ mile of the nearest access point to an existing commuter rail, light rail or subway station; **or**
- 1,320 feet or ¼ mile of the nearest access point to an existing public bus stop.



Timmons Group

Firm Name

By: Andrew Campbell

Its: _____

Project Manager

Title



L

PHA/Section 8 Notification
Letter

PHA or Section 8 Notification Letter

DATE: March 1, 2021

TO: RRHA
901 Chamberlayne Pkwy.
Richmond, Virginia 23220

RE: PROPOSED AFFORDABLE HOUSING DEVELOPMENT

Name of Development: Townhomes at Warwick Place III

Name of Owner: New Warwick Townhomes 3, LLC/ Gerald Burr, Jr.

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 Virginia Housing. 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 APRIL 2023 (date).

The following is a brief description of the proposed development:

Development Address:

5300, 5311, 5315, 5323 Warwick Road, Richmond, Va. 23220

Proposed Improvements:

<input checked="" type="checkbox"/> New Constr.:	<u>65</u>	# units	<u>17</u>	# Bldgs
<input type="checkbox"/> Adaptive Reuse:	<u> </u>	# units	<u> </u>	# Bldgs
<input type="checkbox"/> Rehabilitation:	<u> </u>	# units	<u> </u>	# Bldgs

Proposed Rents:

<input type="checkbox"/> Efficiencies:	\$ <u> </u>	/ month
<input type="checkbox"/> 1 Bedroom Units:	\$ <u> </u>	/ month
<input type="checkbox"/> 2 Bedroom Units:	\$ <u> </u>	/ month
<input checked="" type="checkbox"/> 3 Bedroom Units:	\$ <u>700-900</u>	/ month
<input type="checkbox"/> 4 Bedroom Units:	\$ <u> </u>	/ month

Other Descriptive Information:

New construction of 65 earthcraft certified attached townhomes with a minimum of 1400 square feet with on-site leasing office and community space. The units will consist of (65) 3 bed/ 2 bath with hardiplank siding, brick facade and vinyl windows. (Maintenance free living). The heating/AC system will have a seer rating of 15 or more.

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) 530-2109

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

Sincerely yours,

New Warwick Townhomes 3, LLC/ Gerald Burr, Jr.

Name

Managing Member

Title

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

Seen and Acknowledged By: Menyatta Green

Printed Name: Menyatta Green

Title: Interim Chief Operating Officer

Phone: 804-780-3491

Date: 3/9/2021

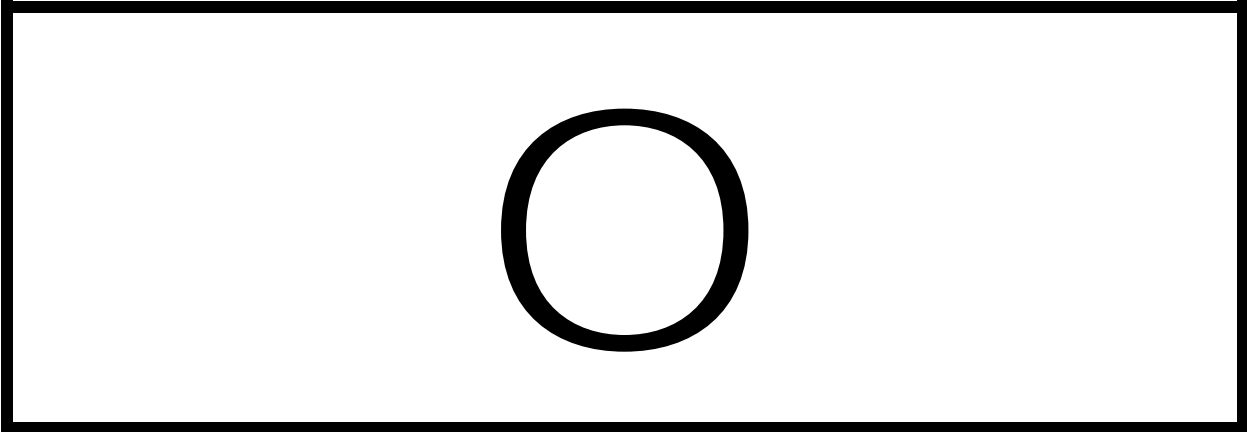
M

Locality CEO Response
Letter

N

Homeownership Plan

N/A



O

Plan of Development
Certification Letter



CITY OF RICHMOND

DEPARTMENT OF
PLANNING AND DEVELOPMENT REVIEW
ZONING ADMINISTRATION

Plan of Development Certification

DATE: March 4, 2021

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

RE: PLAN OF DEVELOPMENT CERTIFICATION

Name of Development:	<u>Townhomes at Warwick Place III</u>
Name of Owner/Applicant:	<u>New Warwick Townhomes 3, LLC./ Gerald Burr, Jr.</u>
Name of Seller/Current Owner:	<u>NA/ New Warwick Townhomes 3, LLC.</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.

DEVELOPMENT DESCRIPTION:

Development Address:

5300 Rear Hull Street Road, 5311 Warwick Road, 5315 Warwick Road, and 5323 Warwick Road, Richmond, Virginia 23224

Legal Description:

All that certain lot, piece or parcel of land, with the improvements thereon and the appurtenances thereto belonging, lying and being in the City of Richmond, Virginia, and being known and designated as "5 Acres" as shown on the plat entitled "Survey and Map of 5.00 acres of land off Warwick Rd. in Richmond Virginia.

Plan of Development Number: SUP Ordinance 2021-018

Proposed Improvements:

<input checked="" type="checkbox"/> New Construction:	<u>65</u>	# Units	<u>17</u>	# Buildings	<u>96,187</u>	Total Floor Area
<input type="checkbox"/> Adaptive Reuse:	<u> </u>	# Units	<u> </u>	# Buildings	<u> </u>	Total Floor Area
<input type="checkbox"/> Rehabilitation:	<u> </u>	# Units	<u> </u>	# Buildings	<u> </u>	Total Floor Area

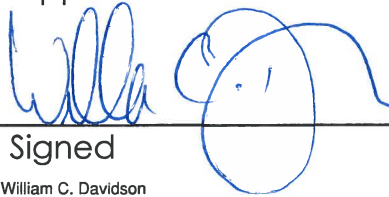
Other Descriptive Information:

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: February 22, 2023



Signed

William C. Davidson

Printed Name

Zoning Administrator

Title

804-646-6353

Phone

March 4, 2021

Date

P

Copies of 8609s to
Certify Developer
Experience and
Partnership agreements

New Warwick Townhomes, LLC

Townhomes at Warwick Place - Chart and other documentation in support of 10 experience points for Townhomes at Warwick Place II

Warwick Development Partners, LLC

Managing Member
.009%

Housing Equity Fund of Virginia XVIII, L.L.C.

Investor Member
99.99%

VAHM, LLC

Special Investor Member
.001%

SCD Warwick, Inc.

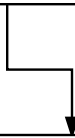
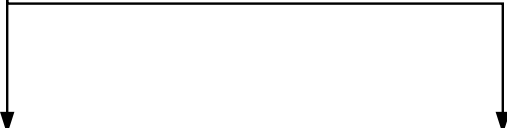
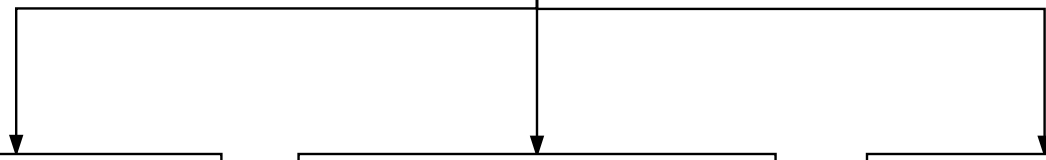
Member
10%

Gerald W. Burr, Jr.

Managing Member
90%

Southside Community Development & Housing Corporation

Sole Shareholder



**Low-Income Housing Credit Allocation
 and Certification**

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

OMB No. 1545-0988

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) 6332,6328 Tweeter Branch Lane Richmond, Virginia 23224	B Name and address of housing credit agency Virginia Housing Development Authority 601 S. Belvidere Street Richmond, VA 23220-6504
C Name, address, and TIN of building owner receiving allocation New Warwick Townhomes, LLC 204 Rivers Bend Boulevard Chester, Virginia 23836 TIN 32-0454285	D Employer identification number of agency 54-0921892 E Building identification number (BIN) VA1324001

1a Date of allocation 12/18/13	b Maximum housing credit dollar amount allowable.	1b	\$18,249
2 Maximum applicable credit percentage allowable (see instructions)		2	9.0%
3a Maximum qualified basis		3a	\$202,767
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 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	0%
5 Date building placed in service. 9/17/15			
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 checked="" type="checkbox"/> Newly constructed and not federally subsidized	c <input 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
 Name (please type or print): **JOHN D. BONDURANT**
 AUTHORIZED OFFICER
 Date: 7-27-16

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	333,107
8a Original qualified basis of the building at close of first year of credit period	8a	333,107
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
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, and complete.

Signature: Gerald Burr Jr.
 Taxpayer identification number: 32-0454285
 Date: 8/8/16
 Name (please type or print): Gerald Burr Jr.
 First Year of the credit period: 2015

**NEW WARWICK TOWNHOMES, LLC,
A VIRGINIA LIMITED LIABILITY COMPANY**

AMENDED AND RESTATED OPERATING AGREEMENT

As of January 15, 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.

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I CONTINUATION OF COMPANY	1
1.01 Continuation	1
1.02 Name	2
1.03 Principal Place of Business	2
1.04 Agent for Service of Process	2
1.06 Term	2
1.07 Recording of Articles	2
ARTICLE II DEFINED TERMS	2
ARTICLE III PURPOSE AND BUSINESS OF THE COMPANY	17
3.01 Purpose of the Company	17
3.02 Authority of the Company	17
ARTICLE IV REPRESENTATIONS, WARRANTIES AND COVENANTS; DUTIES AND OBLIGATIONS	18
4.01 Representations, Warranties and Covenants Relating to the Project and the Company	18
4.02 Duties and Obligations Relating to the Project and the Company	27
4.03 Single Purpose Entity	32
ARTICLE V MEMBERS, MEMBER INTERESTS AND OBLIGATIONS OF THE COMPANY	32
5.01 Members; Capital Contributions; Membership Interests	32
5.02 Return of Capital Contribution	44
5.03 Withholding of Capital Contribution Upon Default	44
5.04 Legal Opinions	45
5.05 Repurchase Obligation	46
5.06 Guaranteed Payments	47
5.07 MM Loans	47
ARTICLE VI CHANGES IN MANAGING MEMBER	48
6.01 Withdrawal of the Managing Member	48
6.02 Admission of a Successor or Additional Managing Member	48
6.03 Effect of Bankruptcy, Death, Withdrawal, Dissolution or Incompetence of a Managing Member	49
6.04 Restrictions on Transfer of Managing Member's Interests	50
6.05 Removal of the Managing Member	51
ARTICLE VII ASSIGNMENT TO THE COMPANY	55
ARTICLE VIII RIGHTS, OBLIGATIONS AND POWERS OF THE MANAGING MEMBER	56
8.01 Management of the Company	56
8.02 Limitations Upon the Authority of the Managing Member	57
8.03 Sale of Project	59

8.04	Management Purposes.....	61
8.05	Delegation of Authority.....	61
8.06	Managing Member or Affiliates Dealing with Company.....	61
8.07	Other Activities	61
8.08	Liability for Acts and Omissions.....	62
8.09	Indemnification of Investor Member and the Company.....	62
8.10	Net Worth of Managing Member	62
8.11	Construction of the Project, Construction Cost Overruns, Operating Deficits; Other Managing Member Guarantees	63
8.12	Development Fee.....	66
8.13	Incentive Management Fee.....	66
8.14	Withholding of Fee Payments	66
8.15	Selection of Management Agent; Terms of Management Agreement	67
8.16	Removal of the Management Agent.....	67
8.17	Replacement of the Management Agent	68
8.18	Loans to the Company.....	68
8.19	Affiliate Guaranty.....	68
8.20	Intentionally Omitted.....	68
8.21	Accounting Fee.....	69
8.22	Public Relations.....	69
ARTICLE IX TRANSFERS AND RESTRICTIONS ON TRANSFERS OF INTERESTS OF INVESTOR MEMBER		69
9.01	Restrictions on Transfer of Investor Member Interests	69
9.02	Admission of Substitute Investor Members	69
9.03	Rights of Assignee of Company Interest.....	70
ARTICLE X RIGHTS AND OBLIGATIONS OF INVESTOR MEMBERS		71
10.01	Management of the Company.....	71
10.02	Limitation on Liability of Investor Members	71
10.03	Other Activities	71
ARTICLE XI PROFITS, LOSSES AND DISTRIBUTIONS.....		71
11.01	Allocation of Profits and Losses Other Than From Capital Transactions.....	71
11.02	Allocation of Profits and Losses from Capital Transactions.....	72
11.03	Distributions: Net Cash Flow	73
11.04	Distributions: Capital Transactions and Liquidation of Company Property	74
11.05	Distributions and Allocations: General Provisions	75
11.06	Capital Accounts	76
11.07	Special Allocations.....	77
11.08	Designation of Tax Matters Partner	80
11.09	Authority of Tax Matters Partner	81
11.10	Expenses of Tax Matters Partner.....	82
ARTICLE XII SALE, DISSOLUTION AND LIQUIDATION.....		83
12.01	Dissolution of the Company.....	83

12.02	Winding Up and Distribution	83
ARTICLE XIII BOOKS AND RECORDS, ACCOUNTING, TAX ELECTIONS, ETC.....		84
13.01	Books of Account	84
13.02	Financial Reports.....	85
13.03	Budgets and General Disclosure.....	85
13.04	Tax Information.....	87
13.05	Selection of Accountants.....	87
13.06	Section 754 Elections	87
13.07	Fiscal Year and Accounting Method	87
13.08	Late Report Penalties.....	87
ARTICLE XIV AMENDMENTS.....		88
14.01	Proposal and Adoption of Amendments	88
ARTICLE XVII CONSENTS, VOTING AND MEETINGS.....		88
15.01	Method of Giving Consent	88
15.02	Submissions to Investor Member	88
15.03	Meetings: Submission of Matter for Voting.....	88
ARTICLE XVIII GENERAL PROVISIONS		88
16.01	Burden and Benefit.....	89
16.02	Applicable Law	89
16.03	Counterparts	89
16.04	Separability of Provisions.....	89
16.05	Entire Agreement.....	89
16.06	Liability of the Investor Member.....	89
16.07	Environmental Protection.....	89
16.08	Notices.....	91
16.09	Headings.....	92
16.10.	Pronouns and Plurals.....	92
16.11.	VHDA Mortgage Requirements.....	92

**NEW WARWICK TOWNHOMES, LLC
A VIRGINIA LIMITED LIABILITY COMPANY**

AMENDED AND RESTATED OPERATING AGREEMENT

THIS AMENDED AND RESTATED OPERATING AGREEMENT is made and entered into as of January 15, 2015, by and among Warwick Development Partners, LLC, a Virginia limited liability company (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 (the “Investor Member”) and VAHM, LLC, a Virginia limited liability company (the “Special Investor Member”).

WHEREAS, Peter L. Henderer, as organizer, executed Articles of Organization (the “Certificate”) for the formation of New Warwick Townhomes, LLC (the “Company”) pursuant to the terms of the Revised Uniform Limited Liability Company Act of the Commonwealth of Virginia (the “Act”), which Certificate was subsequently filed with the State Corporation Commissioner of the Commonwealth of Virginia (the “State of Formation”) on December 3, 2014;

WHEREAS, the Managing Member, the Investor Member and the Special Investor Member have previously executed an Operating Agreement of the Company effective as of December 3, 2014 (the “Original Agreement”);

WHEREAS, the Managing Member, the Special Investor Member 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 Company has been formed to develop, construct, own, maintain and operate a 40 unit housing project, in 15 buildings, located in Richmond, Virginia (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; and (ii) 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 New Warwick Townhomes, LLC.

1.03 Principal Place of Business. The principal place of business of the Company shall be 204 Rivers Bend Blvd., Chester, VA 23836-2698. 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 Peter L. Henderer, who is a resident of Virginia and a member of the Virginia State Bar, and whose address is 1111 East Main Street, Suite 2100, Richmond, Virginia, 23219, in the county of Henrico.

1.05 Term. The term of the Company commenced as of the date of the filing of the Certificate 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.

1.06 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 Certificate 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-nine and ninety-nine hundredths percent (99.99%) 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.

“Affiliate Guarantor” means Canterbury Enterprises, 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 given by the Affiliate Guarantor, which Affiliate Guaranty is in the form of **Exhibit D**.

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

“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 members as Members under the laws of the Commonwealth of Virginia.

“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.

“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 a period of six (6) consecutive calendar months 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 period of six (6) consecutive calendar months on an annualized basis (based on projections of the Company), as evidenced by a certification of the Managing Member with an accompanying unaudited balance sheet of the Company indicating that all trade payables have been satisfied (or with respect to trade payables within sixty (60) days of the date the services were performed or goods were delivered, the trade payables shall not be past due and the Company shall have an adequate cash reserve for the payment of such trade payables), all as shall be subject to the approval of the 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 Construction Period Management Incentive 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.

“Canterbury Enterprises” means Canterbury Enterprises, LLC, a Virginia limited liability company.

“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.

“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).

“Certificate” has the meaning set forth in the Recitals hereof.

“Certified Credits” means ninety-nine and ninety-nine hundredths percent (99.99%) 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.

“Company” means New Warwick Townhomes, 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 \$5,149,850 (including all exhibits and attachments thereto) to be entered into between the Company and the Contractor, pursuant to which the Project is to be constructed. 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 Canterbury Enterprises, LLC, a Virginia limited liability company, 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 McCandlish Holton, PC, 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.

“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 SCDC and Canterbury Enterprises.

“Development Advisory Fee” has the meaning set forth in Section 8.20.

“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, 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 95% 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).

“Early Delivery 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.

“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 and Investor Member are required to make hereunder.

“Extended Use Agreement” means the Extended Use Regulatory Agreement and Declaration of Restrictive Covenants 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.

“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 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).

“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 or before January 15, 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, Housing Equity Fund of Virginia XVIII, L.L.C., a Virginia limited liability company.

“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 Warwick Development Partners, LLC, a Virginia limited liability company, 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, Investor Member or Special Investor 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 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, (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 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 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 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 investment earnings not available for distribution on funds on deposit in the Reserve Fund for Replacements, and other such reserve or escrow funds or accounts not available for distribution) for a particular period of time, is exceeded by the sum of all the operating expenses, including all debt service, operating and maintenance expenses, required deposits into the Reserve Fund for Replacements, any fees to the Project Lenders and/or any applicable mortgage insurance premium payments and all other Company obligations or expenditures, and excluding payments for construction of the Project and fees and other expenses and obligations of the Company to be paid from the Capital Contributions of the Investor Member to the Company pursuant to this Agreement during the same period of time.

“Operating Deficit Loan” shall have the meaning set forth in Section 8.11(b) of this Agreement.

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

“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 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 constructed, owned and operated thereon by the Company, and to be known as Townhomes at Warwick Place.

“Project Documents” means and includes the Construction Contract, the Mortgage(s), Note(s), Loan Agreement(s), Regulatory Agreement, Extended Use Agreement, Management Agreement and all instruments delivered to (or required by) the Project Lenders or the Agency to the extent not otherwise listed in this definition.

“Project Lender” means any lender in its capacity as a lender of one of the Project Loans, or its successors and assigns in such capacity, acting through any authorized representative.

“Project Loans” means those loans set forth and described on **Exhibit F** hereto.

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

“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.

“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).

“SCDC” means Southside Community Development and Housing Corporation, a Virginia not for profit corporation.

“SCD-Warwick” means SCD-Warwick, Inc, a Virginia corporation which is wholly owned by SCDC.

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

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

“State Designation” means, with respect to the Project, the allocation by the Agency of LIHTC, as evidenced by the receipt by the Company of either a carryover allocation of LIHTC meeting the requirements of Section 42(h)(1)(E) of the Code and Treasury Regulations or IRS Form 8609 executed by the Agency as to all building in the Project for which such form is required.

“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) 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.

“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 Safe Harbor Title 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 and tax losses. The Company will operate the Project in a manner that furthers the charitable purpose of SCDC by providing decent, safe, sanitary and affordable housing for low income persons and families. 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 Members, 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, 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 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) Construction of Project. The construction 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, and (iii) the Plans and Specifications of the Project that have been or shall be hereafter approved by the Investor Member 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 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 construction 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 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 construction and development of the Project.

(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, in an amount equal to the principal amount of the Project Loans and the Capital Contributions of the Managing Member 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 with such endorsements to such policy as the Investor Member 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 has Consented. However, the Managing Member shall be liable for the obligations of the Company.

(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 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 and the Investor Member, and in amounts satisfactory to the

Project Lenders and the Investor Member, or (ii) a letter of credit in an amount and in a form, and from an issuer satisfactory to the Project Lenders and the Investor Member, will be obtained by the Contractor at or before Initial Closing and shall remain in full force and effect under terms and conditions as shall be acceptable to the Project Lenders and the Investor Member; in the alternative, the obligations of the Contractor will be guaranteed by the Managing Member and the Affiliate Guarantors and secured by cash, letter of credit or other security acceptable to the Project Lenders 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, 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 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 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 \$91,250 for 2015, \$365,000 for each year 2016 through 2024, and \$273,750 for 2025 which equals the amount of LIHTC the Managing Member has projected will be allocated to the Investor Member, constituting ninety-nine and ninety-nine hundredths percent (99.99%) of the LIHTC which the Managing Member has projected will be available to the Company.

(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. On December 18, 2013, the Company received valid State Designation with respect to the Project.

(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 or families 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 as set forth below and 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. In addition, at least four of the units in the Project will be occupied by individuals or families with incomes of 40% or less of area median income, as adjusted for family size, and at least sixteen of the units in the Project will be occupied by individuals or families with incomes of 50% or less of area median income, as adjusted for family size. Under the Extended Use Agreement, (x) at least fifty percent (50%) of the units in the Project must be occupied by individuals families with incomes of 50% or less of area median income, as adjusted for family size, (y) forty percent (40%) of the units in the Project are subject to rent limitations based on fifty percent (50%) area median income, as adjusted for family size, and (z) ten percent (10%) of the units in the Project are subject to rent limitations based on forty percent (40%) area median income, as adjusted for family size.

(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. Gerald W. Burr, Jr. owns and shall continue to own at all times during the term of the Company ninety percent (90%) of all classes of interests of the Managing Member, and SCD Warwick owns and shall continue to own at all times during the term of the Company ten percent (10%) of all classes of interests of the Managing Member. SCDC owns and shall continue to own at all times during the term of the Company all of the shares of stock of SCD Warwick.

(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 the Investor Member has given its Consent. All real estate taxes, assessments, water and sewer charges and other municipal charges, to the extent due and owing, have been paid in full on the 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 limited liability company; or (ii) the Investor Member or the Special Investor 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. SCD Warwick will make the 168(h) election. 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 Investor 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 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 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 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 of any such actions, if and as they arise. Except as previously disclosed in writing to and approved by the Investor Member, 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 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 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 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.

(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 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 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 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.

(ak) Lenders to Project Entities Generally. Subject to provisions of this Agreement with respect to related party loans, an investor member or partner, including without limitation the Federal Home Loan Mortgage Corporation (such investor member or partner 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 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) [intentionally omitted].

(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 of any "reportable transaction" under Code Section 6707(A)(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. 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.

(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 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; 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 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 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) Survival of Representations and Warranties. All of the representations, warranties and covenants contained herein shall be deemed to be re-made as of the date of each Capital Contribution made by the Investor Member and shall survive the date of Final Closing and the funding date of each such Capital Contribution. The Managing Member shall indemnify and hold harmless the Investor Member against a breach of any of the foregoing representations, warranties and covenants and any damage, loss or claim caused thereby, including reasonable attorneys’ fees and costs and expenses of litigation and collection.

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. 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, and (iv) Initial Closing and Final Closing.

(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 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 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 limited liability company 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. 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.

(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 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. In addition, the Managing Member shall provide the Investor Member with the opportunity to have not less than twenty (20) days to review drafts of audited financial statements prior to their finalization and will incorporate the changes of the Investor Member.

(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. SCD Warwick 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 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.

(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, the Managing Member shall obtain and deliver to the Investor Member 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 Investor 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 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 Investor Member. 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 consent of the Investor Member, 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 initial amount of \$155,000 (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. The initial \$155,000 of the

Operating Reserve shall be funded from the proceeds of the Seventh Capital Contribution. However, if the Operating Reserve is needed to fund Operating Deficits prior to the date of the Seventh Capital Contribution, the Investor Member may, upon the written request of the Managing Member, provide funds as needed, as set forth in Section 5.01(d)(viii). Any amounts so provided by the Investor Member shall be a Capital Contribution when provided. Additionally, the Managing Member shall cause the Company to deposit into the Operating Reserve amounts sufficient to maintain a balance of \$155,000, 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 thirteenth anniversary of placement in service of the Project, and the balance in the Operating Reserve at that time exceeds \$155,000 (the difference between the balance and \$155,000 being “Excess Funds”), then, during the 14th 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 Investor Member.

(s) Lease-Up Reserve. By the time of the Fourth 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 \$15,000 and shall be fully funded by the proceeds of the Fourth Capital Contribution. Withdrawals from the Lease-up Reserve account shall require the consent and signature of the Investor Member. 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 six months of Breakeven Operations, any unused portion of the Lease-Up Reserve shall be paid to the Managing Member as an incentive lease up fee (with the approval of the Agency and any Project Lender, if required). If any required approval of the Agency or a Project Lender is not obtained to pay the incentive lease-up fee, then any unused portion will be deposited into the Operating Reserve.

(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.
- (9) Performing any other duties or activities relating to the acquisition of the land upon which the Project is located.

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; Company 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:
Warwick Development Partners, LLC
c/o Canterbury Enterprises, LLC
204 Rivers Bend Boulevard

Chester, Virginia 23836

(ii) Capital Contribution: \$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.

(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 thirteenth (13th) 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 approval by the Investor Member, 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. The Investor Member and the Special Investor 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 the Investor Member 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.	99.99%
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(ii) The Special Investor Member, its principal office and place of business, its Percentage Interest and its Capital Contribution are as follows:

VAHM, LLC 1840 West Broad Street, Suite 200 Richmond, Virginia 23220	\$10.00	0.001%
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(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 \$3,285,333 payable in installments as follows. 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 Three Hundred Thousand and No/100 Dollars (\$300,000.00). 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 \$28,000 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.

- (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, creditors' rights, 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. Evidence from the Agency that the Project will qualify for annual LIHTC of at least \$365,037;
- (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) 10% Cost Certification. The Investor Member shall have received a copy of the cost certification the Company or Affiliate Guarantor delivered to the Virginia Housing Development Authority in connection with any carryover of LIHTC, with copies of all invoices and backup information; and
- (M) 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 Six Hundred Thousand and No/100 Dollars (\$600,000.00). 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 or to repay the Construction Loan.

- (A) First Capital Contribution Paid. The occurrence of the Investor Member's First Capital Contribution;
- (B) Sworn Statements. The Investor Member shall have received a written request for an advance from the Managing Member in form satisfactory to the Investor Member, accompanied by current owner's and contractor's sworn statements;
- (C) Managing Member's Certificate. The Investor Member shall have received a certificate from the Managing Member that the representations, warranties and covenants in Sections 4.01 and 4.02 are true and accurate as of the date of the proposed Second Capital Contribution, and that the Managing Member and the Company are not in default of any of their obligations hereunder and under the Project Documents as of the date of the proposed Second Capital Contribution;
- (D) Physical Inspection. A construction consultant selected by the Investor Member shall have prepared a physical inspection report and certified that at least twenty-five percent (25%) of the construction work has been completed in accordance with the Plans and Specifications;
- (E) Title Policy. The Title Company shall have issued: (1) a "date down" endorsement to the title policy extending the effective date of the title policy to the date of funding and showing no exceptions to the title other than the exceptions reflected on the title policy as of Initial Closing, except as shall be acceptable to the Investor Member; (2) an endorsement affording mechanics lien coverage; and (3) such other endorsements as the Investor Member may reasonably require; and
- (F) 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.

(iii) Third Capital Contribution. The amount of the Third Capital Contribution shall be six hundred thousand and No/100 Dollars (\$600,000.00). 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 or to repay the Construction Loan.

- (G) Second Capital Contribution Paid. The occurrence of the Investor Member's Second Capital Contribution;

- (H) Sworn Statements. The Investor Member shall have received a written request for an advance from the Managing Member in form satisfactory to the Investor Member, accompanied by current owner's and contractor's sworn statements;
- (I) Managing Member's Certificate. The Investor Member shall have received a certificate from the Managing Member that 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 that the Managing Member and the Company are not in default of any of their obligations hereunder and under the Project Documents as of the date of the proposed Third Capital Contribution;
- (J) Physical Inspection. A construction consultant selected by the Investor Member shall have prepared a physical inspection report and certified that at least fifty percent (50%) of the construction work has been completed in accordance with the Plans and Specifications;
- (K) Title Policy. The Title Company shall have issued: (1) a "date down" endorsement to the title policy extending the effective date of the title policy to the date of funding and showing no exceptions to the title other than the exceptions reflected on the title policy as of Initial Closing, except as shall be acceptable to the Investor Member; (2) an endorsement affording mechanics lien coverage; and (3) such other endorsements as the Investor Member may reasonably require; and
- (L) 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 six hundred thousand and No/100 Dollars (\$600,000.00). 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 Fourth 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 fund the Lease-Up Reserve in the amount of \$15,000, or to repay the Construction Loan.

- (M) Third Capital Contribution Paid. The occurrence of the Investor Member's Third Capital Contribution;
- (N) Sworn Statements. The Investor Member shall have received a written request for an advance from the Managing Member in form satisfactory to the Investor Member, accompanied by current owner's and contractor's sworn statements;

- (O) Managing Member's Certificate. The Investor Member shall have received a certificate from the Managing Member that 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 that the Managing Member and the Company are not in default of any of their obligations hereunder and under the Project Documents as of the date of the proposed Fourth Capital Contribution;
- (P) Physical Inspection. A construction consultant selected by the Investor Member shall have prepared a physical inspection report and certified that at least seventy-five percent (75%) of the construction work has been completed in accordance with the Plans and Specifications;
- (Q) Title Policy. The Title Company shall have issued: (1) a "date down" endorsement to the title policy extending the effective date of the title policy to the date of funding and showing no exceptions to the title other than the exceptions reflected on the title policy as of Initial Closing, except as shall be acceptable to the Investor Member; (2) an endorsement affording mechanics lien coverage; and (3) such other endorsements as the Investor Member may reasonably require; and
- (R) 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) Fifth Capital Contribution. The amount of the Third Capital Contribution shall be Eight Hundred Sixty-Five Thousand and No/100 Dollars (\$865,000.00). 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 Fifth 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 or to repay the Construction Loan.

- (A) Fourth Capital Contribution Paid. The occurrence of the Investor Member's Fourth 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) Substantial Completion. Substantial Completion of the Project shall have occurred;

- (D) Survey. The Investor Member shall have received and approved an updated and recertified as-built survey satisfactory to the Investor Member dated no more than thirty (30) days prior to the date of funding;
- (E) As Built Plans and Specifications. The 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;
- (F) Permits, Licenses and Certificates of Occupancy. The Investor Member shall have received a copy of any permits and licenses which are required for the operation and use of the 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;
- (G) 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, confirming basis sufficient to generate the Projected LIHTC (unless a required adjustor is applied to reduce the amount of the Fifth Capital Contribution);
- (H) Extended Use Agreement. Receipt by the Investor Member of a copy of an as-recorded Extended Use Agreement;
- (I) 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 Fifth 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;
- (J) 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;
- (K) 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 Fifth Capital Contribution;
- (L) 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;

- (M) Payment of Taxes. The Investor Member shall have received satisfactory evidence (which may be included in the title policy described below) that all real property taxes and assessments for the Project due and payable through the date of funding have been timely and fully paid;
- (N) 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 Fifth 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;
- (O) 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
- (P) 168(h) Election. SCD Warwick 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.

(vi) Sixth Capital Contribution. The amount of the Sixth Capital Contribution shall be One Hundred Sixty-Five thousand Three Hundred Thirty-Three and No/100 Dollars (\$165,333). 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 Sixth 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 to pay the Development Fee in the amount of \$121,630.

- (A) Fifth Capital Contribution Paid. The occurrence of the Investor Member's Fifth 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 95% physical and economic occupancy for the six-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 Sixth 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) Company Tax Return. The Investor Member shall have received a complete copy of the Company's 2015 tax return; and
- (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;
- (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.

(vii) Seventh Capital Contribution. The amount of the Seventh Capital Contribution shall be One Hundred Fifty-Five Thousand and No/100 Dollars (\$155,000). 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 Seventh Capital Contribution in the amount requested by the Managing Member in the manner set forth below, to fund the Operating Reserve in the amount of \$155,000. The Investor Member will make the Seventh Capital Contribution at any time within the twenty-four (24) month period after the conditions to the receipt of the Sixth Capital Contribution have been met. Within that 24-month period, if all or any portion of the Seventh Capital Contribution is needed to fund the reserves (and the Investor Member has agreed to the use of reserves), the Investor Member will provide those funds promptly upon the written request of the Managing Member. At the end of the 24-month period, the Investor Member will fund any amounts of the Seventh Capital Contribution which have not been previously funded.

- (A) Sixth Capital Contribution Paid. The occurrence of the Investor Member's Sixth Capital Contribution;

- (B) 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 Seventh 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
- (C) 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.

(viii) 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 \$3,650,000, 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 (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 2015 the amount, if any, by which \$91,250 exceeds Actual Credits for such year.
- F. “Early Delivery Capital Adjustment” shall mean the product of (a) \$0.50 and (b) the amount, if any, by which Actual Credits for calendar year 2015 exceed \$91,250 (but in no event shall the total Early Delivery Capital Adjustment exceed \$20,000); provided, however, that if the Project does not achieve 100% Qualified Occupancy by December 31, 2015, 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 Fifth Capital Contribution (if it has not previously been funded), and then to the extent necessary, the Sixth Capital Contribution, and then to the extent necessary, the Seventh 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, or adjusted based on a Certified Credit Capital Increase, shall be paid with the Sixth Capital Contribution and shall be used to pay Development Costs and then to pay deferred Development Fee.

(f) Payment of Investor Member Due Diligence Costs. The Managing Member shall pay the costs and expenses incurred by the Investor Member in connection with the due diligence activities of the Investor Member and the closing of the transactions described herein , including Investor Member’s legal fees and expenses, such Investor Member Due Diligence Costs not to exceed \$28,000.

(g) Additional Investor Members. Without the Consent of all of the Members, no additional Persons may be admitted as additional Investor Members 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 or Special Investor Member. Except as may otherwise be provided under applicable law, no Investor Member or Special Investor Member shall be bound by, or personally liable for, the expenses, liabilities or obligations of the Company.

(j) Payment of Environmental Assessment Consultant Fees. The Managing Member acknowledges that, on behalf of the Investor Member, the Investor Member or its Affiliate may retain an environmental consultant (the “Environmental Consultant”) to review and give recommendations related to environmental reports that are provided to the Investor Member by the Managing Member (including, but not limited to, Phase I and Phase II environmental assessments, wetlands reports, lead and asbestos reports, abatement reports and other environmental reports required by the Environmental Consultant, to the reasonable satisfaction of the Environmental Consultant) for the Land, or the construction and rehabilitation of existing buildings, if the reports indicate the possible presence of hazardous materials on or near the 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 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, 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 under this Section 5.03 shall be promptly released to the Company only after the Managing Member or the Company have cured the default justifying the withholding, as demonstrated by evidence reasonably acceptable to the Investor Member.

5.04 Legal Opinions. As a condition precedent to the Investor Member's obligation to make its Capital Contributions hereunder, the Investor Member must receive the opinion of McCandlish Holton, PC, 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 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 has been validly admitted as an Investor Member of the Company entitled to all the benefits of an Investor Member under this Agreement, and the Interest of the Investor Member 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 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 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 a carryover 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 March 1, 2016 (or such later date as may be Consented to by the Investor Member); (ii) the Company has not received State Designation in 2015 or the IRS Form(s) 8609 (is) (are) not issued by the Agency by December 31, 2015, so as to allow the Credit Period to commence in 2015; (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) the Company's basis in the Project for federal income tax purposes, as finally determined by the Accountants or pursuant to an audit by the IRS, as of December 18, 2014, shall have been less than ten percent (10%) of the Company's reasonably expected basis in the Project, as required pursuant to Section 42(h)(1)(E) of the Code; (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 for the year 2016, then the Managing Member shall, within fifteen (15) days of the occurrence thereof, send to the Investor Member Notice of such event and of its obligation to purchase the Interest of the Investor Member hereunder and return to the Investor Member its Capital Contributions in the event the Investor Member, in its sole discretion, requires in a Notice to the Managing Member such purchase of the Interest of the Investor Member. Thereafter, the Managing Member, within thirty (30) days of the mailing date of Notice by the Investor Member of such election, shall acquire the entire Interest of the Investor Member in the Company by making payment to the Investor Member, in cash, of an amount equal to the sum of 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 of any such payment of its Capital Contributions, the Interest of the Investor Member and all further obligations of the Investor Member hereunder shall terminate, and, to the extent that the Investor Member has acted in accordance with the terms of this Agreement, the Managing Member shall indemnify and hold harmless the Investor Member from any losses, damages, and/or liabilities, to or as a result of claims of Persons other than Members or Affiliates thereof, to which the Investor Member (as a result of its respective participation hereunder) may be subject.

5.06 Guaranteed Payments. No later than ninety (90) days after the end of the Company's fiscal year, any Member who has made a Special Additional Capital Contribution 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 eight percent (8%), compounded annually; 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, 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 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 organization evidencing the admission of such Person as a Managing Member shall have been filed, and all other actions required by Section 1.07 in connection with such admission shall have been performed;

(c) if the successor or additional Person is a corporation, it shall have provided the Company with evidence satisfactory to counsel for the Company of its authority to become a Managing Member, to do business in the 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 limited liability company for federal income tax purposes.

6.03 Effect of Bankruptcy, Death, Withdrawal, Dissolution or Incompetence of a Managing Member.

(a) In the event of the Bankruptcy of a Managing Member or the withdrawal, death or dissolution of a Managing Member, or an adjudication that a Managing Member is incompetent (which term shall include, but not be limited to, insanity) the business of the Company shall be continued by the other Managing Member(s); provided, however, that if the withdrawn, Bankrupt, deceased, dissolved or incompetent Managing Member is then the sole Managing Member, or if such Managing Member withdraws from the Company in contravention of the provisions of Section 6.01(a) of this Agreement, then the Company shall be terminated, unless within ninety (90) days after receiving Notice of such Bankruptcy, withdrawal, death, dissolution or adjudication of incompetence or breach of Section 6.01(a), the Investor Member elects to designate the Special Investor Member or such other entity as the Investor Member may desire as a successor Managing Member and continue the Company upon the conversion of such Special Investor 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 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 has entered into this Agreement with the Managing Member in reliance upon the unique knowledge, experience and expertise of the Managing Member, and its officers in the planning and implementation of the acquisition of the Project and in the area of affordable housing and development in general. The foregoing restriction on transfer is based in part on the above factors. The Managing Member expressly agrees that the Investor Member shall not be required to accept performance under this Agreement from any person other than the Managing Member, including,

without limitation, any trustee of the Managing Member appointed under the Bankruptcy Code, 11 U.S.C. § 101 et seq., and any assignee of any such trustee.

6.05 Removal of the Managing Member.

(a) Conditions for Removal. The Investor Member shall have the right to remove the Managing Member:

(i) for (A) any fraud, gross negligence or intentional misconduct, 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 for any year are, or are projected by the Accountants to be, less than ninety percent (90%) of the Projected Credits 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 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 \$500,000;

(K) failure of the Company to achieve Breakeven Operations within six (6) months of the Company's achievement of 95% 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 shall give Notice to all Members and to the Project Lenders of its 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 Investor 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. However, if the default or other reason for such removal should be of a nature that it reasonably takes more than ten (10) days to cure, then the cure period shall be extended for an additional forty-five (45) days as long as the Managing Member commences such cure within ten (10) days of receipt of such Notice and continues to diligently pursue such cure. The Investor Member may require reasonable regular progress reports regarding the status of such cure from the Managing Member while such cure is being undertaken.

(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. The Investor Member hereby is granted an irrevocable power of attorney, coupled with an interest, to execute any and all documents on behalf of the Members and the Company as shall be legally necessary and sufficient to effect all of the foregoing provisions of this Section 6.05. The election by the Investor Member to remove the Managing Member under this Section shall not limit or restrict the availability and use of any other remedy which the Investor Member or any other Member might have with respect to the Managing Member in connection with its undertakings and responsibilities under this Agreement.

6.06 Construction Lender Requirements.

- (a) Notwithstanding anything to the contrary contained in this Agreement, the Members hereby acknowledge and consent to (A) the granting of a security interest in the Company's rights, title and interest in and to the obligations of the Investor Member 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 ("**CCB**") to secure the obligations of the Company to CCB under the loan documents evidencing, securing and otherwise governing the Construction Loan (collectively, as amended from time to time, the "**Construction Loan Documents**"), (B) the filing of financing statements by or on behalf of CCB, the execution and delivery of one or more pledge and/or security agreements in favor of CCB, and the taking of any and all such other actions as may be required by CCB to perfect its security interest in the CC Collateral, and (C) the exercise by CCB of all of its rights and remedies relating to its perfected security interest in the CC Collateral, whether under the Construction Loan Documents or at law or in equity. The Members hereby further acknowledge and agree that the consummation of the transactions described above in this Section 6.06 shall not constitute a breach or default by any Member under this Agreement and/or the Project Loan documents, and shall not result in the acceleration or enforcement of any rights the Members may otherwise have in connection therewith.
- (b) Notwithstanding the foregoing, the Members hereby consent to (A) 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 CCB in connection with the construction loan described on Exhibit F hereto (the "**MM Pledgee**") to secure the obligations of the Company to CCB under the loan documents evidencing, securing and otherwise governing such construction loan (collectively, as amended from time to time, the "**CCB Construction Loan Documents**"), and (B) the exercise by the MM Pledgee of all of its rights and remedies relating to such pledge and security interest, whether under the CCB Construction Loan Documents or at law or in equity (subject to the provisions of the last sentence of this subsection (b)). The Investor Member agrees that such pledge of the

MM Pledged Collateral will be senior to the pledge to the Investor Member under the Managing Member Pledge. Upon the occurrence of an event of default under the CCB Construction Loan Documents (and the expiration of any applicable notice and cure period), and upon any exercise by the MM Pledgee 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 the MM Pledgee, the MM Pledgee's nominee and/or any Person to whom the MM Pledgee may transfer such MM Pledged Collateral in a secured creditor's sale (each such Person being referred to herein as a "**Subsequent Transferee**"), the admission of such Subsequent Transferee as a substitute Managing Member shall require the Consent of the Investor Member; provided, that Investor Member agrees that such Consent shall not be unreasonably withheld, and will be based on the Investor Member's determination (which may be based on advice of its counsel) that (i) the admission of such Subsequent Transferee will not cause any adverse tax consequences to the Investor Member or the Company, (ii) the Subsequent Transferee has obtained the required consent of the Agency and any Project Lender for such admission, (iii) the Subsequent Transferee has the experience, current competence and financial resources (including the ability to have an affiliate provide a guaranty of its obligations hereunder), in the reasonable determination of the Investor Member, to construct and operate the Project and maintain the Tax Credits, and (iv) the conditions set forth in subsections (i)-(iii) above have been met. Notwithstanding anything to the contrary contained in this Agreement, the Members agree and covenant that (x) all Members' Interests in the Company, whether now or hereafter issued and outstanding, shall be uncertificated and no election has or will be made to have the Interests governed by Article 8 of the Uniform Commercial Code adopted by the Commonwealth of Virginia without the prior written consent of CCB, and (y) the provisions set forth in this Section 6.06 may not be amended or restated without the prior written consent of CCB, and any attempt to do so in violation of the foregoing shall be null and void.

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
- (c) 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 Investor 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 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 prior to the disbursement of any funds pursuant thereto and shall be subject to the Consent of the Investor Member; and provided further that any such applications which provide for the disbursement of funds of the Company in lieu of or in addition to the proceeds of the Project Loans shall be subject to the Consent of the Investor Member. All decisions made for and on behalf of the Company by the Managing Member shall be binding upon the Company. No person dealing with the Managing Member shall

be required to determine its authority to make any undertaking on behalf of the Company, nor to determine any facts or circumstances bearing upon the existence of such authority.

8.02 Limitations Upon the Authority of the Managing Member.

(a) The Managing Member shall not have any authority to:

(i) perform any act in violation of any applicable law or regulation thereunder;

(ii) perform any act in violation of the provisions of the Regulatory Agreement, the Extended Use Agreement, the Loan Agreements, or any other Project Documents;

(iii) do any act required to be approved or ratified in writing by the Investor Members under the Act unless the right to do so is expressly otherwise given in this Agreement;

(iv) knowingly rent apartments in the 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 have any authority to:

(i) sell or otherwise dispose of, at any time, all or substantially all of the assets of the Company;

(ii) amend the terms of any Project Loan to be other than those set forth on **Exhibit F** attached hereto;

(iii) borrow in excess of \$10,000.00 in the aggregate at any one time outstanding on the general credit of the Company, except 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 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;

(xix) 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 42 (including an election to treat any year other than 2015 as the first year of the Credit Period (as defined in Code Section 42) for the Project) or Section 754 of the Code or any other tax election affecting the amount, timing, availability or allocation of any LIHTC;

(xxiv) enter into any agreement or take any action without the prior consent of the Investor Member with respect to any matters for which the prior consent of the Investor Member 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 as a consequence of such purchase, on the terms set forth in **Exhibit L** attached hereto.

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 general partner of other limited partnerships or the managing member of limited liability companies 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 and Special Investor Member from and against any claim, loss, expense, action or damage, including without limitation, reasonable costs and expenses of litigation and appeal (and the reasonable fees and expenses of counsel) asserted against the Investor Member or Special Investor Member based on any act, omission, malfeasance or nonfeasance of the Company or the Managing Member, including without limitation any claim that the Investor Member or Special Investor Member is liable for any indebtedness of the Company and excluding only liability directly caused by the Investor Member or Special Investor 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 and Special Investor 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 Net Worth of Managing Member. The Managing Member shall maintain a minimum net worth in an amount as may be necessary to assure that the Company will be taxed as a partnership, and not as an association taxable as a corporation, for federal income tax purposes.

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, 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) LIHTC Compliance Guaranty. (i) If with respect to any fiscal year of the Company there is a LIHTC Shortfall, the Managing Member shall, within forty-five (45) days following the close of such fiscal year, 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, (B) all penalties and interest imposed by the Code and assessed against the Investor Member by the IRS with respect to any LIHTC Shortfall, and (C) an amount sufficient to pay any tax liability owed by the Investor Member resulting from the receipt of the amounts specified in the foregoing clauses (A), (B) and this clause (C) of this Section 8.11(c)(i) (such calculation to be made assuming the Investor Member is subject to the highest federal and state tax rates imposed on corporate tax payers under the Code at that time for the taxable year of the Investor Member in which such payment is taken into income by the Investor Member), together with interest on such amounts at the Prime Rate accruing from such payment due date.

(ii) The Managing Member irrevocably and unconditionally guarantees payments specified in this Section 8.11(c)(ii) to the Investor Member if there is a LIHTC Recapture Event. The payments required by this Section 8.11(c)(ii) shall be the sum of the following amounts: (A) the amount of LIHTC previously allocated to the Investor Member and subsequently disallowed because of such LIHTC Recapture Event; (B) the “credit recapture amount” (as defined in Code Section 42(j)(2)) allocated to the Investor Member because of such LIHTC Recapture Event; (C) all penalties and interest imposed by the Code and assessed against the Investor Member by the IRS with respect to such LIHTC Recapture Event; (D) an amount sufficient to pay any tax liability owed by the Investor Member resulting from the receipt of the amounts specified in the foregoing clauses (A), (B), (C) and this clause (D) of this Section 8.11(c)(ii) (such calculation to be made assuming the Investor Member is subject to the highest federal and state tax rate imposed on corporate taxpayers under the Code at that time for the taxable year of the Investor Member in which such payment is

taken into income by the Investor Member), together with interest on such amounts at the Prime Rate accruing from the date the Investor Member remits funds to a taxing authority with respect to a LIHTC 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 within forty-five (45) days of the LIHTC Recapture Event.

(iii) The LIHTC Compliance Guaranty set forth herein shall not apply to amounts due solely to the transfer by the Investor Member of all or a portion of its Interest in the Company or to changes in the 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) The Managing Member may use funds in 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 1, 2016, on the terms set forth on **Exhibit F** attached hereto. The Managing Member represents and warrants that the source of funds for the Project Loans 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.

(a) 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 \$450,000 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 \$328,370 of the Development Fee will be deferred and paid pursuant to Article XI.

(b) The Company has entered into a Construction Incentive Management Fee Agreement of even date herewith with the Managing Member in the form attached hereto as **Exhibit M** for its services in connection with value engineering of the construction of the Project. Payment of any fee due under such Agreement shall be subject to the requirements of the Project Lenders and consent of the Agency and the Investor Member.

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 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 (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.

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 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 Investor Member, but in no event will the annual management fee be greater than seven percent (7%) 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 Investor 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 Investor Member 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 Investor Member if the Managing Member is removed or withdraws. Community Housing Partners Corporation 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, remove the Management Agent if the Special Investor Member determines 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.

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 and the Investor Member may agree; provided, however, that no such additional loans shall be secured by any mortgage or other encumbrance on the property of the Company without the prior approval of the Investor Member 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 (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 [Intentionally Omitted].

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 recognize the Investor Member and the Investor Member's members 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.

(a) Under no circumstances will any offer, sale, transfer, assignment, hypothecation or pledge of any Investor Member Interest be permitted unless the Managing Member, in its sole discretion, shall have Consented thereto, and the Project Lenders, if required, also shall have Consented thereto, provided however, that the Managing Member 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, 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.

(b) The Investor Member 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 Investor 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).

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 (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 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 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;

(iii) an amended Agreement and/or certificate evidencing the admission of such Person as an Investor Member 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 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 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 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, 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 of the conditions contained in this Article IX to the admission of such Person as an Investor Member of the Company. Any cost or expense incurred in connection with such admission shall be borne by the Substitute Investor Member.

9.03 Rights of Assignee of Company Interest.

(a) Except as provided in this Article and as required by operation of law, the Company shall not be obligated for any purpose whatsoever to recognize the assignment by any Investor Member of its Interest until the Company has received actual Notice thereof.

(b) Any Person who is the assignee of all or any portion of an Investor Member's Interest, but does not become a Substitute Investor Member, and who desires to make a further assignment of such Interest, shall be subject to all the provisions of this Article IX to the same extent and in the same manner as any Investor Member desiring to make an assignment of its Interest.

ARTICLE X RIGHTS AND OBLIGATIONS OF INVESTOR MEMBERS

10.01 Management of the Company. No Investor Member shall take part in the management or control of the business of the Company nor transact any business in the name of the Company. Except as otherwise expressly provided in this Agreement, no Investor Member shall have the power or authority to bind the Company or to sign any agreement or document in the name of the Company. No Investor Member shall have any power or authority with respect to the Company except insofar as the consent of any Investor Member shall be expressly required and except as otherwise expressly provided in this Agreement.

10.02 Limitation on Liability of Investor Members. The liability of each Investor Member is limited to its Capital Contribution as and when payable under the provisions of this Agreement, and as provided under the Act. No Investor Member shall have any other liability to contribute money to, or in respect of the liabilities or obligations of, the Company, nor shall any Investor Member be personally liable for any obligations of the Company, except as and to the extent provided in the Act. No Investor Member shall be obligated to make loans to the Company.

10.03 Other Activities. Any Investor Member may engage in or possess interests in other ventures of every kind and description for its own account, including without limitation, serving as general partner or managing member of other limited partnerships or limited liability companies 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.

(c) Special Investor Member Allocation. Notwithstanding any provisions in the Agreement to the contrary, in no event shall the Special Investor 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(d) and (f) will be distributed in accordance with the Members' respective Capital Accounts.

(b) Losses shall be allocated (i) first, to the extent and in such proportions as the respective positive balances in all Members' Capital Accounts, and (ii) second, any remaining loss to the Members in accordance with the manner in which they bear the economic risk of loss associated with such loss or, if none, to the Members in accordance with their Company 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 until the aggregate amount of distributions made to the Investor Member under this Section 11.03(b)(i) for the current and all prior years equals the Assumed Investor Member Tax Liability for the current and all prior years;

(ii) second, to the Investor Member in an amount equal to any LIHTC Reduction Guaranty Payment or Unpaid LIHTC Shortfall;

(iii) third, 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 the balance required under Section 4.02(r);

(vi) sixth, to the pro rata payment of any outstanding Operating Deficit Loans and MM Loans, based upon the respective outstanding balances of each;

(vii) seventh, ninety percent (90%) to the payment of the Incentive Management Fee; and

(viii) thereafter, to the Members in accordance with Percentage Interests.

Notwithstanding anything to the contrary contained herein, if the amount of the distribution to the Investor Member under Section 11.03(b) is less than 10% of the Net Cash Flow of the Project, then the Investor Member shall receive a priority distribution before any distributions under Section

11.03(b)(vii) and (viii) in an amount such that, when added to the sum distributable to the Investor Member under Section 11.03(b), shall equal 10% of the Cash Flow.

(c) Distributions to be Subject to Regulatory Restrictions. Notwithstanding the foregoing, during such time as regulations of the Project Lenders are applicable to the 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, 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) to the payment of any outstanding MM Loans and loans made by the Managing Member pursuant to Section 8.11(a)(i) and/or 8.11(a)(ii) pro rata based on their respective outstanding balances, if applicable; (iv) amounts due under the Development Agreement; (v) amounts due with respect to Operating Deficit Loans, if any; and (vi) any other such debts and liabilities;

(d) to the Managing Member and Investor Members in proportion to the relative amounts of Net Projected Tax Liabilities of the Managing Member and the Investor Member's members or partners and their respective members or partners until they each have received, cumulatively, an amount equal to their respective Net Projected Tax Liabilities;

(e) 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

(f) the balance, ninety percent (90%) to the Managing Member, nine and ninety-nine hundredths percent (9.99%) to the Investor Member, and one one-hundredth percent (0.01%) to the Special Investor Member.

Written determination of the proposed distributions of proceeds of Capital Transactions, showing all relevant calculations and assumptions, shall be delivered to the Investor Member and Special Investor 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 Investor Member not later than twenty (20) days prior to the making of any such distribution. Distributions hereunder shall be made within five (5) 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) 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) 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 Investor 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 Investor Member or the Investor Member.

(iii) If the Managing Member receives a recommendation from the Accountants to make any new allocation in a manner less favorable to the Investor Member than is otherwise provided for in this Article XI, then the Managing Member shall do so only with the Investor Member's or the Special Investor Member's Consent and only after having given the Investor Member and the Special Investor Member the opportunity to discuss such allocation with the Accountants, and only after the Managing Member has been advised by the Accountants that it is permitted by Section 704(b) of the Code, to allocate income, gain, loss, deduction, or credit (or item thereof) arising in later years in such manner so as to bring the allocations of income, gain, loss, deduction, or credit (or item thereof) to the Investor Members as nearly as possible to the allocations thereof otherwise contemplated by this Article XI.

(n) Grant Income. Any income recognized as a result of any receipt of grants by the Company shall be allocated one hundred percent (100%) to the Managing Member.

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 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 Investor 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 Investor 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 Investor 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 Investor 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, permit the Investor Member to include its attorney in the power of attorney (Form 2848) for the Company for any taxable years under a tax audit or in a tax administrative Appeals process.

(c) The Tax Matters Partner shall not without the Consent of the Special Investor Member:

(i) Extend the statute of limitations for assessing or computing any tax liability against the Company (or the amount of character of any Company tax items);

(ii) Engage an accounting firm or counsel to represent the Company before the 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 Investor 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 Investor 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. 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 believes that the Project is experiencing or may experience adverse operating results or any other material adverse condition, the Investor Member, 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 believes that the adverse condition affecting the Project is no longer present or threatened. At Investor Member’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 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 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 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. The Managing Member shall keep the Investor Member informed concerning the general state of the business and financial condition of the Company and shall, upon the reasonable request of the Investor Member, 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 Members:

(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 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 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 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 out of the accounting fee payable to it 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, the Company may elect, pursuant to Sections 743 and 754 of the Code (or any corresponding provision of succeeding law), to adjust the basis of the Company property if, in the opinion of the Investor Member, based upon the advice of the Accountants, such election would be most advantageous to the Investor Member. Each Member agrees to furnish the Company with all information necessary to give effect to such election.

13.07 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 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. 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, 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; provided, however, that if the Managing Member and the Investor Member cannot agree on the designation of successor Accountants, the successor Accountants shall be designated by the

Investor Member in its sole reasonable discretion, and the fees of such successor Accountants shall be paid by the 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 proposes an amendment to this Agreement which either (a) increases or imposes upon the Investor Member the obligation to restore a deficit balance in its Capital Account, or (b) prospectively decreases the obligation of the Investor Member to restore a deficit balance in its Capital Account in a subsequent Fiscal Year of the Company, the Managing Member shall effectuate the adoption of such amendment; provided, however, that the Managing Member shall not be liable to the Investor Member for any adverse tax consequences that may result from any such increase or decrease.

ARTICLE XV
CONSENTS, VOTING AND MEETINGS

15.01 Method of Giving Consent. Any Consent required by this Agreement may be given by a written Consent given by the consenting Member and received by the Managing Member at or prior to the doing of the act or thing for which the Consent is solicited.

15.02 Submissions to Investor Members. The Managing Member shall give the Investor Member Notice of any proposal or other matter required by any provision of this Agreement or by law to be submitted for consideration and approval of the Investor Members. Such Notice shall include any information required by the relevant provision or by law.

15.03 Meetings: Submission of Matter for Voting. A majority in Interest of the Investor Members shall have the authority to convene meetings of the Company and to submit matters to a vote of the Members.

ARTICLE XVI
GENERAL PROVISIONS

16.01 Burden and Benefit. The covenants and agreements contained herein shall be binding upon and inure to the benefit of the heirs, executors, administrators, successors and assigns of the respective parties hereto.

16.02 Applicable Law. This Agreement shall be construed and enforced in accordance with the laws of the 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. Notwithstanding anything to the contrary contained herein, neither the Investor Member nor any of its 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 under this Agreement, except that the Investor Member shall be personally obligated to fund its Capital Contributions when, as and if required by this Agreement and subject to any defenses and offsets it may have with respect to the funding of such Capital Contributions. In the event that the Investor Member shall be in default under any of the terms of this Agreement, the sole recourse of any party hereto for any indebtedness due hereunder, or for any damages resulting from any such default by the Investor Member, shall be either against the Interest of the Investor Member and the capital contributions of the members of the Investor Member (either directly or through another Investor Member) allocated to, and remaining for investment in, the Company; provided, however, that under no circumstances shall the liability of the Investor Member for any such default be in excess of the amount of Capital Contribution payable by the Investor Member to the Company, under the terms of this Agreement, at the time of such default, less the value of the Interest of the Investor Member, if such Interest is claimed as compensation for damages.

16.07 Environmental Protection.

(a) The Managing Member 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 Investor Member.

(d) The Managing Member agrees to indemnify and hold harmless the Company, the Investor Member, the Special Investor Member, and any member of the Investor Member (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:

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
(804) 482-5386

with a copy to:

Applegate & Thorne-Thomsen, P.C.
626 W. Jackson Blvd.
Suite 400

Chicago, Illinois 60661
Attention: Thomas Thorne-Thomsen

(b) To the Managing Member:

Warwick Development Partners, LLC
c/o Canterbury Enterprises, LLC
204 Rivers Bend Boulevard
Chester, Virginia 23836
Attention: Gerald W. Burr, Jr.

With a copy to:

McCandlish Holton, PC
1111 E. Main St., Suite 2100
Richmond, Virginia 23219
Attention: Peter L. Henderer

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. 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 Second Amended and Restated Operating Agreement of Warwick Townhomes, LLC as of the date first written above.

MANAGING MEMBER:

Warwick Development Partners, LLC,
a Virginia limited liability company

By: 
Gerald W. Burr, Jr., Managing Member

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

SPECIAL INVESTOR MEMBER:

VAHM, LLC, a Virginia limited liability company

By: Arild O. Trent
Arild O. Trent, Vice President

Final 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 Purchase Option and Right of First Refusal Agreement
- M Construction Incentive Management Fee Agreement

**EXHIBIT A
TO OPERATING AGREEMENT**

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this “Agreement”) made as of January 15, 2015 by and between New Warwick Townhomes, LLC, a Virginia limited liability company (the “Company”), Southside Community Development and Housing Corporation, a Virginia corporation (“SCDHC”), and Canterbury Enterprises LLC, a Virginia limited liability company (“Canterbury”) (SCDHC and Canterbury collectively refer to as 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 Townhomes at Warwick Place (the “Project”).

WHEREAS, the Company is the successor in interest to Warwick Townhomes, LLC with respect to the development of the Project, and Warwick Townhomes, LLC executed a Development Agreement with the Developer dated December, 2014; this Agreement is intended to amend, restate and replace such Development Agreement.

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 the Company 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.

Exhibit A-1

(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;

(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 acquisition of the Project, 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) Four Hundred Fifty Thousand and No/100 Dollars (\$450,000.00); or (b) the maximum amount which conforms to the developer fee standards imposed by the Virginia Housing Development Authority. The Development Amount shall be deemed to have been earned as follows:

- (i) Twenty percent (20%) on December 1, 2014; and

- (ii) Eighty percent (80%) upon Substantial Completion of the Project;

The Development Amount shall be paid when the Investor Member's Sixth Capital Contribution is made. The projected amount of payment at that time is \$121,630. If Specified Proceeds are not available to pay the Development Amount in full at the time the Sixth Capital Contribution is made, the balance of the fee will be paid pursuant to the following paragraph. Any payment of the Development Amount will be allocated as follows: 10% to SCDHC, and 90% to Canterbury.

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 thirteenth anniversary of placement in service.

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:

New Warwick Townhomes, LLC, a Virginia limited liability company

By: Warwick Development Partners, LLC,
its Managing Member

By: 
Gerald W. Burr, Jr., Managing Member

DEVELOPER:

Southside Community Development and Housing Corporation, a Virginia corporation

By: 
Dianna Bowser, President

Canterbury Enterprises, LLC, a Virginia limited liability company

By: 
Gerald W. Burr, Jr., Manager

**EXHIBIT B
TO OPERATING AGREEMENT**

INCENTIVE MANAGEMENT FEE AGREEMENT

THIS INCENTIVE MANAGEMENT FEE AGREEMENT (this “Agreement”) made as of January 15, 2015, by and between New Warwick Townhomes, LLC, a Virginia limited liability company (the “Company”) and Warwick Development Partners, LLC, a Virginia limited liability company, as the Managing Member (the “Managing Member”).

Recitals

WHEREAS, Managing Member and Housing Equity Fund of Virginia XVIII, L.L.C. (the “Investor Member”), as the Investor Member 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 a 40-unit multifamily apartment complex intended for rental to low income individuals and families, to be known as Townhomes at Warwick Place, 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 ;

(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, 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 ninety percent (90%) of the Net Cash Flow remaining after payment of the items described in Section 11.03(b)(i) through (vi) under the Operating Agreement.

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 Company 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:


New Warwick Townhomes, LLC, a Virginia limited liability company

By: Warwick Development Partners, LLC,
a Virginia limited liability company, its
Managing Member

By: 
Gerald W. Burr, Jr., Managing Member

MANAGING MEMBER:

Warwick Development Partners, LLC,
a Virginia limited liability company

By: 
Gerald W. Burr, Jr., Managing Member

**EXHIBIT C
TO OPERATING AGREEMENT**

DESCRIPTION OF LAND

All those certain lots known as "Lot Numbers 1 through 40 " in Warwick Place, located in the City of Richmond, Virginia, and as further designated and described in that certain subdivision plat entitled "WARWICK PLACE", dated May 16, 2014, prepared by JenningsStephenson P.C., and recorded July 9, 2014, in the Clerk's Office of the Circuit Court of the City of Richmond, Virginia in Plat Book 14, at pages 17A and 173

TOGETHER WITH the 15' Right-of-Way dedicated to the City of Richmond, the Conservation Easements, the Stormwater Maintenance Easements, the Private Access Easements, and all other easements shown on the aforementioned plat.

BEING the same real estate conveyed to Warwick Townhomes, LLC, by Deed from Rosa Lee Branch, dated March 26, 2009, recorded March 30, 2009, in the Clerk's Office, Circuit Court, City of Richmond, Virginia, as Instrument No. 09-6381.

**EXHIBIT D
TO OPERATING AGREEMENT**

AFFILIATE GUARANTY

THIS GUARANTY AGREEMENT (this “Guaranty Agreement”), made as of January 15, 2015, is by Canterbury Enterprises, LLC, a Virginia limited liability company (“Canterbury”), and Warwick Development Partners, LLC, a Virginia limited liability company (the “Managing Member”) (jointly and severally sometimes referred to herein as “Guarantor” or collectively “Guarantors”), for the benefit of Housing Equity Fund of Virginia XVIII, L.L.C. a Virginia limited liability company (“HEF”).

Recitals

WHEREAS, Warwick Development Partners, LLC, a Virginia limited liability company (the “Managing Member”), is the Managing Member of New Warwick Townhomes, LLC, a Virginia limited liability company (the “Company”);

WHEREAS, the Company is governed by its Amended and Restated Operating Agreement dated as of January 15, 2015 (the “Operating Agreement”);

WHEREAS, Southside Community Development and Housing Corporation, Canterbury (collectively, “Developer”) and the Company have entered into that certain Development Agreement dated as of the date hereof (the “Development Agreement”);

WHEREAS, HEF 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 is an affiliate of the Managing Member, and believes it shall substantially benefit, directly or indirectly, from HEF’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, HEF has required each of the Guarantors to guarantee to HEF the obligations of the Managing Member under the Operating Agreement and certain other items as herein set forth;

NOW, THEREFORE, in order to induce HEF 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 HEF 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 Canterbury under this Guaranty Agreement are limited as follows: (i) with respect to the obligation to repay to HEF excess Capital Contributions (as a result of a Downward Capital Adjustment) under Section 5.01(e)(ii) of the Operating Agreement, the obligation of Canterbury shall not exceed the sum of the Development Fee (in the amount of \$450,000, including any deferred portion), the Incentive Management Fee, the Construction Management Incentive Fee and any other fee paid or to be paid to Canterbury, the Managing Member or an Affiliate with respect to the Project; (ii) with respect to the obligation to pay to HEF the amounts provided under Section 8.11(c) of the Operating Agreement, the obligation of Canterbury shall not exceed the sum of the Development Fee (in the amount of \$450,000, including any deferred portion), the Incentive Management Fee, the Construction Incentive Management Fee and any other fee paid or to be paid to Canterbury, the Managing Member or an Affiliate with respect to the Project; and (iii) with respect to the obligation to repurchase the Interest of HEF in the Company pursuant to Section 5.05(a) of the Operating Agreement, Canterbury shall not be required to pay interest on the sum of the Capital Contributions.

2. Each Guarantor hereby grants to HEF, in the uncontrolled discretion of HEF, 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 HEF, 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 HEF of any collateral securing payment of any of the Indebtedness in any proceedings under the United States Bankruptcy Code concerning HEF or any Guarantor.

The liability of Each Guarantor hereunder shall not be affected, impaired or reduced in any way by any action taken by HEF under the foregoing provisions or any other provision hereof, or by any delay, failure or refusal of HEF 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 HEF 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 HEF 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 HEF, and Guarantors' obligations hereunder shall continue to be effective or be reinstated as to such payment, all as though such previous payment to HEF 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 HEF 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 HEF to proceed against the Managing Member or any other person or to proceed against or exhaust any security held by HEF at any time or to pursue any other remedy in HEF'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 HEF 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 HEF or any endorser or creditor of HEF 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 HEF or in connection with the Indebtedness;

(f) any defense based upon an election of remedies by HEF, the right of any Guarantor to proceed against HEF 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 HEF 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 HEF or otherwise. The Guarantors understand that if all or any part of the liability of the Company to HEF 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 HEF 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 HEF, 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 HEF, and such Guarantor shall cause the same to be paid to HEF 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 HEF 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 HEF 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. HEF may maintain successive actions for other defaults. HEF'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. HEF, 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 HEF 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 HEF or any Guarantor's obligations hereunder.

11. The Guarantors hereby agrees to pay to HEF, upon demand, reasonable attorneys' fees and all costs and other expenses which HEF 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 HEF in connection with any insolvency, bankruptcy, reorganization, arrangement or other similar proceedings involving a Guarantor which in any way affect the exercise by HEF 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) 6%, or (ii) the highest rate permitted by applicable law, from the date incurred by HEF 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 HEF hereunder can be waived nor can any Guarantor be released from such Guarantor's obligations hereunder except by a writing duly executed by HEF. 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 HEF.

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 HEF, 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 HEF.

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 HEF 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 HEF and any Guarantor, this Guaranty Agreement shall constitute the entire agreement of the Guarantors with HEF with respect to the subject matter hereof, and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon HEF 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:

HEF: 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

with a copy to:

Applegate & Thorne-Thomsen, P.C.
626 West Jackson Blvd., Suite 400
Chicago, Illinois 60661
Attention: Paul Davis

Guarantor:

Warwick Development Partners, LLC
Canterbury Enterprises, LLC
204 Rivers Bend Boulevard
Chester, Virginia 23836
Attention: Gerald W. Burr, Jr.

With a copy to:

McCandlish Holton, PC
1111 E. Main St., Suite 2100
Richmond, Virginia 23219

Attention: Peter L. Henderer

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, HEF, any Guarantor, and/or any member of HEF 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 HEF 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. Capitalized terms not defined herein shall have the meaning set forth in the Operating Agreement.

23. 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:

Warwick Development Partners, LLC,
a Virginia limited liability company

By: *Gerald W. Burr, Jr.*
Gerald W. Burr, Jr., Managing Member

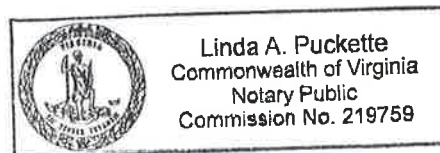
COMMONWEALTH OF VIRGINIA)) ss.
CITY OF RICHMOND)

The foregoing instrument was acknowledged before me this 12th day of January, 2015, by Gerald W. Burr, Jr.

Linda A. Puckette
Notary Public

My commission expires: 3/31/16

Registration Number: 219759



**EXHIBIT E
TO OPERATING AGREEMENT**

PLEDGE AND SECURITY AGREEMENT

THIS PLEDGE AND SECURITY AGREEMENT (this “Agreement”) made as of January 15, 2015, by Warwick Development Partners, LLC, a Virginia limited liability company (“Pledgor”), having an office at 204 Rivers Bend Boulevard, Chester, Virginia 23836, for the benefit of Housing Equity Fund of Virginia XVIII, L.L.C., a Virginia limited liability company (“Pledgee”), having an office at 1840 West Broad Street, Suite 200, Richmond, Virginia 23220.

Recitals

WHEREAS, Pledgor is the Managing Member in New Warwick Townhomes, LLC (the “Company”), and the Company is governed by its Amended and Restated Operating Agreement dated as of January 15, 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 pledge of Collateral hereunder is subordinate to the Pledgor's pledge of the Collateral to Community Capital Bank of Virginia to secure the \$2,300,000 loan from such bank to the Company (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. Other than under the Senior Pledge, 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 46-4795069, and its principal place of business is located at 204 Rivers Bend Boulevard, Chester, Virginia 23836.

(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. However, if the default should be of a nature that it reasonably takes more than ten (10) days to cure, then the cure period shall be extended for an additional forty-five (45) days as long as the Pledgor commences such cure within ten (10) days of receipt of such notice and continues to diligently pursue such cure.

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 W. Jackson Blvd., Suite 400, Chicago, Illinois 60661. If notice is sent to Pledgor, a copy of such notice shall also be given to McCandlish Holton, PC, 1111 E. Main St., Suite 2100, Richmond, Virginia 23219, Attention: Peter Henderer.

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.

Warwick Development Partners, LLC,
a Virginia limited liability company

By: 
Gerald W. Burr, Jr., Managing Member

**EXHIBIT F
TO OPERATING AGREEMENT**

SUMMARY OF PROJECT LOAN TERMS

Construction Loan

Lender: Community Capital Bank of Virginia

Amount: \$2,300,000

Interest Rate: 6%

Source: bank funds

Term/Repayment Terms: interest only payable monthly until maturity; 18 month maturity date

Recourse: yes

Senior Permanent Loan

Lender: VHDA

Amount: \$1,100,000

Interest Rate: 6.25%

Source: taxable bonds

Term/Repayment Terms: 35 years/35 years

Recourse: nonrecourse

Junior Permanent Loan

Lender: VHDA

Amount: \$950,000

Interest Rate: 2.95%

Source: SPARC

Term/Repayment Terms: 35 years/35 years

Recourse: nonrecourse

Junior Permanent Loan

Lender: VHDA

Amount: \$400,000

Interest Rate: 1.95%

Source: FLEX

Term/Repayment Terms: 35 years/35 years

Recourse: nonrecourse

Junior Permanent Loan

Lender: DHCD

Amount: \$600,000

Interest Rate: 3%

Source: HOME

Term/Repayment Terms: interest only payments until maturity, 20 year term

Recourse: nonrecourse

**EXHIBIT G
TO OPERATING AGREEMENT**

PROPERTY MANAGEMENT AGREEMENT

HOUSING MANAGEMENT AGREEMENT

THIS AGREEMENT is made this 12th day of January, 2015, between New Warwick Townhomes, LLC (the "Owner") and Community Housing Partners (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 Townhomes at Warwick Place (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 pre-occupancy conferences with VHDA officials, including one or more site inspections.

Section 2.02 Tenant Selection Plan.

- (a) Incorporated herein by reference is the Tenant Selection Plan for the Development which provides a description of the policies and procedures to be followed in the selection of tenants. The Owner

and the Agent hereby agree to comply with all applicable provisions of the 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 Tenant Selection Plan available to appropriate on-site and, if applicable, off-site staff for their use to provide guidance on tenant selection policies and/or procedures. Continued review of and revision to the 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 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 (Construction/Permanent Financing). The Owner shall furnish the Agent with a complete set of the plans and specifications or work write-up as approved by VHDA and copies of all guaranties and warranties pertinent to construction, fixtures, and equipment. With the aid of this information and inspection by competent personnel, 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 required by the Owner. 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 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 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 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; REACH Virginia Financing; LIHTC). 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 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 Tenant Selection Plan. In the event that the Agent shall not be in compliance with such 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 Tenant Selection Plan shall have been instituted. In accordance with the Regulatory Agreement, the Agent further agrees as follows:

- (a) (i) The units in the Development that are subject to the extended low-income housing commitment required by subsection (h)(6) of Section 42 of the Internal Revenue Code of 1986, as heretofore and hereafter amended, or any successor provision, shall be occupied or held available for occupancy by individuals and families whose incomes do not exceed as of the date of their initial occupancy of such units the applicable income limitation under such commitment and (ii) the units (if any) in the Development that are not subject to such commitment (and, upon any termination of such commitment, all of the units in the Development) will be occupied or held available for occupancy by persons and families whose adjusted family incomes, as determined in accordance with 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 persons and families occupying the units in 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 on 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 redetermination) of any such person or family exceeds one hundred fifty (150%) percent of the area median gross income as then determined by VHDA (without adjustments for family size), such person or family may be required by VHDA to pay a rental surcharge prescribed by VHDA or the tenancy of such person or family may be terminated, all in accordance with VHDA's Rules and Regulations then in effect; provided, however, that if the unit occupied by such person or family is subject to the requirements of section 42 of the Internal Revenue Code of 1986, as amended, the amount of such rental surcharge shall not cause the rent (including such surcharge and any utility allowance) to exceed the maximum rent that may be charged for the unit in order to continue to be treated as a "low-income unit" as defined in section 42(i)(3) of the Internal Revenue Code of 1986, as amended.
- (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 Virginia law in amounts not in excess of the maximum amounts permitted by Virginia law or such lesser amounts as VHDA may, in its discretion, determine to be reasonable and affordable by the persons and families eligible for occupancy under Section 3.07 hereof.
- (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 One Thousand Dollars (\$1,000.00) 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. All employees shall be employees of CHP.

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 services, 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 Agent's 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) A monthly fee of \$1,000 will be charged for management services until property commences initial occupancy. After first resident moves in, management fee will be greater of \$40.00 PUPA or seven percent of monthly receipts from the project 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. New Warwick, LLC will give CHP \$10,000 check for the opening of a bank account to pay operational invoices.

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 Three Thousand Dollars (\$3,000.00) 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, at the request of the Owner or VHDA, furnish such monthly occupancy, operations and financial reports as either the Owner or VHDA may require and shall give specific answers to questions upon which information is desired from time to time relative to the income, assets, liabilities, contracts, operation, condition and general management of the Development, residents of the Development and status of the Mortgage Loan. The Agent shall prepare and deliver to the Owner and VHDA any and all other statements, records, papers, documents and information 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. All such reports, answers, statements, records, papers, documents and information shall be delivered to VHDA and the Owner in such manner, format and medium (including, without limitation, electronic) as VHDA may require.

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." Such statement shall be delivered to VHDA and the Owner in such manner, format and medium (including, without limitation, electronic) as VHDA may require.
- (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 Owner 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.

Section 8.10 Ownership of Books and Records. The Owner is the sole owner of all books and records of the Development and of all of the information contained therein, whether in paper or electronic form, including, without limitation, the following records and information therein: tenant records and files, maintenance and expense records and reports, financial and accounting statements and reports, annual budgets, bank statements and records, and other records held by or for the Agent in the fulfillment of its duties hereunder. Upon termination of this Agreement for any reason, the Owner shall be entitled to receive, and the Agent shall deliver to the Owner, all of the foregoing books and records, including the originals of such books and records that are in paper form and including electronic copies of such books and records that are in electronic form (and, if requested by VHDA, the Agent shall also deliver to VHDA copies of the originals of such books and records that are in paper form and electronic copies of such books and records that are in electronic form), and the Agent shall convert any such information maintained in electronic format to such other electronic format or formats as the Owner (and VHDA, if requested by VHDA) shall reasonably require and shall provide to the Owner (and VHDA, if requested by VHDA) such printouts and paper copies of such books and records that are in electronic form as the Owner (and VHDA, if requested by VHDA) shall require.

ARTICLE IX

TERM OF AGREEMENT

Section 9.01. Initial Term (Construction/Permanent Financing). This Agreement shall commence on the date hereof and shall be in effect for an initial term ending on the date two years after the last day of the month in which the first completed unit in the Development is occupied. However, this Agreement shall not be effective or binding until endorsed by VHDA.

Section 9.02 Extension. This Agreement shall continue in force after the expiration of the initial term, upon the same conditions, for successive terms of one year each, 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 commencement of any such successive term.

Section 9.03 Termination by the Parties. This Agreement may be terminated 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 in the event that (i) VHDA determines that a breach of any of the terms hereof has occurred and (ii) such breach is not cured to the satisfaction of VHDA within fifteen (15) days after written notice thereof by VHDA to the Owner and the Agent. This Agreement may also be terminated by VHDA for other just cause upon thirty (30) days written notice to the Owner and Agent.
- (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 the books and records as required by Section 8.10 hereof.
- (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 made in writing by hand delivery (whether personally or by courier or other delivery service), by electronic or facsimile transmission, or by certified mail, return receipt requested, addressed to the last known address or place of business of the recipient as shown in the records of the party giving such notice and shall be considered to be given when received at such address or place or business or, in the case of certified mail, three (3) days after the date of mailing.

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 date first set forth above.

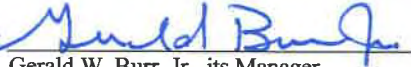
COMMUNITY HOUSING PARTNERS

 (SEAL)
(AGENT)

OWNER:

NEW WARWICK TOWNHOMES, LLC, a Virginia limited liability company

By: Warwick Development Partners, LLC, a Virginia limited liability company, its Managing Member

By: 
Gerald W. Burr, Jr., its Manager

ENDORSEMENT BY VHDA

DATE: _____

The Virginia Housing Development Authority hereby consents to the foregoing Management Agreement, by and between New Warwick Townhomes, L.L.C. (Owner) and Community Housing Partners (Agent).

VIRGINIA HOUSING DEVELOPMENT AUTHORITY

BY: _____ (SEAL)
Its: Authorized Officer

**EXHIBIT H
TO OPERATING AGREEMENT**

DEVELOPMENT BUDGET

EXHIBIT I
TO OPERATING AGREEMENT
INSURANCE REQUIREMENTS

I. Immediately upon, or prior to, the admission of the Limited Partner (or Investor Member), and throughout the term of this Agreement, General Partner (or Managing Member) shall obtain, and maintain in full force and effect, the following policies of insurance:

- Commercial General Liability insurance, insuring for legal liability of the Partnership (or LLC), 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 Partnership (or LLC). The policy shall include endorsements adding the Limited Partner (or Investor Member) and Special Limited Partner (or Special Member) 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 Limited Partner (or Investor Member) 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 Limited Partner (or Investor Member) 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 Partnership (or LLC), 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 Partnership or (LLC), including uninsured motorist liability, and including the costs to defend such actions brought against the Partnership or (LLC). The policy shall include endorsements adding the Limited Partner (Investor Member) and Special Limited Partner (or Special Member) 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 Partnership (or LLC) has an employee(s), Worker's Compensation insurance, insuring for occupational disease or injury and employer's liability, and covering the Partnership's (or LLC's) full liability for statutory compensation to any person or persons who perform work for the Partnership (or LLC) 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, General Partner or Managing Member 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 Limited Partner (or Investor Member) or Special Limited Partner (or Special Member)) to the real property comprising or intended to comprise the Project construction, and personal property of the Partnership (or LLC) 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 Partnership. 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 Limited Partner (or Investor Member) 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 Limited Partner (or Investor Member) and Special Limited Partner (or Special Member) as Loss Payees and Certificate Holders, as their interests may appear, and as additional insureds, and shall allow the Limited Partner (or Investor Member) and Special Limited Partner (or Special Member) 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 Limited Partner (or Investor Member) or Special Limited Partner (or Special Member) 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, General Partner (or Managing Member) 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 Partnership (or LLC), Limited Partner (or Investor Member), and Special Limited Partner (or Special Member) 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. General Partner (or Managing Member) 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 Partnership (or LLC), Limited Partner (or Investor Member), and Special Limited Partner (or Special Member) 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 Partnership (or LLC), Limited Partner (or Investor Member), and Special Limited Partner

(or Special member) 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 Partnership (or LLC), 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 Partnership (or LLC), and in a form and with a company acceptable to Partnership (or LLC), 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 Partnership within two (2) years after the occurrence of such losses. Such fidelity bond shall contain a written provision that Partnership (or LLC) 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. Partnership (or LLC), Limited Partner (or Investor Member), and Special Limited Partner (or Special Member) shall be protected in all such insurance by specific inclusion of Partnership (or LLC) under an additional insured or alternate employer rider. Agent shall provide Partnership (or LLC) 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 Partnership (or LLC) 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, General Partner (or Managing Member) shall obtain, on behalf of the Partnership (or LLC) 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 Limited Partner [or Investor Member]) to the real property comprising the Project, personal property of the Partnership (or LLC) 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 Partnership (or LLC). 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 Limited Partner (or Investor Member) 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 Limited Partner (or Investor Member) and Special Limited Partner (or Special Member) as Loss Payees and Certificate Holders, as their interests may appear, and as additional insureds, and shall allow the Limited Partner (or Investor Member) and Special Limited Partner (or Special Member) to be associated in the adjustment of any claim. The policy shall also include a Notice of Cancellation endorsement.

VII. In cases where the Partnership or LLC contracts directly with any contractor (other than as described in III), the General Partner (or Managing Member) shall obtain, on behalf of the Partnership (or LLC) 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 Partnership (or LLC), 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].

VIII. 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 General Partner (or Managing Member) shall furnish to the Limited Partner (Investor Member) and Special Limited Partner (or Special member) 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 Limited Partner (or Investor Member) and Special Limited Partner (or Special Member) 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 Limited Partner (or Investor Member) and Special Limited Partner (or Special Member) 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 General Partner (or Managing Member) hereby releases and relieves the Limited Partner (or Investor Member) and Special Limited Partner (or Special Member) 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 General Partner (or Managing Member) 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 January 15, 2015 by and between New Warwick Townhomes, LLC, a Virginia limited liability company (the “Company”) and Virginia Housing Capital Corporation (“VHCC”).

RECITALS

1. The Company was formed to acquire, construct, develop, improve, maintain, own, operate, lease, dispose of and otherwise deal with an apartment project to be known as Townhomes at Warwick Place, located in Richmond, Virginia (the “Project”).

2. The Company is governed by the terms of that certain Amended and Restated Operating Agreement dated January 15, 2015 (“Operating Agreement”) by, among others, Warwick Development Partners, LLC as Managing Member and Housing Equity Fund of Virginia XVIII, L.L.C. as Investor Member.

3. 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).

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 \$6,500 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.

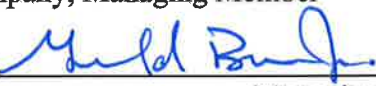
VHCC shall have the right to terminate this Agreement upon providing ninety (90) days written notice to the Company, at the following address: 204 Rivers Bend Boulevard, Chester, Virginia 23836, Attention: Gerald W. Burr, Jr.

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

COMPANY:

New Warwick Townhomes, LLC, a Virginia limited liability company

By: Warwick Development Partners, LLC, a Virginia limited liability company, Managing Member

By: 
Gerald W. Burr, Jr., Managing Member

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:

New Warwick Townhomes, LLC, a Virginia limited liability company

By: Warwick Development Partners, LLC, a Virginia limited liability company, Managing Member

By: _____
Gerald W. Burr, Jr., Managing Member

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

January 15, 2015

New Warwick Townhomes, LLC
204 Rivers Bend Boulevard
Chester, Virginia 23836
Attention: Gerald W. Burr, Jr.

Re: Due Diligence Post-Closing Letter for
New Warwick Townhomes, LLC (the "Company")

Dear Mr. Burr:

As a condition to the equity closing of the Amended and Restated Operating Agreement of New Warwick Townhomes, LLC (the "Operating Agreement") with Housing Equity Fund of Virginia XVIII, L.L.C. ("Investor Member"), Warwick Development Partners, LLC (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 by the Managing Member at a later date. Investor Member has 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 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), 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 to enter into the Operating Agreement. The Managing Member also understands and agrees to cooperate with Investor Member 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 provides 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 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
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

Agreed to as of the day written above:

COMPANY:

New Warwick Townhomes, LLC,
a Virginia limited liability company

By: Warwick Development Partners, LLC,
a Virginia limited liability company,
its Managing Member

By: _____
Gerald W. Burr, Jr., Managing Member

The undersigned Affiliate Guarantor acknowledges the foregoing Post Closing requirements as of the day written above.

AFFILIATE GUARANTOR:

Canterbury Enterprises, LLC,
a Virginia limited liability company

By: _____
Gerald W. Burr, Jr., Manager

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
XVIII, L.L.C., a Virginia limited liability company

By: Virginia Housing Capital Corporation, its
managing member


By: _____
Arild O. Trent, Vice President

Agreed to as of the day written above:

COMPANY:

New Warwick Townhomes, LLC,
a Virginia limited liability company

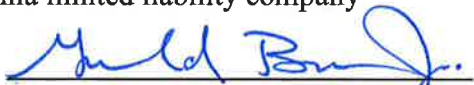
By: Warwick Development Partners, LLC,
a Virginia limited liability company,
its Managing Member

By: 
Gerald W. Burr, Jr., Managing Member

The undersigned Affiliate Guarantor acknowledges the foregoing Post Closing requirements as of the day written above.

AFFILIATE GUARANTOR:

Canterbury Enterprises, LLC,
a Virginia limited liability company

By: 
Gerald W. Burr, Jr., Manager

POST-CLOSING LIST

As of January 15, 2015

To be provided and approved by VCDC as specifically provided below:

Item		Due Date
1.	Executed originals of opinion letter, and of signatures for equity documents and TCL	January 27, 2015
2.	Assignment of City Tax Abatement to New Warwick Townhomes, LLC	January 30, 2015
3.	Final Owner's Title Policy, including copies of all documents recorded as of the closing date	February 18, 2015
4.	DHCD Commitment Letter	February 18, 2015
5.	Evidence that Warwick Development Partners, LLC has made a 168(h) election	Upon the timely filing of its 2015 tax return
6.		
7.		

Prepared by :

Paul Davis
Applegate & Thorne-Thomsen, P.C.
626 W. Jackson , Suite 400
Chicago, IL 60662

Tax Parcel Nos. C0060957035,
C0060957036
See Exhibit A for list of
additional tax parcels

After Recording Return to:

Aubrey W. Fountain III
Harrell & Chambliss LLP
P.O. Box 518
Richmond, VA 23218-0518

PURCHASE OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT

This Purchase Option and Right of First Refusal Agreement (“Purchase Agreement”) is made as of the 15th day of January, 2015, by and between **NEW WARWICK TOWNHOMES, LLC**, a Virginia limited liability company (the “Company” index as **GRANTOR**), **SOUTHSIDE COMMUNITY DEVELOPMENT AND HOUSING CORPORATION**, a Virginia corporation (“Grantee” and index as **GRANTEE**), and Warwick Development Partners, LLC, a Virginia limited liability company (the “Managing Member”), and is consented to hereinbelow by Housing Equity Fund of Virginia XVIII, L.L.C., 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 10% owned and controlled by SCD-Warwick, Inc., a Virginia corporation, which is wholly owned and controlled by Grantee; and

Whereas, Grantee has been instrumental in the development of the Project Property (as defined below), 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;

Whereas, the Company and Grantee entered into a Right of First Refusal Agreement dated as of March 16, 2012 regarding the Project Property, which agreement was recorded on October 31, 2013 with the Clerk's Office of the City of Richmond, Virginia, as Instrument No. 13-24565, and the parties hereto intend that this Purchase Agreement is an amendment and restatement of such 2012 Right of First Refusal Agreement.

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 B attached hereto and made a part hereof (the "Project Property"). The Regulatory Agreement containing the Use Restrictions to which the Project Property real estate will remain subject under Section 9 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. **Supersede Prior Agreement.** This Agreement replaces and supersedes in its entirety the Right of First Refusal Agreement dated as of March 16, 2012 regarding the Project Property, which agreement was recorded on October 31, 2013 with the Clerk's Office of the City of Richmond, Virginia, as Instrument No. 13-24565.

(continued on next page)

Grantee:

Southside Community Development and Housing Corporation, a Virginia corporation

By: Dianna C. Bowser
Title: President/CEO

COMMONWEALTH OF VIRGINIA)
) ss
CITY OF RICHMOND)

I, Donna Stallings, a Notary Public in and for said City in the Commonwealth aforesaid, do hereby certify that Dianna Bowser, President of Southside Community Development and Housing 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 s/he signed and delivered such instrument as his/her own free and voluntary act, and as the free and voluntary act of the corporation known as Southside Community Development and Housing Corporation, all for the uses and purposes set forth therein.

Given under my hand and notarial seal on January 14, 2014.

Donna M. Stallings
Notary Public

My Commission Expires: 2/28/2018 [SEAL]

Registration Number: 7582029



EXHIBIT A

EXHIBIT A to Purchase Option and Right of First Refusal Agreement

Additional Tax Map ID Nos.

Tax Parcel ID No.

C0060957037
C0060957038
C0060957039
C0060957040
C0060957041
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Exhibit B

Legal Description

All those certain pieces, parcels and lots of land, known as "Lot Numbers 1 through 40", the Conservation Easements, the Stormwater Maintenance Easements and the Private Access Easements, in Warwick Place, located in the City of Richmond, Virginia, and as further designated and described in that certain subdivision plat entitled, "CORRECTED SUBDIVISION PLAT OF WARWICK PLACE" dated November 6, 2014, prepared by JenningsStephenson P.C. and recorded November 17, 2014, in the Clerk's Office of the Circuit Court of the City of Richmond, Virginia, in Plat Book 14, page 29A-C(3), which plat corrects original subdivision plat entitled, "WARWICK PLACE", dated May 16, 2014, and recorded July 9, 2014, in the aforesaid Clerk's Office in Plat Book 14, at pages 17A and 17B.

LESS AND EXCEPT THE 15' Right-of-Way dedicated to the City of Richmond.

BEING the same real estate conveyed to New Warwick Townhomes, LLC, by Deed from Warwick Townhomes, LLC, dated January 12, 2015, and recorded simultaneously herewith.

EXHIBIT M

CONSTRUCTION INCENTIVE MANAGEMENT FEE AGREEMENT

THIS AGREEMENT entered into as of January 15, 2015, by and between New Warwick Townhomes, LLC, a Virginia limited liability company (the “Company”), and Warwick Development Partners, LLC, a Virginia limited liability company, as the Managing Member (the “Managing Member”).

WHEREAS, Managing Member and Housing Equity Fund of Virginia XVIII, L.L.C., a Virginia limited liability company (the “Investor Member”), as the Investor Member, have formed a limited liability company pursuant to Virginia Limited Liability Company Act (the “Act”), to be known as New Warwick Townhomes, LLC; and

WHEREAS, the Company has been formed to develop, construct, own, maintain and operate a 40-unit multifamily apartment complex intended for rental to low income families, to be known as Townhomes at Warwick Place, and to be located in Richmond, Virginia (the “Apartment Complex”); 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 construction management services with respect to the business of the Company for the period commencing as of the date hereof and continuing throughout the final construction completion of the Project.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises of the parties hereto, and of 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 construction of the Project during the construction of the Project 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 final construction completion of Project.

2. Authority. In conformity with the provisions of the Operating Agreement, throughout the term of the construction of the Project, 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) 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) participation in conferences and the rendering of such advice and assistance as will aid in developing economical, efficient and desirable design and construction procedures;

(C) the rendering of advice and recommendations as to the selection of subcontractors and suppliers in an effort to reduce the cost of construction while maintaining the aforesaid design and procedures; and

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

3. Fees. For services to be performed under this Construction Incentive Management Fee Agreement, the Company shall pay the Managing Member an amount, if any, equal to the positive difference, if any (the “Cost Savings”) between (i) the aggregate amount of Project Loan, Project grants and Capital Contributions actually disbursed to the Company; and (ii) total acquisition and rehabilitation or construction hard and soft costs (including capitalized reserves, loan interest and developer fee) of the Project (the “Development Costs”). If any dispute as to the determination of Cost Savings or Development Costs arises, the terms of the Operating Agreement shall govern as to the amount includable therein. Such payment shall be subject to the requirements of the Project Loans, if any, and the approval of the Agency and the Investor Member. Such payment will be made with the Sixth Capital Contribution of the Investor Member.

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 6 of the Operating Agreement, then such Managing Member shall be in default of this Agreement and the Company shall withhold payment of fees payable to such Managing Member pursuant to Section 3 of this 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 Company Interests of a Managing Member, as Managing Member, are transferred pursuant to Article IX of the Operating Agreement, further payment of the Construction Incentive Management Fee from the Company to such Managing Member pursuant to Section 3 above shall be governed by such Article IX, 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.

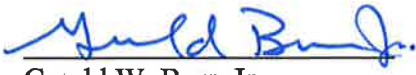
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IN WITNESS WHEREOF, the parties have caused this Construction Incentive Management Fee Agreement to be duly executed as of the date as first written above.

COMPANY:

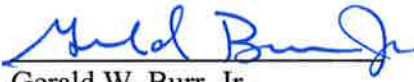
New Warwick Townhomes, LLC, a Virginia limited liability company

By: Warwick Development Partners, LLC,
a Virginia limited liability company

By: 
Gerald W. Burr, Jr.,
Managing Member

MANAGING MEMBER:

Warwick Development Partners, LLC,
a Virginia limited liability company

By: 
Gerald W. Burr, Jr.,
Managing Member

Q

Documentation of
Rental Assistance, Tax
Abatement and/or
Existing HUD/RD

INTRODUCED: November 9, 2015

AN ORDINANCE No. 2015-233

As Amended

To amend and reordain City Code §§ [~~98-263~~] 26-582, concerning the eligibility of residential real property in redevelopment and conservation areas and rehabilitation districts for partial tax exemption, [~~98-264~~] 26-583, concerning the application requirements for such partial tax exemption, and [~~98-265~~] 26-584, concerning the amount of such exemption and the basis for taxes during construction, for the purposes of adjusting applicable threshold requirements to qualify for such exemption, adding maximum rent limits for certain dwelling units, authorizing an additional exemption period for certain structures and requiring that property owners file annual renewal applications with the City Assessor.

Patron – Mrs. Robertson

Approved as to form and legality
by the City Attorney

PUBLIC HEARING: DEC 14 2015 AT 6 P.M.

THE CITY OF RICHMOND HEREBY ORDAINS:

§ 1. That sections [~~98-263, 98-264, and 98-265~~] 26-582, 26-583, and 26-584 of the Code of the City of Richmond [~~(2004)~~] (2015) be and are hereby amended and reordained as follows:

Sec. [~~98-263~~] 26-582. Eligibility of residential real property; annual renewal application.

(a) In order to qualify for the partial exemption from real property taxation for real property constructed for residential use, throughout the exemption period established by section

AYES: 9 NOES: 0 ABSTAIN: _____

ADOPTED: FEB 8 2016 REJECTED: _____ STRICKEN: _____

~~[98-265(a)]~~ 26-584(a), (1) the new structure must be (i) an owner occupied dwelling used as a single-family residential structure, (ii) rental property used as a single-family dwelling with a fully executed lease agreement containing a rent to buy option, (iii) a structure used as commercial space only on the street level and residential space, a minimum of 30 percent ~~[to a maximum of 50 percent]~~ of which provides housing restricted to individuals or families making up to 60 percent of the area median income for the Richmond-Petersburg Metropolitan Statistical Area with a maximum rent, calculated annually, no greater than 30 percent of the income of ~~[a]~~ any such individual or family ~~[whose annual income equals 60 percent of the median income for the Richmond-Petersburg Metropolitan Statistical Area]~~, on the upper remaining levels~~;~~ or (iv) a multifamily dwelling ~~[of up to eight units or (v) a multifamily dwelling of more than eight units]~~, a minimum of ~~[15]~~ 30 percent ~~[to a maximum of 50 percent]~~ of which provides housing restricted to individuals or families making up to ~~[80]~~ 60 percent of the area median income for the Richmond-Petersburg Metropolitan Statistical Area with a maximum rent, calculated annually, no greater than 30 percent of the income of ~~[a]~~ any such individual or family ~~[whose annual income equals 60 percent of the median income for the Richmond-Petersburg Metropolitan Statistical Area]~~; and ~~[(vi)]~~ (2) the other improvement, if any, must be designed for the accessory use of such new structure; improvements such as garages, swimming pools, patios and similar facilities that are not used as living areas for the structure shall not be eligible for this exemption. Any portion of the structure that is commercial space, including, but not limited to, the commercial space identified in numeral (iii) above, shall not be eligible for the exemption. Any residential space identified in numeral (iii) above or multifamily dwelling identified in numeral ~~[(v)]~~ (iv) above that does not meet the minimum percentage set forth in ~~[numeral (v)]~~

numerals (iii) or (iv) above [or], that exceeds the [maximum percentage or] maximum rent set forth in [numeral (v)] numerals (iii) or (iv) above or that does not have the dwelling units in such residential space or the dwelling units in such multifamily dwelling interspersed among dwelling units offered for rent to individuals or families making more than 60 percent of the area median income for the Richmond-Petersburg Metropolitan Statistical Area shall not be eligible for this exemption. In addition, the new structure and other improvement, if any, must be built on a lot that has been vacant for at least two years prior to the date upon which an application for the partial tax exemption established by this division is filed. However, a new structure or other improvement built on a lot that has become vacant as a result of the demolition of a structure or other improvement at the expense of the City shall be exempted from the requirement that such lot be vacant for at least two years prior to the date upon which an application for the partial tax exemption established by this division is filed.

(b) In order for the partial exemption for a property to continue in effect, such property shall be maintained in compliance with the provisions of the Virginia Uniform Statewide Building Code. If, after receiving notice of a violation of this section, the owner of the property fails or refuses to complete the necessary corrections within the time required for such action, or refuses city inspectors or city appraisers access to such property for the purpose of determining continued eligibility under this section, then such eligibility shall terminate.

(c) The new structure and other improvements, if any, must be completed within two years after the date the building permit applied for in accordance with this division has been issued.

(d) The new structure and other improvements, if any, must be in conformity with the general character and quality of the existing structures in the surrounding community, as determined by the City Assessor.

(e) In order for a partial exemption granted for a rental property used as a single-family dwelling with a fully executed lease agreement containing a rent to buy option to remain in effect, the property must be purchased within the first three years of the exemption by an individual who will occupy the property. If a rental property used as a single-family dwelling with a fully executed lease agreement containing a rent to buy option is not purchased within the first three years of the exemption by an individual who will occupy the property, the partial exemption for the property will terminate after the third year. It shall be the responsibility of the purchaser to provide proof of the closing date and the purchaser's ownership to the City Assessor so that the Assessor can note the continuation of the partial exemption on the land book. Absent any evidence submitted by a purchaser showing that a rental property used as a single-family dwelling with a fully executed lease agreement containing a rent to buy option has been purchased within the first three years of the exemption by an individual that will occupy the property, the City Assessor shall remove the partial exemption from the land book after the third year.

(f) In order to retain the partial exemption for which this division provides, each owner of real property which has qualified for partial exemption of real estate taxes under this division shall file a renewal application with the City Assessor on forms to be prescribed by the City Assessor, and any other documentation as may be required by the City Assessor, by no later than ~~December 1~~ January 1 of each year of the exemption period until such partial exemption

expires or is otherwise terminated for failure to comply with the requirements of this division or other applicable law. The partial exemption for which this division provides shall terminate if any owner of real property fails to comply with the requirements of this subsection. In the case of any such termination of the partial exemption for which this division provides, the partial exemption for the tax year [~~immediately following the tax year~~] in which the date upon which the renewal application is due falls and for all subsequent tax years remaining in the exemption period for such real property shall be forfeited and the credit for the tax year [~~immediately following the tax year~~] in which the date upon which the renewal application is due falls and for all subsequent tax years remaining in the exemption period shall be canceled and shall be of no effect.

Sec. ~~[98-264]~~ 26-583. Application.

(a) There shall be no order of partial exemption from real property tax under this division for real property (i) whose owner or such owner's agent has not submitted an application to the City Assessor for partial tax exemption in accordance with this division prior to construction, (ii) whose owner has failed to pay any amount of nonexempt real estate taxes, (iii) that is not within a redevelopment or conservation area or rehabilitation district established in the city, (iv) whose owner has failed to submit design plans to the City Assessor^[5] or (v) that is receiving any other real estate tax exemption authorized by this Code [~~or (vi) that has qualified for an IRS-42 low income housing tax credit~~].

(b) As a prerequisite for qualifying for partial tax exemption under this division, the owner or agent of the owner of such property shall file an application for partial exemption of real property from taxation with the City Assessor simultaneously with making application for a

building permit and prior to any work being started on the subject property. Each application for such exemption shall be accompanied by a processing fee in the amount of \$125.00. No property shall be eligible for such exemption unless all appropriate building permits have been acquired and the City Assessor has verified that the new structure or other improvements indicated on the application has been completed and a certificate of occupancy has been issued. Furthermore, no property shall be eligible for such exemption if the City Assessor has been denied access to the entire premises before, during or after the work for which a partial exemption has been applied, for purposes of determining whether the new structure or other improvements have been completed and for appraising the property.

(c) The applicant shall bear the burden of proof to show that the property for which a partial exemption has been applied complies with all requirements established by this division. The City Assessor may require documented proof of eligibility and compliance with the requirements of this division, and, in such cases, the applicant shall present documentation satisfactory to the City Assessor.

Sec. ~~98-265~~ 26-584. Amount of exemption; basis for taxes during construction.

(a) ~~[With the exception of the phase-out period provided herein, the]~~ The amount of the partial exemption from real property taxation provided for by this division shall be an amount equal to the increase in assessed value resulting from the completed construction of the new structure or other improvement to the real property as determined by the City Assessor. This amount only, on a fixed basis, shall constitute the exemption, notwithstanding subsequent market appreciation or depreciation, assessment, reassessment or future improvements. In no event shall the exemption exceed the increase in assessed value ~~[or the percentage of such increase]~~

resulting from the construction of the new structure or other improvement to the real estate as determined by the City Assessor. The exemption shall commence on January 1 of the year following completion of the new construction or improvements[;] and shall run with the real estate [~~and phase out as follows~~] for ten years. [~~For the first five years following January 1 of the year following completion of the new construction or improvements the exemption will remain at 100 percent; in years six through ten following January 1 of the year following completion of the new construction or improvements the exemption shall phase out by 20 percent each year as illustrated below until year ten when the exemption shall end:~~

Year	Portion of Exemption Received (%)
6	80
7	60
8	40
9	20
10	0]

(b) No partial exemption under this division shall be ordered during the construction phase of the new structure or other improvements. Prior to completion of the new structure or other improvements, taxes shall be based upon the full assessed value of the property when assessed.

§ 2. This ordinance shall be in force and effect upon adoption.



Richmond City Council

The Voice of the People

Richmond, Virginia

Office of the Council Chief of Staff

Ordinance/Resolution Request

TO Allen Jackson, Richmond City Attorney
Richmond Office of the City Attorney

THROUGH Lou Brown Ali *LB*
Council Chief of Staff

FROM Meghan Brown, Council Budget Analyst *MCB*

COPY Ms. Ellen F. Robertson, 6th District Council Member
Kiya A. Stokes, 6th District Liaison
Vincent Jones, Deputy Council Chief of Staff *V Jones*
James D. Hester, City Assessor

DATE October 27, 2015

PAGE/s 1 of 3

TITLE Amendment to the Exemption in Redevelopment or Conservation Areas or Rehabilitation Districts Program

RECEIVED

OCT 28 2015

OFFICE OF CITY ATTORNEY

This is a request for the drafting of an **Ordinance** **Resolution**

REQUESTING COUNCILMEMBER/PATRON

Councilwoman Robertson

SUGGESTED STANDING COMMITTEE

Finance & Economic Development

ORDINANCE/RESOLUTION SUMMARY

The patron requests an ordinance to amend City Code § 98-263 to modify the eligibility of residential real property for partial tax exemption, the application requirements for such exemption, the amount of such exemption, adjusting applicable threshold requirements, adding maximum rent limits for certain dwelling units, and providing the City Assessor authority to create and administer an annual verification process.

BACKGROUND

Under current City Code the Partial Tax Exemption in Redevelopment and Conservation Areas and Rehabilitation Districts, developers of multi-family dwelling units could receive partial tax exemption on construction of all units that exceed 8 units so long as the requirements under numeral (v) are met. Currently, to qualify the developer, a minimum of 15 percent to a maximum of 50 percent of the units, shall provide housing restricted to individuals or families making up to 80 percent of the area median income for the Richmond-Petersburg Metropolitan Statistical Area (MSA).

The patron believes that the proposed amendments below will provided more incentive to build affordable dwelling units and increase mixed income development.

The patron wishes to amend the City Code to reflect the below changes:

- City Code Sec. 98-263: (iii) a structure used a commercial space only on the street level and residential space on the upper remaining levels, ~~(iv)~~ or a multifamily dwelling of up to eight units or ~~(v)~~ a multi-family dwelling of more than eight units, a minimum of ~~15~~ 30 percent to a maximum of 50 percent of which provides housing restricted to individuals or families making up to ~~80~~ 60 percent of the area median income for the Richmond-Petersburg Metropolitan Statistical Area.
 - The threshold requirements and income restrictions are to apply to both mixed use development as indicated in (iii) and to all multifamily dwelling development regardless of the number of units.
 - The change to a minimum of 30 percent of the housing units designated as affordable housing is to encourage developer commitment to affordable housing and allow for the developers to receive full ordinance benefits on all housing units, including those not designated as affordable housing units.
 - The change to 60 percent of the area median income is because the 60 percent AMI rent level is most consistent with HUD/VHDA rental program requirements for affordable housing.
- Establishing a maximum rent limit for the restricted units whereas the maximum rent to be charged is:
 - 1.) A rent that does not exceed 30 percent of the income of a family whose annual income equals 60 percent of the median income for the Richmond-Petersburg Metropolitan area.
- Add a requirement that the restricted units must be dispersed throughout the building.
- The amount of exemption shall be a full ten years at 100% exemption.

	Current Code	Amendment
Year	Portion of Exemption Received (%)	Portion of Exemption Received (%)
Year 1	100	100
Year 2	100	100
Year 3	100	100
Year 4	100	100
Year 5	100	100
Year 6	80	100
Year 7	60	100
Year 8	40	100
Year 9	20	100
Year 10	0	100

- Provide the City Assessor authority to create and administer an annual verification process. This would be to allow the City Assessor to annually verify adherence to the requirements for the units.
- Eliminate City Code § 98-264(a)(vi), "that has qualified for an IRS-42 low income housing tax credit."

R

Documentation of
Operating Budget
and Utility Allowance

M. OPERATING EXPENSES

Administrative:

Use Whole Numbers Only!

1. Advertising/Marketing			\$1,000
2. Office Salaries			\$0
3. Office Supplies			\$1,800
4. Office/Model Apartment	(type _____)		\$0
5. Management Fee			\$39,500
6.10% of EGI	\$607.69	Per Unit	
6. Manager Salaries			\$42,000
7. Staff Unit (s)	(type _____)		\$0
8. Legal			\$3,500
9. Auditing			\$3,750
10. Bookkeeping/Accounting Fees			\$1,000
11. Telephone & Answering Service			\$3,000
12. Tax Credit Monitoring Fee			\$2,400
13. Miscellaneous Administrative			\$5,000
Total Administrative			\$102,950

Utilities

14. Fuel Oil			\$0
15. Electricity			\$8,000
16. Water			\$4,000
17. Gas			
18. Sewer			\$4,000
Total Utility			\$16,000

Operating:

19. Janitor/Cleaning Payroll			\$0
20. Janitor/Cleaning Supplies			\$0
21. Janitor/Cleaning Contract			\$0
22. Exterminating			\$3,000
23. Trash Removal			\$2,000
24. Security Payroll/Contract			\$0
25. Grounds Payroll			\$0
26. Grounds Supplies			\$0
27. Grounds Contract			\$12,000
28. Maintenance/Repairs Payroll			\$42,000
29. Repairs/Material			\$7,000
30. Repairs Contract			\$7,500
31. Elevator Maintenance/Contract			\$0
32. Heating/Cooling Repairs & Maintenance			\$1,350
33. Pool Maintenance/Contract/Staff			\$0
34. Snow Removal			\$1,500
35. Decorating/Payroll/Contract			\$0
36. Decorating Supplies			\$2,700
37. Miscellaneous			\$3,800
Totals Operating & Maintenance			\$82,850

M. OPERATING EXPENSES

Taxes & Insurance

38. Real Estate Taxes	\$80,000
39. Payroll Taxes	\$5,800
40. Miscellaneous Taxes/Licenses/Permits	\$5,000
41. Property & Liability Insurance	\$23,000
42. Fidelity Bond	\$0
43. Workman's Compensation	\$1,500
44. Health Insurance & Employee Benefits	\$11,000
45. Other Insurance	\$0
Total Taxes & Insurance	\$126,300
Total Operating Expense	\$328,100

Total Operating Expenses Per Unit	<u>\$5,048</u>	C. Total Operating Expenses as % of EGI	<u>50.66%</u>
--	----------------	--	---------------

Replacement Reserves (Total # Units X \$300 or \$250 New Const. Elderly Minimum)	\$19,500
---	-----------------

Total Expenses	\$347,600
-----------------------	------------------

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



March 2, 2021

Junior Burr
 Canterbury Enterprises
 204 Rivers Bend Boulevard, Suite A
 Chester, VA 23836
 junior@cbury.net

RE: Preliminary Utility Allowance for Townhomes at Warwick Place III

Dear Mr. Burr,

Please see the following Preliminary Utility Allowance (UA) for Townhomes at Warwick Place III located in Richmond, Virginia. Projections were generated with the applicable rates, fees, and taxes of following providers:

Electricity:	Dominion Energy	Gas:	N/A
Water:	City of Richmond	Trash:	N/A
Sewer:	City of Richmond		

The utility rates used to produce this UA are no older than the rates in place 60 days prior to the date of this letter. Below is a table depicting the highest monthly UA by each bedroom type. Should you have any questions do not hesitate to contact me.

EARTH CRAFT PRELIMINARY UA*			ALLOWANCES BY BEDROOM SIZE				
Utilities	Utility Type	Paid by	Studio	1-bdr	2-bdr	3-bdr	4-bdr
Heating	Electric	Tenant	N/A	N/A	N/A	\$ 19.21	N/A
Air Conditioning	Electric	Tenant	N/A	N/A	N/A	\$ 8.96	N/A
Cooking	Electric	Tenant	N/A	N/A	N/A	\$ 7.68	N/A
Lighting	Electric	Tenant	N/A	N/A	N/A	\$ 30.73	N/A
Hot Water	Electric	Tenant	N/A	N/A	N/A	\$ 17.93	N/A
Water	-	Tenant	N/A	N/A	N/A	\$ 47.60	N/A
Sewer	-	Tenant	N/A	N/A	N/A	\$ 71.07	N/A
Trash	-	Owner	N/A	N/A	N/A	\$ -	N/A
Total UA costs paid by tenants			\$ -	\$ -	\$ -	\$ 203.19	\$ -

**Allowances only for Townhomes at Warwick Place III as an ENERGY STAR and EarthCraft Gold project. The water and sewer projections were produced using water fixtures with flow rates of 1.28 gpf toilets, 2.0 gpm showerheads, 2.2 gpm kitchen faucets, and 1.5 gpm lavatory faucets. Due to rounding, the amounts for the UA components may not add up to the*

Sincerely,

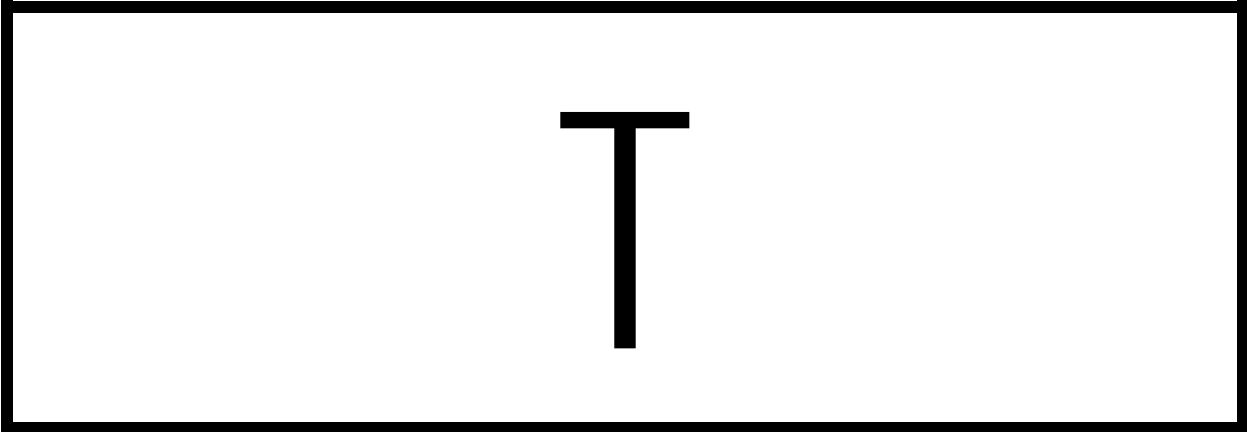
Rob McRaney

Rob McRaney
 Business Relations Manager

S

Supportive Housing
Certification

N/A



T

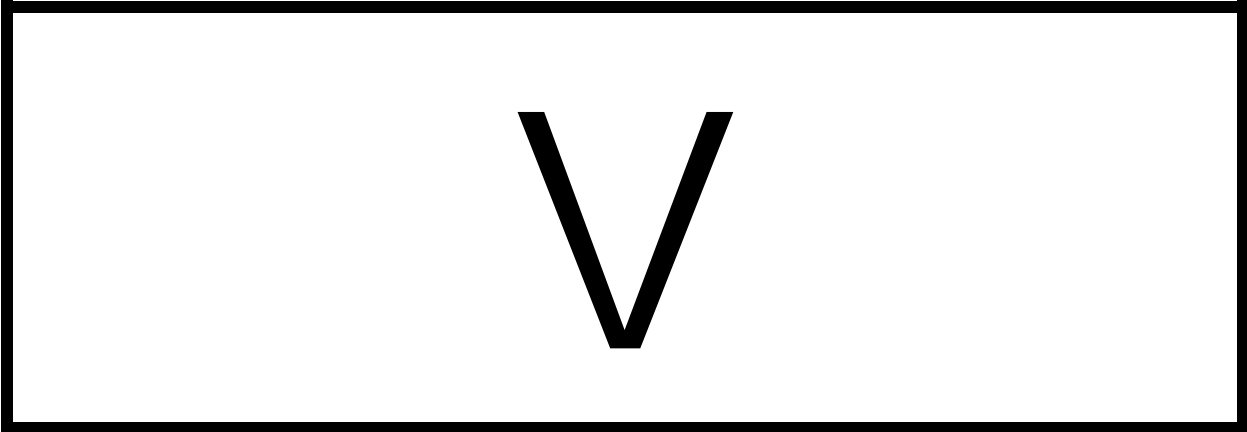
Funding Documentation

N/A

U

Documentation to
Request Exception to
Restriction-Pools with
Little/No Increase in Rent
Burdened Population

N/A



V

Nonprofit or LHA Purchase
Option or Right of First
Refusal

Tax Parcel Nos. C0070176037, C0070176033, C0070176072, and C0070176039

Prepared by and

After Recording Return to:

Peter L. Henderer, VSB # 40994

McCandlish Holton, PC

P.O. Box 796

Richmond, VA 23218-0796

PURCHASE OPTION AND RIGHT OF FIRST REFUSAL AGREEMENT

This Purchase Option and Right of First Refusal Agreement (“Purchase Agreement”) is made as of the 1st day of March, 2021, by and between **NEW WARWICK TOWNHOMES 3, LLC**, a Virginia limited liability company (the “Company” index as **GRANTOR**), **SOUTHSIDE COMMUNITY DEVELOPMENT AND HOUSING CORPORATION**, a Virginia corporation (“Grantee” and index as **GRANTEE**), and Warwick Development Partners 3, LLC, a Virginia limited liability company (the “Managing Member”), and is consented to hereinbelow by Housing Equity Fund of Virginia XXV, L.L.C., a Virginia limited liability company, and/or its assigns (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 10% owned and controlled by SCD-Warwick, Inc., a Virginia corporation, which is wholly owned and controlled by Grantee; and

Whereas, Grantee has been instrumental in the development of the Project Property (as defined below), 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 B attached hereto and made a part hereof (the "Project Property"). The Regulatory Agreement containing the Use Restrictions to which the Project Property real estate will remain subject under Section 9 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.

(continued on next page)

EXHIBIT A

Legal Description

5315 Warwick Road:

All that certain lot, piece or parcel of land, with the improvements thereon and the appurtenances thereto belonging, lying and being in the City of Richmond, Virginia, and being known and designated as "(Right-of-way)" on that certain plat entitled "Survey & Map of 5.00 Acres of Land Off Warwick Road in Richmond, Virginia", which plat was dated August 23, 1973, and made by F.T. Seargent, C.L.S., Sandston, Virginia, said plat is recorded in the Clerk's Office, Circuit Court, City of Richmond, Virginia, in Deed Book 429, Page 592, to which plat reference is hereby made for a more particular description.

SUBJECT TO a perpetual Easement for the benefit of adjoining properties as reserved unto Allen White, et al, their successors and assigns, by instrument dated August 17, 1973 and recorded in the Clerk's Office, Circuit Court, City of Richmond, Virginia, Division II, in Deed Book 429, Page 591.

LESS AND EXCEPT that certain parcel of strip of land acquired by the Commonwealth of Virginia by Instrument recorded June 25, 1996, as Clerk's Instrument No. 96-14093; with Final Order Amending Certificate and Confirming Title recorded August 16, 2001 in Instrument No. 01-021442.

BEING the same real estate conveyed to New Warwick Townhomes 3, LLC by Deed from Frank Cava, dated September 9, 2020, recorded September 17, 2020, in the Clerk's Office, Circuit Court, City of Richmond, Virginia, as Instrument No. 200021485.

5323 Warwick Road:

All that certain lot, piece or parcel of land, with the improvements thereon and the appurtenances thereto belonging, lying and being in the City of Richmond, Virginia, and being known and designated as "5.00 Acres", as shown on that plat entitled "Survey & Map of 5.00 Acres of Land Off Warwick Road in Richmond, Virginia", which plat was dated August 23, 1973, and made by F.T. Seargent, C.L.S., Sandston, Virginia, said plat is recorded in the Clerk's Office, Circuit Court, City of Richmond, Virginia, in Deed Book 429, Page 592, to which plat reference is hereby made for a more particular description.

SUBJECT TO a certain Ordinance number 78-94 adopted by the City Council of the City of Richmond, Virginia, on May 8, 1978.

BEING the same real estate conveyed to New Warwick Townhomes 3, LLC by Deed from Frank Cava, dated September 9, 2020, recorded September 17, 2020, in the Clerk's Office, Circuit Court, City of Richmond, Virginia, as Instrument No. 200021485.

5300 Rear Hull Street:

All that certain lot, piece or parcel of land, with improvements thereon and appurtenances thereto belonging, lying and being in the City of Richmond, Virginia, and being known and designated as 1.75 acres, more or less, as shown on that plat entitled "Survey & Map of 1.75 Acres of Land Off of Route 360 in Richmond, Virginia", dated August 23, 1973, made by F.T. Seargent, Certified Land Surveyor, Sandston, Virginia, recorded in the Clerk's Office of the Circuit Court, City of Richmond, Virginia, in Deed Book 432, at Page 634,

Together with an easement for construction, operation and maintenance of a sewer main across a certain strip of land as described in instrument dated November 5, 1973, and recorded in the Clerk's Office, Circuit Court, City of Richmond, Virginia, in Deed Book 432, page 632.

LESS AND EXCEPT that property acquired by Order recorded August 16, 2001, as Instrument No. 01-21442.

BEING the same real estate conveyed to New Warwick Townhomes 3, LLC by Deed from Frank Cava, dated September 9, 2020, recorded September 17, 2020, in the Clerk's Office, Circuit Court, City of Richmond, Virginia, as Instrument No. 200021485.

Together with:

All that certain piece or parcel of land, together with all improvements thereon and appurtenances thereunto belonging, lying and being in the City of Richmond, Virginia (formerly Manchester District, Chesterfield County, Virginia) containing 0.562 acre, all as more fully shown on plat of survey by LaPrade Bros., Civil Engineers, Richmond, Va., dated January 20, 1965, entitled "Map of 0.562 Acres of Land Situated in Manchester Dist., Chesterfield Co., VA. Surveyed at the Request of Norman Harris", a copy of which was recorded in Deed Book 783, at Page 321.

It being the same property conveyed to Norman W. Harris and Grace W. Harris, husband and wife, as tenants by the entirety with right of survivorship as at common law by Deed from Norman W. Harris and Grace W. Harris, husband and wife and Allen White and Edna White, husband and wife dated February 22, 1965, recorded March 12, in the Clerk's Office of the Circuit Court of Richmond City, Virginia, in Deed Book 783, Page 321 (Chesterfield).

The said Norman W. Harris died July 24, 1992 thereby vesting fee simple title in Grace W. Harris by right of survivorship.

BEING the same real estate conveyed to New Warwick Townhomes 3, LLC by Deed from Grace W. Harris, dated December 18, 2020, recorded December 28, 2020, in the Clerk's Office, Circuit Court, City of Richmond, Virginia, as Instrument No. 200031228.



W

Internet Safety Plan and
Resident Information
Form

1. Internet Education Information for Residents
2. Internet Acceptable Use Policy:
Resident Acknowledgement Form
3. Internet Security Plan

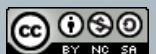


The Internet might seem intimidating at first - a vast global communications network with billions of webpages. But in this lesson, we simplify and explain the basics about the Internet using a conversational non-technical style to make it understandable, useful, and enjoyable. There's no reason to be left out!

Basic Internet Skills

Microsoft Windows PCs

www.NetLiteracy.org





What the Internet is:

The Internet, the web, cyberspace, and the 'net are all terms that generally mean the same thing, in this case, we will call it the Internet. The Internet is a **NET**work of computers, all over the world, **INTER**connected to each other and available to any individual. The Internet is used for many different activities including shopping, communicating, learning, and distributing information.



Unfortunately, you cannot open a door to a house and walk outside to “go into the Internet.” Computers are a primary tool you’ll utilize to use the Internet. The Internet is somewhat difficult to describe because you cannot touch it (in a way similar to software). It seems invisible—only computers can see it – and you can see it through a computer. Sometimes the Internet is best described in comparison to a library. The Internet is made up of many individual components, just like a library is made up of many books. The Internet’s components have even more individual parts, just like a book has pages.

Changing Constantly:

The Internet is a useful source of information about news, sports, and entertainment because it changes along with the minute-by-minute events that occur in the world brings. This might seem confusing. However, it is not

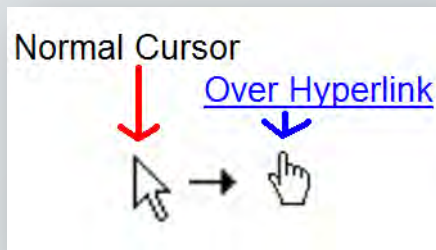


necessarily so—the Internet can be thought of as a “dynamic” living organism that changes and adapts to its environment. The Internet changes very quickly—just watching a 24 hour news channel on the television. The content on some websites is updated every few seconds.

Purpose / Content of Websites

On the Internet, there are many websites. These are usually made for one specific purpose; they range from informing you about the news to teaching you how to cook.

The best analogy of a website is a comparison to an entire book or an entire newspaper. Websites are made up of “pages,” just like newspapers and books.



Websites are usually independent, however sometimes they are linked together by hyperlinks (also called links) that allow you to jump from one website to another website. These links allow you to “turn the page,” and move around on the Internet. They are usually underlined and **blue**, however they can be any color and or even a picture. How

do you identify a hyperlink? When your mouse hovers over a hyperlink, the arrow changes into a pointing hand.

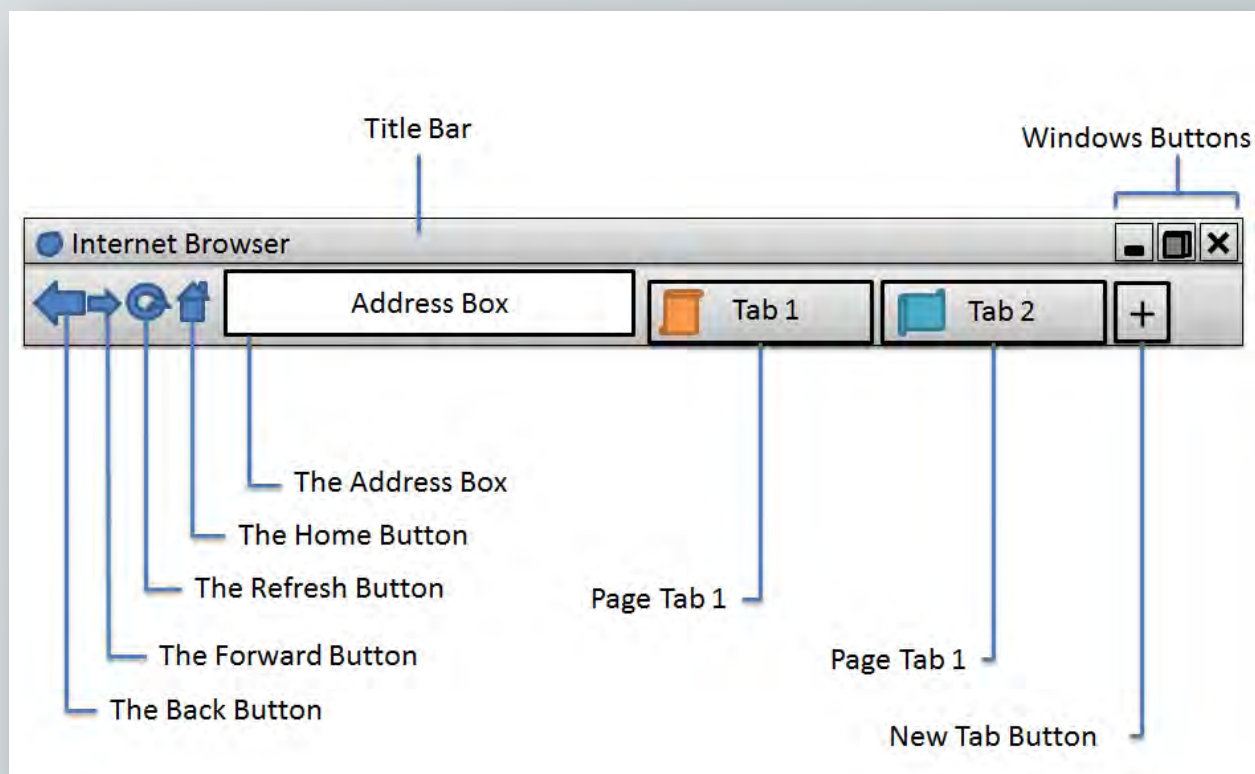
Webpages are what you see and read on the Internet. They are primarily made up of text (words), digital media (pictures, movies, and music), and hyperlinks. The Internet, unlike a book or newspaper, is in no order, and can seem slightly confusing at first. However, there are tools on the Internet that help organize it and will allow you to use it comfortably and easily.





Applications to Access the Internet

On the computer, you use a program to see the Internet. The program is called a web browser — you “browse” the web with it. Some common brands of web browsers include Internet Explorer, Firefox, and Chrome. They serve the same purpose, navigating the internet, and also have many of the same buttons. For instance, we will take a look at a generic browser’s buttons. You will use these buttons to navigate around the Internet. Sometimes extra buttons might be added, while other times, buttons might have been moved around on the toolbar. If you cannot find a button, just ask someone (they seem to be pretty tricky when they hide from you).



The Buttons

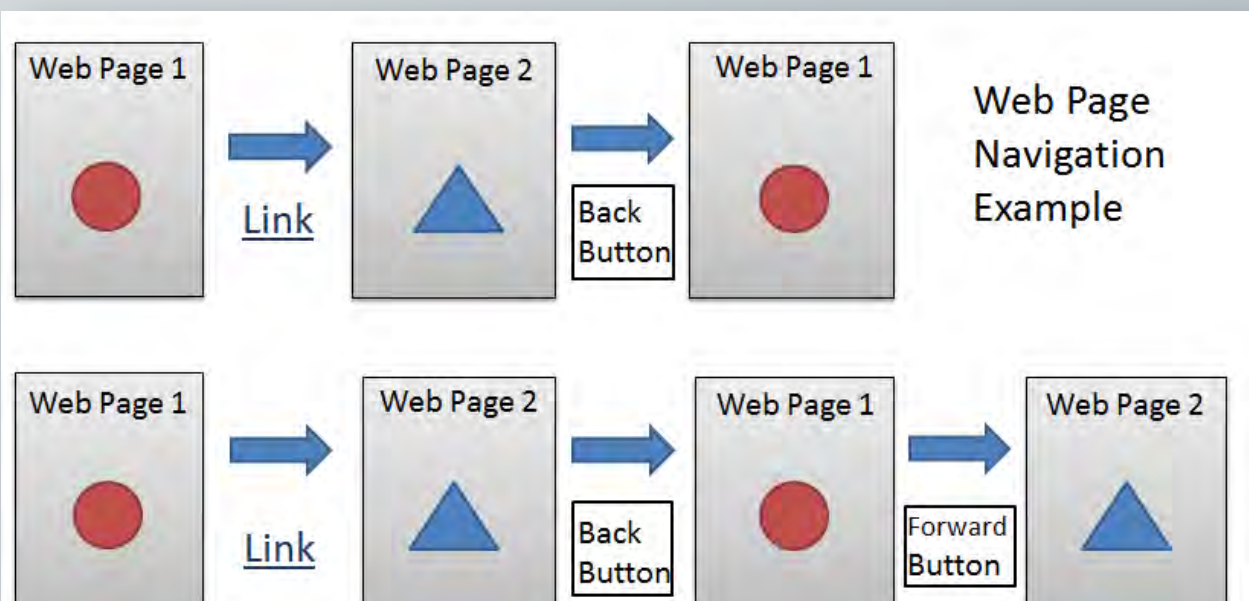
The Back Button – This button allows you to return to the last webpage that you last visited. It is most often used if you accidentally click on a link and wish to return to your previous page.

The Forward Button – If you clicked the back button, you don't have to hunt for the hyperlink on the webpage to return to the previous webpage. Just click on the forward button to return to the previous page that you were at before you pressed the back button.

Note: If the forward button is "grayed out" and when you click on it, nothing happens, this means that it is disabled.

The Refresh Button – This button is useful if you are looking at pages that contain content that is updated more frequently, such as the news, sports scores, or the weather. By clicking on the refresh button, the web page loads again, and is updated with the latest information.

The Home Button - When you open your web browser, the first website that is displayed is your **homepage**. You can change your homepage to fit your preferences. When you click on the home button, it takes you to your homepage.





The Address Box

The Address Box – This displays the URL of a webpage. URL stands for Universal Resource Locator, which is a unique address for each webpage – just like your own home’s address is unique. You can type a specific URL into the address box by left clicking in the box once and then typing. Although URLs are all different, they share common characteristics. The basic diagram of a URL is shown below.



http://www.google.com

Http:// - Begins most web addresses. Tells the internet browser what protocol to use.

www- Stands for “World Wide Web.” Most web addresses have it although it is not necessary. It indicates a web page.

.(dot)- Separates parts of the address so it does not all run together and the computer can distinguish the different parts of the address.

Domain name- Example: “Google” – A series of numbers, letters or hyphens “-” that identifies the owner of the address.

“.” (dot)- See previous Definition

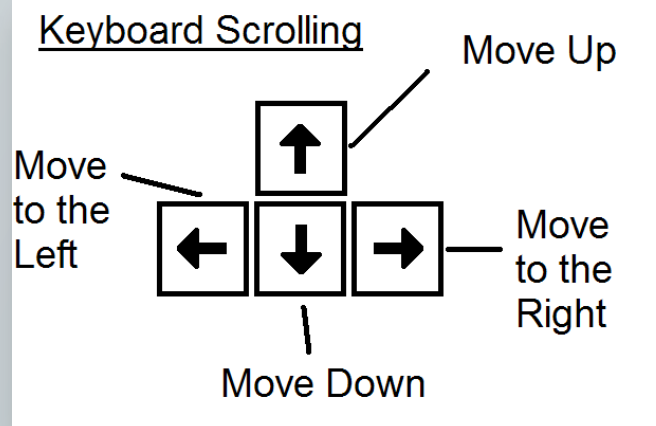
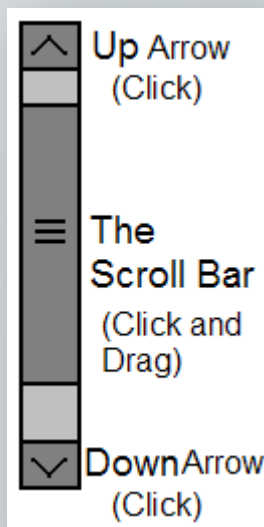
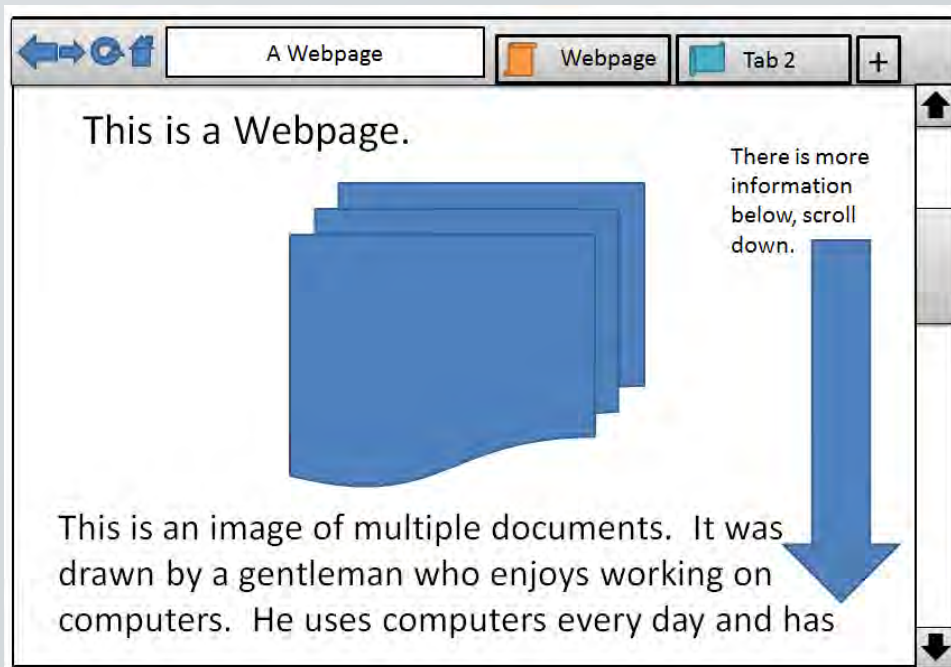
The Domain- At the end of a web address. Tells what type of web page you are viewing.
 .com – Commercial
 .org – Non-For-Profit Organization
 .edu – Education (Colleges/Universities)
 .net – Internet Related
 .mil – US Military
 .gov – US Government
 .us – United States
 .uk – United Kingdom

Important: Make sure you spell everything correctly. Addresses are very specific and if typed incorrectly, they will direct you to the wrong website. If this happens, simply use your back arrow to return to the previous webpage.



Scrolling on Webpages

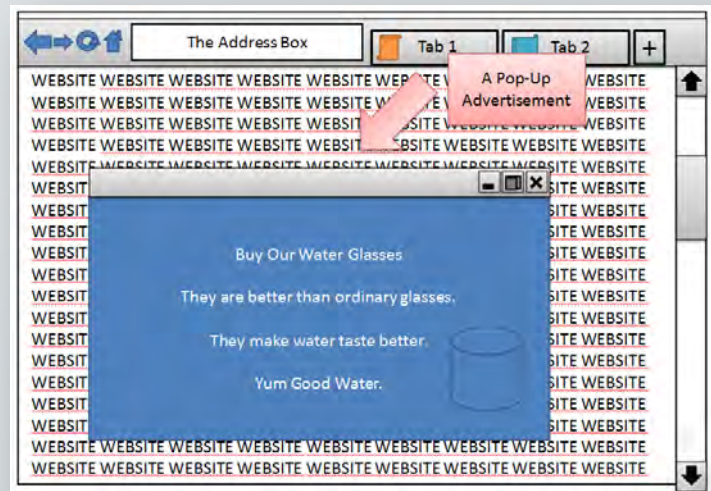
One thing to keep in mind when viewing the Internet is that a bunch of information might be displayed on a webpage, however, only a small portion can be seen immediately when you load the webpage. Thus, it is important to look at your scroll bars to the right and bottom to see if there is more information you are missing. If you are tired of using the mouse to scroll up and down, try using the arrow keys.



Pop Up Advertisements



On the Internet, there are things that help you and things that can make you aggravated. One aggravation is the **Pop Up Ad**. These advertisements are created by aggressive marketers who want you to see their “amazing” product and buy it. Pop ups create their own window and usually appear on top of the information that you are interested in. If you click on a pop up ad, it will take you away from the information you are looking at. If you see a pop up ad, click the X at the top right of the window to close it.



Another type of advertisement is the **Banner**. Banner ads show up at the top of a website or on the side of a website. As a beginner, it's generally wiser to ignore banner advertisements unless you are familiar with the company.



Searching the Internet

Because there are so many things on the Internet, it is frequently hard to locate exactly what you are looking for. Search engines such as Google (www.google.com) are very helpful and allow you search the Internet.

A search engine is a Website used to search for information on the World Wide Web. Google first collects websites using a computer program (called a



wanderer, crawler, robot, worm, or spider). Then Google creates an index of these sites so they are searchable. There are many search engines that are available - we use Google for purposes of instruction because most people use it.

Performing a search in Google (See Next Page for Picture)

1. Go to Google by typing www.google.com in the URL address box (see page 5). Google is also one of the fastest search engines and provides some of the best results.
2. Next type your topic or key words (words closely related to your topic) into the box under the Google logo.
3. Press Enter or click "Google Search"
4. The next page that will appear is your search results page. This page lists the first few results from your search. Click on one of the page title that has an interesting description or seems most relevant.
5. If you are not satisfied with that website, click the back button and try a different website. If you still cannot find a good website, try searching by using different terms in the search box at the top of the webpage.



Google Searching Tips

Google will return pages that include all of your search terms. There is no need to include the word "and" between terms. For example, to look for information about parks in Cincinnati, simply type "Cincinnati parks."

Google is not case sensitive. Typing "United States" is the same as typing "UNITED STATES" or "united states."

The more words you include in your search, the more specific your search will be and the more relevant your search results will be.



Internet Glossary

Browser – A software program that allows Internet documents (like webpages) to be viewed, also called a Web Browser.

Cyberspace – The world of computer networks.

Domain Name – A unique name that identifies a specific computer on the Internet.

Download – A term for transferring software or other files from one computer to another.

Email – Electronic Mail – Messages sent from one specific user to another using the Internet.

Email address – The way a specific user is identified so that they may receive email. An email address can be identified by the “@” sign. E.g., Support@seniorconnects.org

Home Page – The first page of a Website, similar to a table of contents.

HTML – HyperText Markup Language- A computer language used to make hypertext documents that are sent via the World Wide Web and viewed using a Browser.

HTTP – HyperText Transfer Protocol – The way that hypertext documents are transferred over the Internet.

Hypertext – A way of presenting information that allows words, pictures, sounds, and actions to be inter-linked so that you may jump between them however you choose.

Link – A word, phrase, or image that allows you to jump to another document on the World Wide Web.

Search Engine – A website that indexes and allows searching of information gathered from the Internet. Google is an example of this.

URL – Uniform Resource Locator – The entire address for a piece of information of the Internet. E.g., www.google.com

Webpage – A hypertext document available on the World Wide Web.

Website – A collection of webpages.

World Wide Web – A collection of resources available on the Internet using a web browser.

Internet Acceptable Use Policy (AUP)

All users of _____ Internet services agree to and must comply with this Acceptable Use Policy (AUP). _____ does not exercise editorial control or review over the content of any Web site, electronic mail transmission, paper printout, newsgroup, or other material created or accessible over or through the Services. However, _____ may remove, block, filter, or restrict by any other means any materials that, in _____ sole discretion, may be illegal, may subject _____ to liability, or which may violate this AUP. _____ may cooperate with legal authorities and/or third parties in the investigation of any suspected or alleged crime or civil wrong. Violation of this AUP may result in the suspension or termination of either access to the Services and/or _____ account or other actions as detailed below.

The following constitute violations of this AUP (this list is intended to be illustrative and not exhaustive; other uses may violate the AUP and _____ remains the sole and final arbiter of acceptable usage of its Services):

- **Illegal use:** Using the Services to transmit any material (by email, uploading, posting, or otherwise) that, intentionally or unintentionally, violates any applicable local, state, national or international law, or any rules or regulations promulgated there under.
- **Harm to minors:** Using the Services to harm, or attempt to harm, minors in any way.
- **Threats:** Using the Services to transmit any material (by email, uploading, posting, or otherwise) that threatens or encourages bodily harm or destruction of property.
- **Harassment:** Using the Services to transmit any material (by email, uploading, posting, or otherwise) that harasses another.
- **Fraudulent activity:** Using the Services to make fraudulent offers to sell or buy products, items, or services or to advance any type of financial scam such as "pyramid schemes", "Ponzi schemes", unregistered sales of securities, securities fraud and "chain letters."
- **Forgery or impersonation:** Adding, removing or modifying identifying network, message, or article header information in an effort to deceive or mislead is prohibited. Attempting to impersonate any person by using forged headers or other identifying information is prohibited. The use of anonymous remailers or nicknames does not constitute impersonation.
- **Unsolicited commercial email/Unsolicited bulk email:** Using the Services to transmit any unsolicited commercial email or unsolicited bulk email. Activities that have the effect of facilitating unsolicited commercial email or unsolicited bulk email, whether or not that email is commercial in nature, are prohibited. Using deliberately misleading headers in e-mails sent to multiple parties is prohibited.
- **Unauthorized access:** Using the Services to access, or to attempt to access, the accounts of others, or to penetrate, or attempt to penetrate, security measures of _____'s or another entity's computer software or hardware, electronic communications system, or telecommunications system, whether or not the intrusion results in disruption of service or the corruption or loss of data.
- **Copyright or trademark infringement:** Using the Services to transmit any material (by email, uploading, posting, or otherwise) that infringes any copyright, trademark, patent, trade secret, or other proprietary rights of any third party, including, but not limited to, the unauthorized copying of copyrighted material, the digitization and distribution of photographs from magazines, books, or other copyrighted sources, and the unauthorized transmittal of copyrighted software.
- **Collection of personal data:** Using the Services to collect, or attempt to collect, personal information about third parties without their knowledge or consent.

- **Reselling the services:** Reselling the Services without _____ 's authorization.
- **Network disruptions and unfriendly activity:** Using the Services for any activity which adversely affects the ability of other people or systems to use _____ Services or the Internet. This includes excessive consumption of network or system resources whether intentional or unintentional. This also includes "denial of service" (DoS) attacks against another network host or individual user. Interference with or disruption of other network users, network services or network equipment is prohibited. It is the users's responsibility to ensure that their system is configured, operated, and used in a manner to avoid excessive consumption of network or system resources. It is the users's responsibility to ensure that their system is configured in a secure manner. A user may not, through action or inaction, allow others to use their system for illegal or inappropriate actions. A user may not permit their system, through action or inaction, to be configured in such a way that gives a third party the capability to use their system in an illegal or inappropriate manner.
- **High Volume, Server Hosting, and non-traditional end user activities:** The Services are intended for an end user's periodic active use of email, instant messaging, browsing the World Wide Web, and other typical end user activities. High volume data transfers, especially sustained high volume data transfers, are prohibited. Hosting a web server, IRC server, or any other server is prohibited. Accordingly, _____ maintains the right to terminate any user's connection following the detection of any high volume data transfer, server hosting, or non-traditional end user activity as determined by _____ .

_____ requests that anyone who believes that there is a violation of this AUP direct the information to the property manager.

If available, please provide the following information:

- The IP address used to commit the alleged violation
- The date and time of the alleged violation, including the time zone or offset from GMT
- Evidence of the alleged violation

When reporting an issue regarding unsolicited email please provide a copy of the email messages with full headers which typically provides all of the above data. Other situations will require different methods of providing the necessary information.

_____ may take any one or more of the following actions, or other actions not listed, at _____ 's sole discretion in response to complaints:

- Issue warnings: written or verbal
- Terminate the user's access
- Bill the user for administrative costs and/or reactivation charges
- Bring legal action to enjoin violations and/or to collect damages, if any, caused by violations.

_____ reserves the right to revise, amend, or modify this AUP, and our other policies and agreements at any time and in any manner.

_____ provides public access to the Internet. There are potentially serious security issues with any computer connected to the Internet without the appropriate protection. These security issues range from viruses, worms and other programs that can damage the user's computer to attacks on the computer by unauthorized or unwanted third parties. These parties, known

commonly as "hackers" may attempt to penetrate the user's computer and download information from the user's computer. If the user has unprotected files on the computer, these files may be visible to hackers on the Internet, potentially including parties with criminal intent. Hackers also exploit vulnerabilities in operating systems to cause malicious damage to a user's computer or even a whole company's network, up to and including the destruction or deletion of files or the re-formatting of drives. It is recommended that the user uses either a personal firewall or Virtual Private Network systems to protect this information. _____ advises the user that he/she should consult a security expert to determine whether there are any potential security holes in their computer's configuration.

_____ SPECIFICALLY DISCLAIMS ANY LIABILITY FOR UNAUTHORIZED THIRD-PARTY SECURITY BREACHES OR THE RESULTS THEREOF. _____ PROVIDES ACCESS TO THE INTERNET AND THE _____ NETWORK ON AN "AS IS" BASIS WITH ALL RISKS INHERENT IN SUCH ACCESS. BY CONNECTING TO THE _____ NETWORK, THE USER ACKNOWLEDGES THE RISKS ASSOCIATED WITH PUBLIC ACCESS TO THE INTERNET OR DOCUMENT PRINTING AND HEREBY RELEASES AND INDEMNIFIES _____ FROM ANY DAMAGES THAT MIGHT OCCUR.

Acknowledgment of Resident:

Signature: _____ Dated: _____

Printed: _____

Draft Internet Security Plan

Network Security:

1. Purpose

This standard specifies the technical requirements that wireless infrastructure devices must satisfy to connect to a _____ (Owner) network. Only those wireless infrastructure devices that meet the requirements specified in this standard or are granted an exception by the InfoSec Team are approved for connectivity to the Owner's network.

Network devices including, but not limited to, hubs, routers, switches, firewalls, remote access devices, modems, or wireless access points, must be installed, supported, and maintained by an Information Security (Infosec) approved support organization.

2. Scope

All employees, contractors, consultants, temporary and other workers at Owner and its subsidiaries/affiliates, including all personnel that maintain a wireless infrastructure device on behalf of the Owner, must comply with this standard. This standard applies to wireless devices that make a connection the network and all wireless infrastructure devices that provide wireless connectivity to the network. Infosec must approve exceptions to this standard in advance.

3. Standard

3.1 General Requirements:

All wireless infrastructure devices that connect to the Owner's network or provide access to the Owner Confidential, Owner Highly Confidential, or Owner Restricted information must:

- Use Extensible Authentication Protocol-Fast Authentication via Secure Tunneling (EAP-FAST), Protected Extensible Authentication Protocol (PEAP), or Extensible Authentication Protocol-Translation Layer Security (EAP-TLS) as the authentication protocol.
- Use Temporal Key Integrity Protocol (TKIP) or Advanced Encryption System (AES) protocols with a minimum key length of 128 bits.
- All Bluetooth devices must use Secure Simple Pairing with encryption enabled.4.2Lab and Isolated Wireless Device Requirements
- Lab device Service Set Identifier (SSID) must be different from the Owner's production device SSID.
- Broadcast of lab device SSID must be disabled.4.3 Home Wireless Device Requirements
All home wireless infrastructure devices that provide direct access to the Owner's network, such as those behind Enterprise Teleworker (ECT) or hardware VPN, must adhere to the following:
- Enable WiFi Protected Access Pre-shared Key (WPA-PSK), EAP-FAST, PEAP, or EAP-TLS

- When enabling WPA-PSK, configure a complex shared secret key (at least 20 characters) on the wireless client and the wireless access point
- Disable broadcast of SSID
- Change the default SSID name
- Change the default login and password

4. Policy Compliance

4.1 Compliance Measurement

The Infosec team will verify compliance to this policy through various methods, including but not limited to, periodic walk-thrus, video monitoring, business tool reports, internal and external audits, and feedback to the policy owner.

4.2 Exceptions

Any exception to the policy must be approved by the Infosec Team in advance.

4.3 Non-Compliance

An employee found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.

Equipment

1. Purpose

The purpose of this policy is to outline the acceptable use of computer equipment at _____ (Owner). These rules are in place to protect the employee and Owner. Inappropriate use exposes the Owner to risks including virus attacks, compromise of network systems and services, and legal issues.

2. Scope

This policy applies to the use of information, electronic and computing devices, and network resources to conduct the Owner's business or interact with internal networks and business systems, whether owned or leased by Owner, the employee, or a third party. All employees, contractors, consultants, temporary, and other workers at Owner and its subsidiaries are responsible for exercising good judgment regarding appropriate use of information, electronic devices, and network resources in accordance with Owner's policies and standards, and local laws and regulation. Exceptions to this policy are documented in section 5.2.

This policy applies to employees, contractors, consultants, temporaries, and other workers at Owner including all personnel affiliated with third parties. This policy applies to all equipment that is owned or leased by Owner.

3. Policy

3.1 General Use and Ownership

3.1.1 Owner proprietary information stored on electronic and computing devices whether owned or leased by Owner, the employee or a third party, remains the sole property of the Owner. You must ensure through legal or technical means that proprietary information is protected in accordance with the Data Protection Standard.

3.1.2 You have a responsibility to promptly report the theft, loss or unauthorized disclosure of Owner proprietary information.

3.1.3 You may access, use or share Owner proprietary information only to the extent it is authorized and necessary to fulfill your assigned job duties.

3.1.4 Employees are responsible for exercising good judgment regarding the reasonableness of personal use. Individual departments are responsible for creating guidelines concerning personal use of Internet/Intranet/Extranet systems. In the absence of such policies, employees should be guided by departmental policies on personal use, and if there is any uncertainty, employees should consult their supervisor or manager.

3.1.5 For security and network maintenance purposes, authorized individuals within Owner may monitor equipment, systems and network traffic at any time, per Infosec's Audit Policy.

3.1.6 Owner reserves the right to audit networks and systems on a periodic basis to ensure compliance with this policy.

3.2 Security and Proprietary Information

3.2.1 All mobile and computing devices that connect to the internal network must comply with the Minimum Access Policy.

3.2.2 System level and user level passwords must comply with the Password Policy. Providing access to another individual, either deliberately or through failure to secure its access, is prohibited.

3.2.3 All computing devices must be secured with a password-protected screensaver with the automatic activation feature set to 10 minutes or less. You must lock the screen or log off when the device is unattended.

3.2.4 Postings by employees from an Owner email address to newsgroups should contain a disclaimer stating that the opinions expressed are strictly their own and not necessarily those of the Owner, unless posting is in the course of business duties.

3.2.5 Employees must use extreme caution when opening e-mail attachments received from unknown senders, which may contain malware.

3.3 Unacceptable Use

The following activities are, in general, prohibited. Employees may be exempted from these restrictions during the course of their legitimate job responsibilities (e.g., systems administration staff may have a need to disable the network access of a host if that host is disrupting production services).

Under no circumstances is an employee of Owner authorized to engage in any activity that is illegal under local, state, federal or international law while utilizing Owner-owned resources.

The lists below are by no means exhaustive, but attempt to provide a framework for activities which fall into the category of unacceptable use.

3.3.1 System and Network Activities

The following activities are strictly prohibited, with no exceptions:

- Violations of the rights of any person or company protected by copyright, trade secret, patent or other intellectual property, or similar laws or regulations, including, but not limited to, the installation or distribution of "pirated" or other software products that are not appropriately licensed for use by Owner.
- Unauthorized copying of copyrighted material including, but not limited to, digitization and distribution of photographs from magazines, books or other copyrighted sources, copyrighted music, and the installation of any copyrighted software for which Owner or the end user does not have an active license is strictly prohibited.
- Accessing data, a server or an account for any purpose other than conducting Owner's business, even if you have authorized access, is prohibited.
- Exporting software, technical information, encryption software or technology, in violation of international or regional export control laws, is illegal. The appropriate management should be consulted prior to export of any material that is in question.
- Introduction of malicious programs into the network or server (e.g., viruses, worms, Trojan horses, e-mail bombs, etc.).
- 6. Revealing your account password to others or allowing use of your account by others. This includes family and other household members when work is being done at home.
- Using an Owner computing asset to actively engage in procuring or transmitting material that is in violation of sexual harassment or hostile workplace laws in the user's local jurisdiction.
- Making fraudulent offers of products, items, or services originating from any Owner account.

- Making statements about warranty, expressly or implied, unless it is a part of normal job duties.
- Effecting security breaches or disruptions of network communication. Security breaches include, but are not limited to, accessing data of which the employee is not an intended recipient or logging into a server or account that the employee is not expressly authorized to access, unless these duties are within the scope of regular duties. For purposes of this section, "disruption" includes, but is not limited to, network sniffing, pinged floods, packet spoofing, denial of service, and forged routing information for malicious purposes. 11. Port scanning or security scanning is expressly prohibited unless prior notification to Infosec is made.
- Executing any form of network monitoring which will intercept data not intended for the employee's host, unless this activity is a part of the employee's normal job/duty.
- Circumventing user authentication or security of any host, network or account.
- Introducing honeypots, honeynets, or similar technology on the <Company Name> network.
- Interfering with or denying service to any user other than the employee's host (for example, denial of service attack).
- Using any program/script/command, or sending messages of any kind, with the intent to interfere with, or disable, a user's terminal session, via any means, locally or via the Internet/Intranet/Extranet.
- Providing information about, or lists of, Owner's employees to parties outside Owner.

3.3.2 Email and Communication Activities

When using company resources to access and use the Internet, users must realize they represent the company. Whenever employees state an affiliation to the company, they must also clearly indicate that "the opinions expressed are my own and not necessarily those of the company". Questions may be addressed to the IT Department

- Sending unsolicited email messages, including the sending of "junk mail" or other advertising material to individuals who did not specifically request such material (email spam).
- Any form of harassment via email, telephone or paging, whether through language, frequency, or size of messages.
- Unauthorized use, or forging, of email header information.
- Solicitation of email for any other email address, other than that of the poster's account, with the intent to harass or to collect replies.
- Creating or forwarding "chain letters", "Ponzi" or other "pyramid" schemes of any type.
- Use of unsolicited email originating from within Owner's networks of other Internet/Intranet/Extranet service providers on behalf of, or to advertise, any service hosted by Owner or connected via Owner's network.
- Posting the same or similar non-business-related messages to large numbers of Usenet newsgroups (newsgroup spam).

3.3.3 Blogging and Social Media

1. Blogging by employees, whether using Owner's property and systems or personal computer systems, is also subject to the terms and restrictions set forth in this Policy. Limited and occasional use of Owner's systems to engage in blogging is acceptable, provided that it is done in a professional and responsible manner, does not otherwise violate Owner's policy, is not detrimental to Owner's best interests, and does not interfere with an employee's regular work duties. Blogging from Owner's systems is also subject to monitoring.
2. Owner's Confidential Information policy also applies to blogging. As such, Employees are prohibited from revealing any Owner confidential or proprietary information, trade secrets or any other material covered by Owner's Confidential Information policy when engaged in blogging.
3. Employees shall not engage in any blogging that may harm or tarnish the image, reputation and/or goodwill of Owner and/or any of its employees. Employees are also prohibited from making any discriminatory, disparaging, defamatory or harassing when blogging or otherwise engaging in any conduct prohibited by Owner's Non-Discrimination and Anti-Harassment policy.
4. Employees may also not attribute personal statements, opinions or beliefs to Owner when engaged in blogging. If an employee is expressing his other beliefs and/or opinions in blogs, the employee may not, expressly or implicitly, represent themselves as an employee or representative of Owner's Employees assume any and all risk associated with blogging.
5. Apart from following all laws pertaining to the handling and disclosure of copyrighted or export controlled materials, Owner's trademarks, logos and any other Owner intellectual property may also not be used in connection with any blogging activity

4. Policy Compliance

4.1 Compliance Measurement

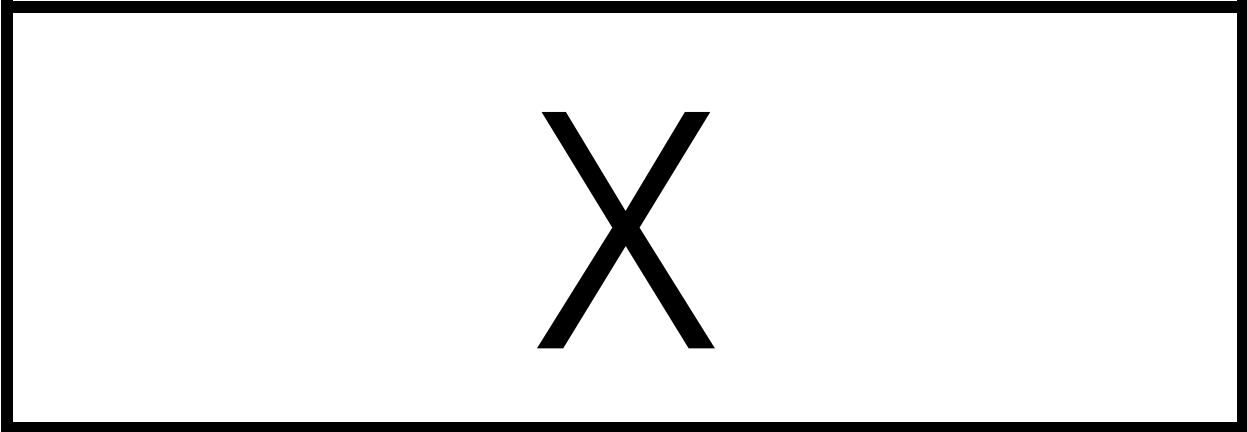
The Infosec team will verify compliance to this policy through various methods, including but not limited to, business tool reports, internal and external audits, and feedback to the policy owner.

4.2 Exceptions

Any exception to the policy must be approved by the Infosec team in advance.

4.3 Non-Compliance

An employee found to have violated this policy may be subject to disciplinary action, up to and including termination of employment.



X

Marketing Plan

For units meeting accessibility requirements of HUD section

504

2021-C-03
New Warwick Townhomes 3, LLC

MARKETING PLAN FOR UNITS MEETING ACCESSIBILITY REQUIREMENTS

Townhomes at Warwick Place III

Townhomes at Warwick Place III is a 65-unit affordable multi-family housing development located within the City of Richmond, VA. Seven (7) units in the development will be constructed to meet HUD accessibility requirements as outlined in Section 504 of the Rehabilitation Act and will be actively marketed to persons with disabilities in accord with the Fair Housing Act.

The seven (7) accessible units will be held vacant for 60 days, during which ongoing marketing efforts will be documented. The Owner/Agent will market the units to persons with disabilities on an ongoing basis throughout the year and will provide sufficient documentation to Virginia Housing's compliance officer. "Ongoing Basis" shall mean the Owner/Agent will contact at least two (2) resources per month to market the available Section 504 accessible units.

When a Section 504 accessible unit becomes available for occupancy, it shall first be offered to a qualified individual/household with disabilities currently residing at the property in a non-accessible unit who requires accessible features. If no such persons/households reside at the property, the Owner/Agent shall offer the unit to the next available qualified individual/household with disabilities on the property's waiting list. After 60 days if no qualified applicant with disabilities requires the unit, the Owner/Agent may place a tenant household with no disabled members in the unit upon approval by the designated Virginia Housing compliance officer. The approved lease will contain a provision requiring the non-disabled-household to move to a vacant unit of comparable size within the development if a household with disabled members applies for the unit. The prospective disabled-tenant-household will be placed on the property's waiting list until a vacant unit of comparable size is available to complete the non-disabled tenant household's move to the new unit. The moving costs of the temporary / non-disabled tenant household will be paid by the property.

Individuals seeking housing will need to qualify under the income restrictions and application screening of Townhomes at Warwick Place III, including but not limited to having a household income at least 60% or less of the Area Median Income.

Resources and Marketing:

New Warwick Townhomes 3, LLC will utilize the resources of several organizations in the Richmond area to promote the availability of its accessible and affordable housing units.

The following agencies will be contacted regularly and be provided with updated leasing information on Townhomes at Warwick Place III.

VirginiaHousingSearch.com – Townhomes at Warwick Place III will be posted on the **virginiahousingsearch.com** website which will be provided with regular leasing updates.

Richmond Redevelopment and Housing Authority – RRHA holds the Housing Choice Voucher waiting list for the City of Richmond. Preference will be given to households on the RRHA waiting list.

Richmond Behavioral Health Authority (RBHA) – Owner/Agent has consulted with RBHA to better understand how Townhomes at Warwick III may best meet the needs of the households RBHA serves. Communication with the RBHA will continue to ensure the available accessible units are occupied by households who need them.

Department of Social Services – Owner/Agent will communicate with the City of Richmond Department of Social Services to inform them of available accessible units.

AccessVA.org and other supportive non-profit organizations – Owner/Agent will communicate with accessibility minded organizations to inform them of the availability of accessible units at Townhomes at Warwick III.

Newspapers/Internet – Newspaper and internet advertisements reach a broad range of apartment seekers, and as such, provide an excellent form of advertisement. When these methods are used, Owner/Agent will communicate the presence of available accessible units.

Leasing Preference for Virginia Housing Target Populations:

Additionally, Townhomes at Warwick Place III will provide first leasing preference to members of target populations, as defined and required by Virginia Housing. Established by Memorandum of Understanding between Virginia Housing and other participating agencies, target populations will be equipped with state rental assistance. The leasing preference provided by Townhomes at Warwick Place III shall apply to no more than 10% of the units (total of 7 units) at the property at a given time. The owner will not impose tenant selection criteria or leasing terms to individuals receiving this preference that are more restrictive than:

- 1.) the property's standard eligibility requirements / leasing terms;
- 2.) the eligibility criteria for state rental assistance; or
- 3.) any terms in the Virginia Housing MOU establishing the target population.

Y

Inducement Resolution
for Tax Exempt Bonds

N/A